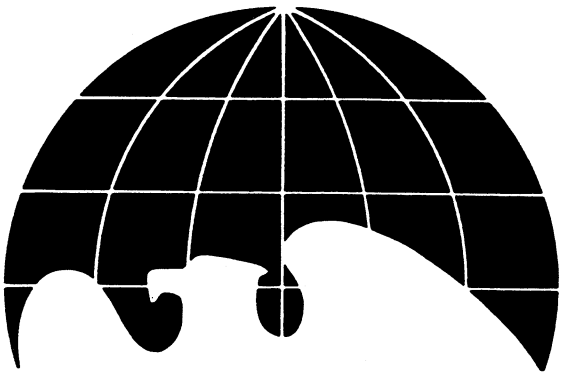
THE YEAR IN TRADE:
OPERATION OF THE TRADE AGREEMENTS PROGRAM

45th REPORT

1993



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U.S. International Trade Commission

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PREFACE

The annual *Year in Trade, Operation of the Trade Agreements Program* report is one of the principal means by which the U.S. International Trade Commission (USITC) provides the U.S. Congress with factual information on trade policy and its administration. The report also serves as an historical record of the major trade-related activities of the United States, for use as a general reference by Government officials and others with an interest in U.S. trade relations. This report is the 45th in a series submitted under section 163(b) of the Trade Act of 1974 and its predecessor legislation.[1] The trade agreements program includes "all activities consisting of, or related to, the administration of international agreements which primarily concern trade and which are concluded pursuant to the authority vested in the President by the Constitution" and congressional legislation.[2]

The report consists of an introduction, five chapters, a statistical appendix, and an index. The introduction provides an overview of international trade activities and economic conditions in major areas of the world. Chapter 1 focuses on activities in the General Agreement on Tariffs and Trade, the main forum of multilateral trade agreement activities. In this year's edition of *The Year in Trade,* the conclusion of the Uruguay Round of trade negotiations is reviewed. The North American Free Trade Agreement (NAFTA) and economic developments in the Asian-Pacific region are discussed in Chapter 2. Activities related to trade in other multilateral and regional fora are reported in Chapter 3. Chapter 4 discusses bilateral relations between the United States and its major trading partners. Administrative actions taken under U.S. laws, including decisions taken on remedial actions available to U.S. industry and labor, are discussed in chapter 5. Although the report primarily covers those events that occurred during calendar year 1993, a discussion of some 1994 developments is included when such coverage is essential to providing a full understanding of the topic.

[1] Section 163(b) of the Trade Act of 1974 (Public Law 93-168, 88 Stat. 1978) directs that "the International Trade Commission shall submit to the Congress, at least once a year, a factual report on the operations of the trade agreements program."

[2] Executive Order No. 11846, Mar. 27, 1975.

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List of Frequently Used Abbreviations and Acronyms

AD	Antidumping
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ATPA	Andean Trade Preference Act
CAP	Common Agricultural Policy
CBERA	Caribbean Basin Economic Recovery Act
CBI	Caribbean Basin Initiative
CFTA	United States Canada Free Trade Agreement
CVD	Countervailing Duty
EU	European Union
FTA	Free-Trade Agreement
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GNP	Gross National Product
GSP	Generalized System of Preferences
HS	Harmonized System
MFA	Multifiber Arrangement
MOSS	Market-Oriented, Sector-Selective
MTN	Multilateral Trade Negotiations
NAFTA	North American Free Trade Agreement
NICs	Newly Industrializing Economies
NTMs	Nontariff Measures
OECD	Organization for Economic Cooperation and Development
SITC	Standard International Trade Classification
SDRs	Special Drawing Rights
TAA	Trade Adjustment Assistance
TNC	Trade Negotiations Committee
TRIPs	Trade-Related Aspects of Intellectual Property Rights
TRIMs	Trade-Related Investment Measures
UNCTAD	United Nations Conference for Trade and Development
USITC	U.S. International Trade Commission
USTR	United States Trade Representative
VRA	Voluntary Restraint Agreement

INTRODUCTION
Trade Policy in 1993

The year 1993 marked the successful conclusion of major multilateral and regional trade initiatives — the Uruguay Round of trade negotiations and passage of implementing legislation for the North American Free-Trade Agreement (NAFTA). Bilateral disputes over agricultural issues, intellectual property rights, GATT membership and other sectoral issues continued between the United States and its major trading partners.

In a speech at American University in February 1993, President Clinton laid down his five economic goals: increase investment and reduce the budget deficit; make trade a priority element of national security; improve coordination with other major economies to promote global economic growth; promote the steady expansion of growth in the developing world; and encourage market reform in Russia and the former Soviet Union.[1] These goals were intended to complement the President's domestic strategy of creating high-wage jobs and improving productivity.[2] Based on these goals, the stage was set for numerous domestic and foreign policy initiatives. On international trade and economic matters, Congress voted aid to Russia and lifted sanctions on exports to South Africa. Congressional committees considered the National Competitiveness Act and the Fair Trade in Financial Services Act.

Multilateral and bilateral trade activities took place within the context of slow, but improving economic growth in the United States and of sluggish growth in the other G-7 (seven major industrialized) countries. Japan and Germany, the world's second and third largest economies, both experienced recessions. Latin America exhibited sluggish growth while output declined in Eastern Europe and the former Soviet Union. The Asian countries, especially the newly industrialized economies (NIEs) and China, however, experienced strong economic growth.

World merchandise trade volume increased by 2.6 percent compared with 4.5 percent in 1992, and trade in services also showed an increase. The United States was the largest merchandise exporter, with Germany and Japan following. The United States merchandise trade deficit increased to $136 billion in 1993, from $100 billion in 1992. U.S. trade performance with China, the European Union (EU), Canada, Germany, the NIEs, and Japan declined.

Political developments in several countries, involving the displacement of ruling parties in, most notably, Canada, Japan, Italy, and France had implications for international trade relations. Some countries loosened their export control regimes, following the end of the Cold War. Meanwhile, the United Nations faced new challenges, some involving decisionmaking on such trade-related issues as the imposition of a ban on oil and arms shipments to Haiti in June 1993. Amidst these economic and political developments, major multilateral, regional and bilateral trade activities were taking place, as described below.

Multilateral

The capstone for international trade in 1993 was the successful conclusion of the 7-year Uruguay Round negotiations under the GATT on December 15. The negotiations involved representatives from 117 countries accounting for 85 percent of world trade. The Uruguay Round spanned the terms of three U.S. Trade Representatives — Clayton Yeutter, Carla Hills, and Mickey Kantor. In addition to merchandise trade, the negotiations extended GATT disciplines to a number of areas not previously covered, including textiles, trade in services, investment, and intellectual property rights. The major achievements of the Uruguay Round are described in chapter 1 of this report.

The negotiations had been launched in September 1986 in Punta Del Este, Uruguay and were originally scheduled for completion in 1990. However, by December 1988, the time of the midterm review in Montreal, Canada, disagreements remained in agriculture and in 3 other important areas, while broad agreements to continue talking were reached in 11 areas. At the December 1990 Ministerial in Brussels, Belgium, GATT Director General Arthur Dunkel outlined a draft text of the agreement that

Figure A
Selected Trade Events, 1993

JANUARY	
Jan. 1	European Union (EU) formally establishes a single frontier-free internal market.
Jan. 21	The Senate confirms Mickey Kantor as the new United States Trade Representative.
Jan. 27	The Commerce Department's International Trade Administration imposes provisional dumping duties on steel imports from 19 countries.
FEBRUARY	
Feb. 5	President Clinton reiterates his support for the North American Free Trade Agreement, but calls for strengthening labor and environmental provisions.
Feb. 17	In a speech at American University, President Clinton expresses his intention to focus on "fair trade" in international markets as part of a national economic strategy to expand trade and improve American competitiveness.
MARCH	
Mar. 11	Thirty-seven nations representing both developed and third world economies appeal in writing to the U.S, EU and Japan to bring Uruguay Round to an early conclusion.
Mar. 17	Talks on China's accession to the GATT end without decision—membership predicted to be at least a year away.
Mar. 27	The European Union and the European Free Trade Area countries sign an additional protocol, paving the way for the implementation of the treaty that would establish the European Economic Area on Jan. 1, 1994.
Mar. 31	The Office of U.S. Trade Representative releases its eighth annual inventory of foreign barriers to U.S. trade and investment.
APRIL	
Apr. 4	President Clinton promises $1.6 billion package of U.S. aid to support Russian reform, pledges to push for Russian GATT membership.
Apr. 14	G-7 finance and foreign affairs leaders meet in Tokyo to discuss, inter alia, aid to Russia.
	President Clinton designates Ecuador for benefits under the Andean Trade Preference Act (ATPA).
Apr. 15	GATT members meet to discuss possible membership for Taiwan, the world's 16th largest exporter.
Apr. 16	President Clinton and Japanese Prime Minister Miyazawa agree in principle on the need to create a "new framework" to address economic tensions between the two countries.
Apr. 23	The United States and China conclude talks on implementation of bilateral market access pact.
Apr. 26	U.S. imposes tighter trade sanctions on Yugoslavia in an effort to stop the fighting there.
Apr. 27	The Clinton administration submits legislation to Congress to extend for 15 months the GSP program and extends fast track negotiating authority for 120 days.
Apr. 30	USTR identifies Japan and the EU as countries discriminating against U.S. products and services in public procurement under Title VII of the Omnibus Trade, and Competitiveness Act of 1988, beginning a 60-day consultation process.

Figure A—Continued
Selected Trade Events, 1993

MAY	
May 13	French Prime Minister Balladur announces that France will seek to reopen negotiations in the Uruguay Round on agriculture and services.
May 14	Quad ministers meet in Canada to discuss Uruguay Round; progress announced.
May 27	The Canadian House of Commons passes NAFTA legislation.
May 28	Clinton extends MFN status to China for 1 year; 1994 renewal is linked to human rights progress.
JUNE	
June 4	U.S. and Russia sign agreement for $700 million in U.S. farm aid.
	GATT sets up panel to investigate EC charges that the U.S. erred in imposing countervailing duties on steel imports.
June 8	EU council approves oilseed accord with United States after France lifts its opposition.
	EU foreign ministers agree to impose counter-sanctions against U.S. in dispute over public procurement in telecommunications.
June 9	MERCOSUR members change policy, announce free trade zone (not common market) to be established by Jan. 1, 1995; negotiations on Mexican membership scheduled.
June 16	The UN Security Council votes to impose a worldwide ban on oil and arms shipments to Haiti.
June 22	The U.S. House of Representatives votes to extend fast track negotiating authority until December 15, the target for conclusion of the Uruguay Round.
JULY	
July 4	The United States GSP program expires.
July 10	The United States and Japan announce a framework agreement for future trade and economic negotiations.
July 15	Uruguay Round talks resume following Quad agreement on market access.
July 16	Producers and consumers reach agreement on a global cocoa pact.
July 27	The USITC votes on the final antidumping and countervailing duty cases involving flat-rolled steel.
AUGUST	
Aug. 1-2	EU finance ministers and central bankers expand bands of the European Exchange Rate Mechanism to 15 percent in the face of intense market pressures.
Aug. 5	The United States and Canada reach agreement on access for U.S. beer sold in Ontario market.
Aug. 10	President Clinton signs into law a budget reconciliation bill that extends the U.S. GSP program (retroactively from July 4, 1993) to Sept. 30, 1994.
Aug. 12	President Clinton designates Peru for ATPA benefits.
Aug. 13	The United States, Canada and Mexico announce agreement on labor and environmental side pacts to NAFTA.
Aug. 27	The United Nations Security Council votes unanimously to lift economic sanctions against Haiti.

Figure A—Continued
Selected Trade Events, 1993

SEPTEMBER	
Sept. 24	Nine members of the Commonwealth of Independent States agree to form new economic union.
OCTOBER	
Oct. 22	Canada applies for a binational dispute settlement panel under the U.S.-Canada FTA on the issue of subsidized wheat sales to Mexico by the United States under the export enhancement program.
Oct. 29	USTR calls on Arab countries to end their long-standing boycott of Israel and U.S. firms there.
NOVEMBER	
Nov. 1	With the entry into force of the Treaty on European Union, also known as the Maastricht Treaty, the EC is renamed the "European Union."
Nov. 5	The United States and its Cocom allies agree to speed up the licensing process for high-tech exports to Russia and Kazakhastan.
Nov. 17	U.S. House of Representatives passes the NAFTA implementation legislation after a lengthy debate.
Nov. 17-19	The Asia-Pacific Economic Cooperation (APEC) ministerial meeting is held in Seattle, Washington; ministers adopt a strong statement in favor of successfully concluding the Uruguay Round.
Nov. 20	The U.S. Senate passes the NAFTA implementation legislation; Senate also passes legislation to repeal remaining U.S. sanctions against South Africa and promote bilateral investment and trade there.
DECEMBER	
Dec. 1	President Clinton meets with the leaders of 7 Central American countries and promises to launch an investigation shortly thereafter on the possibility of expanding NAFTA elsewhere in the hemisphere.
Dec. 8	President Clinton signs the NAFTA Implementing Act into law, effective January 1, 1994.
Dec. 10	European Council endorses the recommendations presented in the EU Commission's White Paper on growth, competitiveness, and employment.
Dec. 14	Japan announces it will lift its 30-year ban on rice imports.
Dec. 15	The 117 members of GATT approve text of trade agreement, concluding seven years of talks under the Uruguay Round.

became the basis for negotiations during the final stretch of the talks. Progress in the negotiations moved relatively slowly until the United States and the EU reached an agreement on agriculture known as the Blair House accord. This action set the stage for the Clinton administration to take over negotiations in 1993.

Prospects for success in the Uruguay Round negotiations appeared dim until the middle of the year, when differences among EU members over agriculture were finally settled. In July, the leading industrialized countries announced an agreement on a broad package that eliminated or sharply reduced tariffs in a number of key sectors. One of the key events that may have provided a spur to the negotiations was the passage of the NAFTA implementing legislation by the U.S. Congress in November. During the same week that Congress passed the NAFTA legislation, countries participating in the Asia-Pacific Economic Cooperation (APEC) Ministerial announced additional Uruguay

Round market access commitments. Intensive negotiations and the intervention of world leaders at critical points during the year helped to bring the negotiations to a close by yearend. In December, after almost constant negotiations, an agreement was finally reached on December 14, only hours before the deadline on U.S. fast-track negotiating authority was set to expire. The last-minute negotiations were aimed at addressing U.S. concerns over antidumping and subsidy provisions and gaining the EU and Asian countries' clear commitment to agricultural liberalization. Differences over maritime, financial services, and film and television rights remained unresolved and were left for future negotiations.

The final text of the Uruguay Round agreement calls for the establishment of the World Trade Organization (WTO). The WTO is expected to go into operation in 1995 as a successor to the GATT Secretariat and to facilitate implementation of new or more effective rules in several areas, including dispute settlement, antidumping, safeguards, standards, and agriculture. With the completion of the round, suggestions for another multilateral round of negotiations began circulating. Regarding future GATT work, President Clinton indicated that he hoped that the trading system would address the issues of competition policy, labor standards, and environmental protection.

Not all of the GATT's attention was focused on the Uruguay Round in 1993. The GATT Council continued to meet (eight times in 1993) to consider such issues such as applications for accession or observer status. A number of working parties were established to review accession applications and free-trade agreements, including NAFTA, and to consider procedural issues.

Regional

The highlight of regional trade activities during 1993 was the passage of NAFTA implementing legislation. Other important regional events included the first meeting of APEC leaders, further integration and moves toward enlargement in the EU, and the initiation of the Central European Free-Trade Agreement (CEFTA), in Central Europe. These and other regional trade activities are summarized below.

North America

Second only in importance to the completion of the Uruguay Round negotiations was the signing of the NAFTA implementing legislation by President Clinton on December 8, 1993. Following a year of intense public debate, NAFTA implementing legislation was approved by both Houses of the U.S. Congress in November. The Mexican and Canadian legislatures also enacted implementation measures in the fall, and the NAFTA entered into force on January 1, 1994. The agreement provides for the elimination of most tariffs and nontariff barriers to qualifying goods during a transition period, the liberalization of trade in services and rules for investment, and the strengthened protection of intellectual property rights. It also provides for a dispute settlement mechanism, including independent binational panels that are modeled after those of the U.S.-Canada Free-Trade Agreement (CFTA) to review final antidumping and countervailing duty determinations.

As promised by President Clinton in the course of the 1992 U.S. Presidential campaign, the United States sought the negotiation of supplemental accords to address environmental and labor concerns. These supplemental agreements were concluded in August. Trilateral negotiations on the environmental and supplemental agreements to NAFTA began in March and concluded in mid-August. The side agreement on environment commits the three NAFTA signatories to ensuring environmental protection and promoting sustainable development in implementing NAFTA. The agreement on labor requires the parties to pursue cooperation on labor issues, including worker safety and health, child labor, labor law and workers rights. Each agreement will be overseen by a commission to encourage compliance and evaluate the effectiveness of enforcement in each country. NAFTA's implementation will be overseen by the NAFTA Trade Commission, which will have oversight of a variety of committees and working groups.

Asia

During 1993, the United States also focused its attention on Asia and the Pacific Rim — not only because of the growing attractiveness of markets in the region to U.S. exporters, but also in an effort to give the Uruguay Round negotiations a push toward conclusion. In a July speech, President Clinton described his vision for U.S. relations with the region. He invited leaders of APEC to meet, for the first time ever, at the November Ministerial to be hosted by the United States. At the Ministerial, the APEC leaders improved upon earlier market access offers and endorsed a strong statement of support for concluding the Uruguay Round negotiations by the December 15 deadline. APEC members hoped to provide impetus for other countries, especially for the EU, to improve their offers at the table in Geneva. Membership in APEC

was broadened to include Mexico and Papua New Guinea; Chile was slated to join the organization at the 1994 Ministerial.

While the Asian Pacific countries were taking actions within APEC; the members of the Association of Southeast Asian Nations (ASEAN) were attempting to move forward their year-old ASEAN Free Trade Area (AFTA) agreement. The organization agreed to increase the number of items subject to tariff reductions beginning on January 1, 1994. Until that time, tariff-cutting actions by members had been occurring very slowly, and ASEAN countries had exempted many product categories. Economic issues in ASEAN were somewhat overshadowed by efforts to establish a new regional security mechanism. In response to the end of the Cold War and to shifts in security concerns, ASEAN initiated a formal ASEAN Regional Forum to discuss political and security issues. This group, an expanded version of the existing ASEAN Post-Ministerial Conference, includes the United States and six other major trading partners of ASEAN. The group is expected to address such issues as nonproliferation, regional conflicts, and the role of major powers in Asia.

Europe

The EU continued to take steps toward completing the integration of its 12-member states, both politically and economically. The so-called single market, or 1992 program, became formally operational on January 1, 1993. Implementation of the required legislation to effect this integration, although still incomplete, continued to progress. As of mid-December 1993, the EU Council had adopted nearly 94 percent of the measures originally identified as necessary to create a single market, and member states had implemented approximately 87 percent of the measures requiring transposition into national law. In a reversal of its 1992 referendum, Denmark approved the Maastricht Treaty on European Union, with specified exemptions, in May 1993. The treaty strengthens political, economic, and monetary union among EU member states. Other members followed suit, setting the stage for the Treaty's ratification and entry into force on November 1, when the European Union formally came into being. However, despite such positive steps, economic recession, high unemployment, and instability in the currency markets threatened to delay monetary union and the establishment of a single currency. With regard to its external relations, the EU actively considered membership applications and forged closer ties with its neighbors to the North and to the East.

Latin America and the Caribbean

During 1993, the United States pursued its trade and investment objectives in Latin America and the Caribbean in the context of the NAFTA and the Uruguay Round. Countries of the region hoped to become candidates for future free-trade agreements with the United States under provisions of the NAFTA. The United States planned to pursue a "building bloc" approach to expanding the agreement to other countries, with Chile receiving the highest priority. In the meantime, the United States has entered into trade and investment framework agreements with several countries of the region.

During 1993, four Andean Pact members (Bolivia, Colombia, Ecuador, and Venezuela) enhanced their common market accord to further liberalize their trade and investment regimes on a regional basis; Peru committed to join its Andean partners during 1994. However, in general, progress toward economic integration within Latin America was slow during 1993 as the leaders focused their attention on domestic economic stabilization efforts. In 1993, the United States designated Ecuador and Peru as beneficiaries under the Andean Trade Preference Act (ATPA), providing duty-free treatment for certain of their exports.

Central and Eastern Europe

The United States has supported economic reforms in Central and Eastern Europe by providing financial, administrative, and technical assistance to countries of the region. In 1993, further progress was made toward improving commercial relations with this area. The U.S. negotiating agenda included the extension of MFN tariff treatment and GSP benefits to eligible countries and the negotiation of bilateral investment treaties. In September 1993, the U.S. and Hungarian Governments signed a comprehensive intellectual property agreement, removing the most difficult stumbling block to the conclusion of a business and economic treaty. In November 1993, after a break of 5 years, the United States and Romania reinstated MFN treatment to their trade. The United States, in coordination with its 16 partners on the Coordinating Committee on Multilateral Export Controls (Cocom), significantly reduced controls on its high-technology exports to Central and Eastern Europe.

Bilateral

EU

Discussions between the United States and the EU centered primarily on Uruguay Round issues during 1993, especially as the December 15 deadline for the conclusion of the negotiations approached. Following a July meeting of the so-called "quadrilateral" group, consisting of Canada, the EU, Japan and the United States, the United States conducted discussions with the EU on market access concerns. The United States sought to consolidate and extend pledges made regarding "zero-for-zero" offers (see Chapter 1), tariff reductions and tariff harmonization. Tensions arose in October over agricultural issues when France insisted that the 1992 Blair House accord between the United States and the EU needed to be reopened. The dispute cast a pall over prospects for concluding the Uruguay Round negotiations. However, eventually the United States and the EU reached an understanding.

The most important bilateral trade issue between the United States and the EU was the implementation of public procurement rules laid out in the EU's utilities directive. The directive establishes procurement procedures for public utilities deemed by the U.S. Government to be discriminatory. A key aspect of the issue was resolved with the signing of a Memorandum of Understanding regarding power companies on May 25. The United States and the EU negotiated on other remaining procurement issues (notably telecommunications and services) under the GATT Government Procurement Code during the remainder of 1993.

Canada

As noted above, the focal point for U.S.-Canada trade relations during 1993 was working with the newly elected Canadian Government in concluding the NAFTA side agreements on environment and labor. The NAFTA incorporates and clarifies certain provisions of the CFTA which was suspended when NAFTA entered into force on January 1, 1994. Provisions of the CFTA relating to bilateral tariff phaseouts, market access for agriculture, and energy were carried over to the NAFTA. As the NAFTA negotiations were occurring, other disputes including durum wheat and lumber were acted on by CFTA dispute-settlement panels. The U.S. International Trade Commission voted on the final antidumping and countervailing duty cases involving flat-rolled steel on July 27 (see chapter 4 for further information on the USITC's vote).

Japan

Early in the year, the Clinton administration conducted an interagency review of U.S.-Japan trade relations. The assessment led to a shift in the U.S. approach: instead of seeking increased access to Japan's markets by changing rules or procedures, future agreements with Japan would focus on achieving results. On July 9, the two countries reached an agreement for conducting future negotiations on both structural and sectoral issues. The U.S.-Japan Economic Framework for a New Economic Partnership (Framework) included a provision calling for regular assessments of progress to be made on the basis of "objective criteria, qualitative or quantitative or both." This phrase became the subject of debate during bilateral negotiations throughout the remainder of the year (see chapter 4). By the end of December, the two countries were "very far apart" in their negotiating positions in the key sectors of automobiles and parts, insurance, and government procurement.

In addition to the Framework discussions, several other sectoral issues drew the attention of U.S. and Japanese negotiators during 1993, including construction services, supercomputers, and semiconductors. While negotiators were headed for an agreement on major construction projects by the end of the year, disagreements over implementation of previous commitments in the latter two sectors remained at yearend.

Mexico

NAFTA dominated U.S. relations with Mexico in 1993, including the successful negotiations of the side agreements on labor and the environment and the passage of NAFTA implementation legislation by the U.S. Congress. U.S. concerns over Mexico's enforcement of intellectual property rights, the institution of new regulations regarding customs valuation, and nontariff barriers in the form of sanitary and phytosanitary standards were the topic of bilateral discussion during 1993.

Mexico initiated numerous legislative reforms in 1993 to consolidate its domestic economic reform efforts and to advance implementation of its commitments under the NAFTA. The most important new laws covered economic competition, foreign trade, and foreign investment. These laws are intended to expand the scope and effectiveness of Mexico's antitrust laws and to liberalize restrictions on trade and

investment. Other legislative measures that were adopted addressed a wide range of areas, such as government procurement, customs procedures, phytosanitary standards, the maquiladoras, mining, forestry, and financial services.

China

The annual renewal of China's MFN status was a major bilateral issue during 1993. In May, President Clinton decided to extend MFN to China for another year beginning July 3. U.S. trade discussions with China continued to center on market access issues, trade in services and transshipment of textiles. In the area of protection of intellectual property rights, the United States monitored China's implementation of an agreement to provide patent protection and to uphold the international convention on the protection of copyrights.

Taiwan

U.S.-Taiwan relations started the year with the signing of a Trade and Investment Framework Agreement (TIFA) on January 15. The TIFA provides a mechanism for conducting bilateral discussions on trade and investment issues. However, such other issues as Taiwan's protection of intellectual property rights and its application to join the General Agreement on Tariffs and Trade (GATT) occupied most of the bilateral agenda. By yearend, the United States put forth an extensive tariff request list and other requests to be considered during bilateral negotiations in 1994.

Republic of Korea

U.S.-Korean trade negotiations took place as Korea's President Kim Young Sam launched a wide range of initiatives in 1993 designed to reform Korea's political and economic affairs. The economic plan, called the "New Economy," is designed to shift emphasis in economic activity from policy directives and government influence to individual participation in economic affairs.

Bilateral discussions with Korea in 1993 centered primarily on the protection of intellectual property rights and the improvement of foreign access to Korea's beef market, the third largest in the world. In April, Korea was put on USTR's priority watch list under special 301 provisions of the Trade Act of 1974 because of its inadequate enforcement of trademark and copyright laws. However, by late 1993, following stepped-up enforcement efforts by Korea, the United States decided not to designate it as a priority foreign country. Despite strong domestic opposition, Korea's President lifted the country's ban on imported rice, following an agreement with the United States in conjunction with the Uruguay Round negotiations.

The International Economic Environment and World Trade in 1993

World real output grew at an annual rate of 2.2 percent in 1993, higher than the growth rate of 1.7 percent in 1992 but lower than the growth rates recorded in previous years.[3] The relatively lackluster performance reflected the continued sluggish growth or output contraction in major industrial countries, in countries of Eastern Europe and in the former Soviet Union. Much of Asia, meanwhile, recorded strong economic growth, although Japan experienced a decline in output.

World trade grew at a faster rate than output in 1993. GATT estimates[4] show that world merchandise trade volume grew by 2.5 percent in 1993, a slowdown from 4.5 percent in 1992. The nominal value of world merchandise trade fell by 3.6 percent to $3.6 trillion in 1993, after increasing by 5.5 percent to $3.7 trillion in 1992. The decline in world trade value reflects slow growth in Western Europe and Japan, declining prices for fuels and other materials, and gains in the value of the dollar against European currencies. However, world trade in commercial services was robust, growing an estimated 3 percent in 1993 to a value of $1.03 trillion, from $1.00 trillion in 1992.

Trade grew fastest in North America, Asia, and Latin America in 1993. Aggregated exports from Latin America, Taiwan, Hong Kong, South Korea, Malaysia, Singapore, and Thailand jumped by 9.5 percent in volume, boosted by the rising demand in North America. The United States, Germany, and Japan were the three leading merchandise exporters. In commercial services, the United States ranked first followed by France, Italy, Germany, the United Kingdom, and Japan.

In the 24 industrialized countries of the Organization of Economic Cooperation and Development (OECD),[5] output grew at an estimated rate of 1.1 percent in 1993, following a growth rate of 1.7 percent in 1992.[6] In the European economies of the OECD, output contracted by a rate of 0.2 percent. Continuing balance sheet adjustments, relatively high interest rates in some countries, and declining

consumer and business confidence weakened overall European demand.

Policies adopted by the major industrial countries of the OECD to suppress inflation showed some success. Consumer price inflation in the OECD reached its lowest level in many years and was estimated at 3.3 percent in 1993, down from 4.0 percent in 1992. However, these deflationary stances restricted price increases and diminished profits, discouraging new investment spending and hiring. OECD unemployment rose to 8.2 percent in 1993, its highest level in many years, compared with a rate of 7.9 percent in 1992.

Because of the decline in aggregate demand in major OECD countries, real OECD exports increased by only 1.6 percent in 1993, down from a 5.1 percent increase in 1992. Imports increased by 2.3 percent in 1993 compared with a 5.2 percent rise in 1992.[7]

In developing countries,[8] prospects for growth continued to improve as a result of the adoption of more market-oriented policies and trade liberalization measures. Real output of developing countries grew by an estimated average rate of 6.1 percent in 1993 compared to 6.2 percent in 1992. Debt remained a major concern for several developing nations, particularly for the least developed ones. International Monetary Fund (IMF) statistics show that the external debt of all developing countries increased to an estimated $1,476.4 billion in 1993, from $1,389.6 billion in 1992. Some indebted countries experienced a faster growth in output and in exports than in debt, improving their credit worthiness. However, arrears of the severely indebted countries grew rapidly.

North America

Output and productivity in North America rose substantially in 1993 compared with the previous year. Regional economic integration is expected to further enhance productivity and increase regional output and trade.

United States

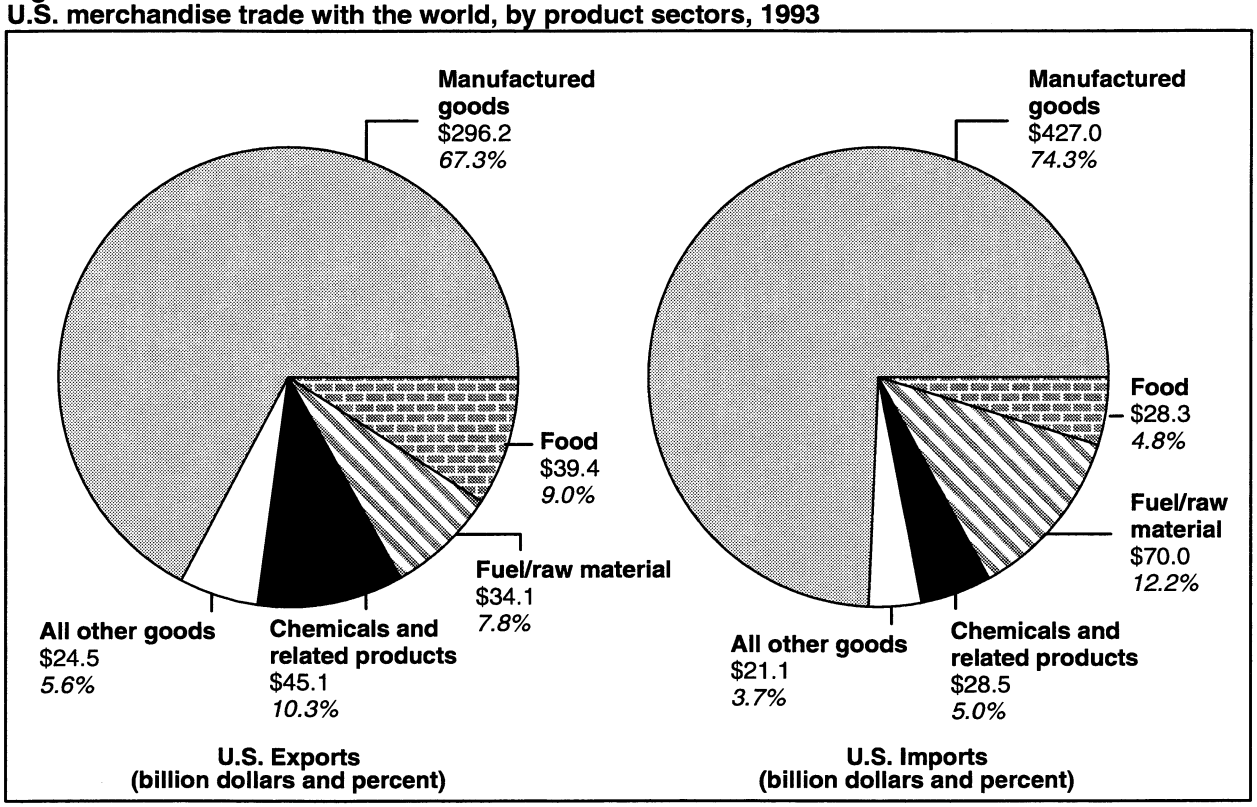
In the United States, real output grew by 2.9 percent in 1993, following a 2.6-percent growth rate in 1992.[9] Total industrial output grew by 4.3 percent, and manufacturing output rose by 5.0 percent.[10] Real personal consumption spending, the major component of aggregate demand, increased by 3.3 percent in 1993, following a 2.6-percent increase in 1992. Consumer spending on durable goods rose briskly at a rate of 7.4 percent, encouraged by declining short-term interest rates and rising incomes. Real nonresidential fixed investment, bolstered by declining long-term interest rates, lower unit labor costs, improved labor productivity, and higher capital returns, rose by a strong 11.7 percent in 1993 after rising by only 2.9 percent in 1992. Investment in producers' durable equipment particularly escalated, surging by 16.2 percent following an increase of 6.9 percent in 1992. The rise in spending on consumer durables and on producers durable equipment, together with a partial recovery in housing, combined to spark an economic recovery in the second half of 1993, despite a decline in government spending.

Real Federal Government spending decreased by 0.7 percent in 1993, reflecting a large decline (7.1 percent) in defense spending. The Federal budget deficit declined in 1993 to $255 billion, from $290 billion in 1992. The decline in the budget deficit shifted funds toward the private sector and increased the sector's liquidity. The strengthening of economic activity led to a decline in the unemployment rate to 6.4 percent by the end of 1993, from 7.3 percent in 1992.[11] Inflation (measured by the GDP price deflator) was 3.3 percent. However, the strengthening of domestic demand led to increased imports and to the widening of the 1993 trade deficit of goods to $135.6 billion, from $100.1 billion in 1992.[12] Although exports rose to an all-time high of $439.3 billion, imports increased to $574.9 billion.

Exports of goods grew in almost every end-use category in 1993: capital goods gained $6.2 billion, automotive vehicles and parts and engines rose $4.6 billion, and consumer goods increased $3.0 billion. Exports of manufactures grew by 3.9 percent to $296.2 billion, from $285.2 billion, and constituted 67.3 percent of total U.S. exports (figure B). Within the manufactured goods category, exports of advanced-technology products rose, and the United States ran a trade surplus in these products of $27.2 billion in 1993. Airplanes and parts, scientific instruments, specialized industrial machinery, and general industrial machinery recorded the most positive contributions to the U.S. trade balance in 1993.[13]

U.S. trade performance improved in 1993 with a few trading partners but worsened with most, including Canada, Germany, the Newly Industrialized Economies (NIEs),[14] and Japan. Figure C shows U.S. merchandise exports, imports, and trade balances with major trading partners. Leading U.S. exports and imports to U.S. major trading partners are highlighted in appendix A.

Figure B
U.S. merchandise trade with the world, by product sectors, 1993



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

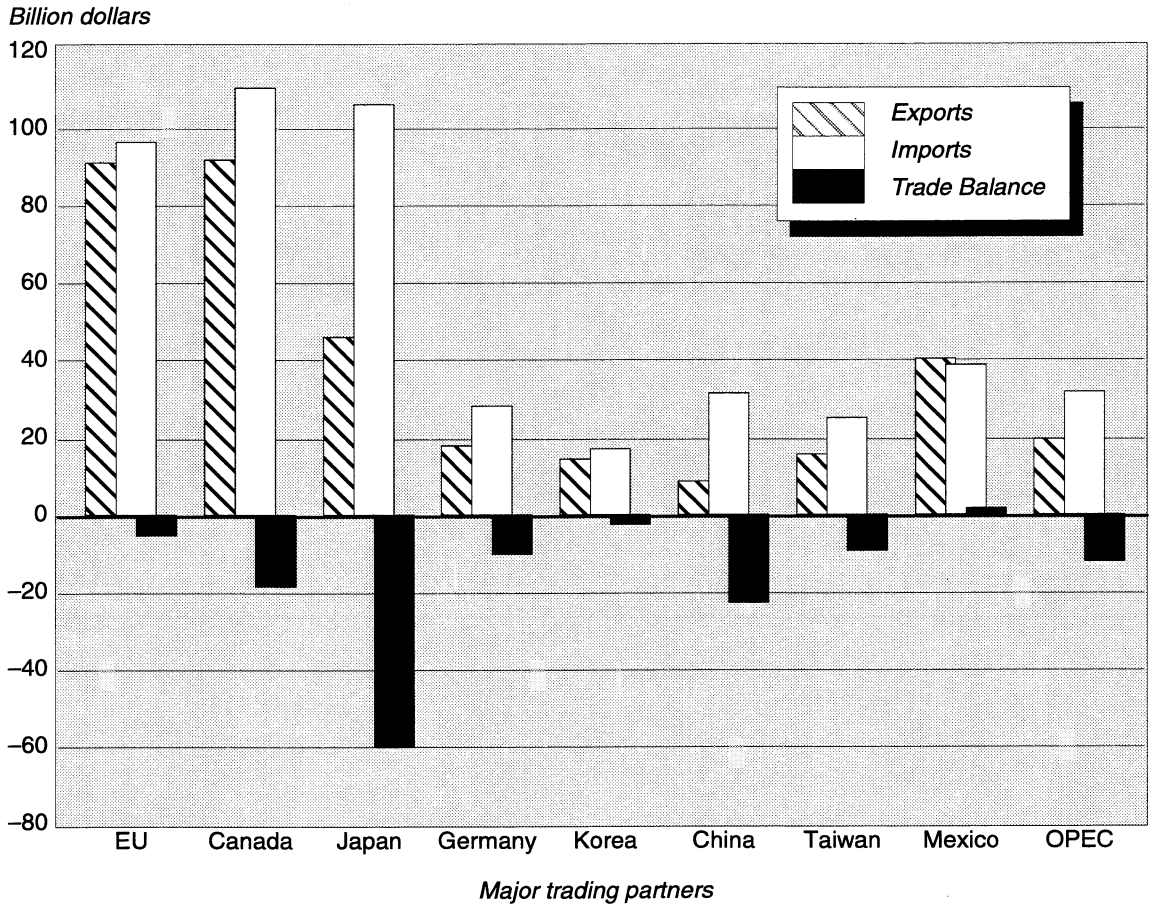
The U.S. current account deficit grew to $109.2 billion in 1993, from $66.4 billion in 1992, reflecting the increased merchandise trade deficit and a decline in the surplus on investment income. The U.S. surplus on services trade declined slightly to $55.7 billion, from $56.4 billion in 1992.[15] Services receipts were $186.8 billion compared with $179.7 billion in 1992; services payments were $131.1 billion compared with $123.3 billion. The U.S. surplus on income from foreign investment declined to $66 million in 1993, down from $6.2 billion in 1992. Receipts of income on U.S. assets abroad decreased slightly to $110.3 billion, and payments were slightly below $110.3 billion. Net inflows of foreign capital into the United States increased to $82.5 billion, from $78.6 billion in 1992. U.S. purchases of foreign portfolio assets and purchases by foreigners of U.S. assets and securities both increased.

U.S. trade in services grew in almost every category and increased with major trading partners, including the EU, Canada, Japan and other Asian countries, and Latin America. Exports of travel reached $56.5 billion, followed by the "other private services" category[16] ($56.4 billion), other transportation ($23.5 billion), royalties and license fees ($20.4 billion), and passenger fares ($17.8 billion). U.S. imports of services grew in several categories, with travel leading the way ($42.3 billion), followed by "other private services" ($33.6 billion), other transportation ($24.5 billion), passenger fares ($11.3 billion), and royalties and licence fees ($4.8 billion).

Canada

Canada's real output grew by 2.4 percent in 1993, well above its 1992 growth rate of 0.7 percent.[17] The upturn was generated by a marked increase in exports to the United States. Moreover, low inflation, increased government and consumer spending, and productivity gains aided the turnaround. Public investment climbed by 4.1 percent in 1993. Gross fixed investment rose by 2.7 percent after a precipitous decline of 5.4 percent in 1992. Consumer demand continued to revive, increasing by 1.6 percent, following a 1.0-percent increase in 1992. Canada's industrial production rose by 4.6 percent in 1993, following an increase of 0.4 percent in 1992. Canada's unemployment eased a little,

Figure C
U.S. merchandise exports, imports, and trade balances with major trading partners, 1993



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

but fluctuated around 11.2 percent. The consumer price index rose by 1.7 percent in 1993, following a 1.1-percent increase in 1992. The rise in consumer prices reflected a growing budget deficit, which, by crowding out investment funds, exerted upward pressures on long-term interest rates. In addition, the depreciation of the Canadian dollar increased Canada's import prices and the general price level.

Canada's merchandise trade surplus stood at $9.1 billion in 1993, up from a surplus of $7.4 billion in 1992. Merchandise exports increased to $140.4 billion, and imports increased to $131.3 billion. The deficit on invisible trade increased slightly to $28.7 billion, from $28.5 billion in 1992. Canada's deficit on the current account declined to $19.5 billion, from $22.9 billion in 1992.[18] Excess payments of investment income over receipts, particularly to U.S. investors, accounted for the bulk of the deficit. Canada's current account deficit as a percent of GDP reached 3.6 percent in 1993.

Canada is the largest U.S. trading partner. In 1993, the value of U.S. trade with Canada (exports plus imports) totaled $202.4 billion, higher than the value of U.S. trade with Japan ($152.2 billion) or with the 12-nation EU ($187.7 billion). In 1993, the United States recorded a $18.6 billion merchandise trade deficit with Canada, higher than the merchandise trade deficit in 1992 of $15.0 billion, and roughly 13.7 percent of the total U.S. trade deficit. U.S. exports to Canada rose to $91.9 billion. Imports from Canada rose to $110.5 billion. U.S. exports to Canada rose in 8 of 10 SITC sections (table A-1). Regarding U.S. exports to Canada, 77 percent consisted of manufactured goods, and the remainder consisted of food, fuel, and raw materials. Manufactured goods accounted for 65 percent of total imports from Canada. U.S. exports of services to Canada increased to $18.7 billion, from $17.7 billion in 1992. Imports increased to $9.0 billion, from $8.5 billion.

Mexico

The Mexican economy suffered slow growth, an increasing current account deficit, pressures on exchange rates, and high interest rates. Real GNP grew in 1993 by an estimated 1.9 percent, following a 2.7 percent growth in 1992.[19] Consumer price inflation declined to 8 percent in 1993, from a rate of 12 percent in 1992. The improvement reflected changed expectations in light of Mexico's continued fiscal and monetary restraint. Increased imports and declining exports, because of the appreciation of the exchange rate, led to a merchandise trade deficit of approximately $15 billion. Exports totaled $50.5 billion, and imports increased to $65.5 billion. Foreign direct investment inflows increased by $6 billion, and portfolio investment inflows increased by $16.6 billion. These helped to finance Mexico's current account deficit, which was estimated at $20 billion in 1993. Investment inflows produced a capital account surplus of $23 billion and an increase in Mexico's foreign reserves of around $19.3 billion.

Mexico's total trade with the United States grew to $78.9 billion in 1993, from $73.5 billion in 1992. The United States recorded a trade surplus of $1.6 billion with Mexico in 1993, down from a surplus of $5.7 billion in 1992. U.S. exports to Mexico rose in 6 of the 10 SITC sections (table A-4). Approximately 73 percent of U.S. exports to Mexico was of manufactured goods, and the remainder consisted of food, fuel, and raw materials.

European Union

In 1993, the EU confronted a severe recession and double digit unemployment. Real output declined by 0.3 percent in 1993, following a growth rate averaging only 1.1 percent in 1992. The 1993 decline in real GDP was only the second time that a decline has been recorded in the 35-year history of the EU.

The costs of German unification generated ripple effects in the European Monetary System and acted as a drag on EU economic growth. Germany's borrowing to pay for unification prompted the Bundesbank to keep key interest rates higher than in other EU countries in an effort to curb inflation. In addition, the deflationary stance adopted by Germany and other members continued to push down inflation rates in the EU to levels not experienced in several decades. Unable to raise prices, producers in the EU experienced dwindling profits and had to trim payrolls to maintain profitability. Unemployment in the EU increased to 11.9 percent in 1993, from 9.8 percent in the previous year. Industrial production fell by 3.5 percent, its biggest drop since a fall of 6.8 percent in 1975.

Uncertainty lingered among consumers and investors because of the inability of individual governments to spur aggregate domestic demand either through monetary or fiscal policies. The monetary policies of individual countries are constrained by Exchange Rate Mechanism (ERM) rules, the system which was devised by the Union to stabilize EU exchange rates and which effectively anchors EU currencies to the German mark and German interest rates. The narrow exchange-rate band of the ERM proved to be flawed because bands were too rigid, obliging governments to maintain parities and corresponding interest rates that financial markets decided were unsustainable. As pressures to continue devaluing some currencies beyond a certain point mounted and as the associated costs of accommodating such devaluations (selling central banks reserves) became prohibitive, several countries opted out of the ERM. This uncertainty, in addition to other factors, led to the shattering of the ERM. Some stability and calm were restored in the foreign exchange markets after instituting wider exchange rate bands. However, Britain and Italy chose to stay out of the system to retain freedom in managing their economies.

Several EU countries view wider bands as a return to the flexible exchange rate system with its inherent exchange rate instability. Other factors contributing to the breakdown of the ERM included divergent domestic monetary policies, high fiscal deficits, and large public debts in individual EU countries. Those governments that opted to stay in the ERM had to keep interest rates in line with German rates, which were above the levels warranted by their domestic needs. Similarly, fiscal policy was constrained by high budget deficits in 1993. EU countries' aggregate budget deficits reached 7.1 percent of their GDP, and gross government debt reached 63.4 percent of GDP. More government spending would thus require raising taxes, a highly untenable proposal in a period of falling demand, dwindling incomes, and rising unemployment.

EU real exports of goods and services increased by 0.4 percent in 1993, whereas real imports declined by 5.6 percent. The EU recorded a merchandise trade surplus of $38.9 billion compared with a deficit of $12.5 billion in 1992, a surplus on services and investment of $10.4 billion, a deficit on investment income of $35.1 billion, and a current account deficit of $19.9 billion.

Total U.S. trade with the EU fell to $187.7 billion in 1993, from $189.2 billion in 1992. The United States incurred a trade deficit with the EU of $5.3 billion in 1993, compared with a surplus of $5.5 billion in 1992. U.S. exports declined to $91.2 billion in 1993, from $97.3 billion, whereas imports rose to $96.5 billion, from $91.8 billion (table A-7). Sixty-five percent of U.S. exports to the EU markets consisted of manufactured goods, and the remainder consisted of food, fuel, and raw materials. Seventy-three percent of U.S. imports consisted of manufactured goods, and the remainder consisted of food, fuel and raw materials.

U.S. exports of services to the EU increased to $56.7 billion in 1993, from $54.4 billion. Imports of services from the EU increased to $48.9 billion, from $46.5 billion. The United States recorded a services trade surplus of $7.8 billion.

Germany

During 1993, the German economy continued to adjust to unification. As in the previous year, Germany's tight monetary policy, weak foreign demand, rising labor costs, high interest and exchange rates, and a hesitant recovery in eastern Germany led to a decline in overall economic activity. Real GDP contracted by 1.2 percent in 1993 in the whole of Germany compared with a positive growth rate of 2.1 percent in 1992. The western German economy went into recession in mid-1992, and western Germany's GDP fell 1.9 percent in 1993. Investment in plant and equipment declined by 15.0 percent, business expectations deteriorated, and exports declined.

In eastern Germany, economic growth was mainly led by the expansion in the construction sector, which received huge transfer payments from western Germany to improve the region's infrastructure. Expansion in the construction sector did appear to be spreading to other sectors particularly to manufacturing. East German products gradually enjoyed increased domestic and foreign demand, although East German enterprises had yet to gain a foothold in western export markets. East German real GDP grew by 6.5 percent in 1993 after growth of 10 percent in 1992.[20]

In Germany, consumer price inflation declined to 4.1 percent, from 4.7 percent in 1992. The national unemployment rate rose to 8.3 percent, from 6.4 percent in 1992. Germany's merchandise exports declined to $363 billion in 1993, from $406 billion in 1992, but imports decreased to $324 billion, from $374 billion. As a result, Germany's 1993 merchandise trade surplus increased to $39.0 billion, from $32.2 billion in 1992. Germany's deficit in invisible trade increased to $59.0 billion, from $57.5 billion, and the deficit in the current account declined to $20.0 billion, from $25.3 billion in 1992. As had occurred in the previous year, short-term capital inflows financed the current account deficit.

Total U.S. trade with Germany declined to $46.0 billion in 1993, from $47.5 billion in 1992. The United States registered a trade deficit with Germany of $10.2 billion in 1993, compared with a deficit of $7.6 billion in 1992. U.S. exports to Germany in 1993 increased in 3 of 10 SITC sections, and imports from Germany increased in 7 sections. Approximately 75 percent of U.S. exports to Germany consisted of manufactured goods, 4.3 percent of food, 5.4 percent of fuel and raw material, and 15.3 percent of other. In contrast, 81 percent of U.S. imports from Germany was manufactured goods.

United Kingdom

The United Kingdom's economic recovery seems to have gathered momentum in 1993, following six consecutive quarters of recession and steep output decline. Overall, output increased in 1993 by 1.8 percent after a negative growth of 0.6 percent in 1992. Consumer and business confidence improved. Consumer spending recovered, growing by 2.2 percent compared with 0.2 percent in 1992. Gross investment rebounded by 1.6 percent after a decline of 0.6 percent in 1992. Private residential investment led the recovery, surging by 7.1 percent after a large decline in 1992. Public investment in infrastructure and transportation likewise increased by 3.7 percent. Consumer prices moderated, increasing by 3.4 percent in 1993, down from a 5.0-percent increase in 1992. However, the unemployment rate continued to climb, reaching 10.7 percent from 10.1 percent a year earlier. Although the United Kingdom abandoned the ERM monetary system, the British monetary policy continued to focus on lowering the inflation rate to levels prevailing in other ERM member countries.

The United Kingdom's merchandise exports reached $181 billion in 1993, slightly lower than in 1992. Imports declined to $201 billion, from $211.4 billion in 1992. The trade deficit of around $20 billion was slightly lower than the $23.5 billion deficit in 1992. The United Kingdom's surplus on invisible trade declined from $8.4 billion in 1992 to $3 billion in 1993. It's current account registered a deficit of $17 billion, following a deficit of $21.0 billion in 1992. Since U.S. exports to the United Kingdom reached $24.5 billion and imports reached $21.3 billion, U.S. trade marked a surplus of $3.2 billion in 1993. U.S.

exports of services to the United Kingdom increased to $18.8 billion from $17.5 billion in 1992. Imports of services from the United Kingdom increased to $17.3 billion, from $14.3 billion in 1992, resulting in a U.S. services trade surplus of $1.5 billion.

Asia

In Japan, economic activity continued to slowly expand. In other Asian countries, export-led growth and the introduction of market oriented policies and reforms improved the prospects for continued economic expansion. Economic growth was particularly strong in China, Hong Kong, Indonesia, Korea, Malaysia, Singapore, Taiwan, and Thailand. Output in these countries is estimated to have grown on average by 6.5 percent in 1993. U.S. total trade in goods with major Asian trading partners reached $350 billion. While exports increased to $123 billion, imports increased to $226 billion, resulting in a trade deficit of about $103 billion. U.S. trade in services with the region totaled $100.7 billion. U.S. exports of services rose to $64 billion, and imports rose to $36.7 billion, resulting in a services trade surplus of $27.3 billion.

Japan

In Japan, economic activity continued to slow in 1993, largely because of the weakness of the financial sector and the ensuing cutbacks in business and consumer spending. GDP growth was flat (zero percent) in 1993, following 1.3 percent growth in 1992. Japan's industrial production fell by 4.2 percent in 1993 after dropping by 8.0 percent in 1992. Gross fixed investment declined by 2.3 percent, and private nonresidential investment fell by 8.5 percent in 1993. Private consumption spending increased by only 0.4 percent. The effects of falling asset prices on the financial system and on personal income continued to be felt despite the Japanese Government's progressive easing of monetary policy and increasing public spending. Official discount rates were lowered during the year to 2.5 percent, from 6.0 percent. Public investment increased by 12.7 percent in 1993, following a rise of 12.2 percent in 1992.

Despite the increase in public investment, private consumption flattened and aggregate final demand stagnated, resulting in a downward spiral in output, incomes, and profits. Personal consumption spending on consumer durables and clothing decelerated, reflecting declining income growth, particularly in wages and bonuses.

Corporate investment in plant and equipment continued to decline because of capital stock adjustments and debt repayments. Japan's Ministry of Finance estimated that investment in plant and equipment would decrease by 13.9 percent in manufacturing and by 0.5 percent in nonmanufacturing in 1993.

Inflation in Japan was only 1.0 percent, reflecting the deflationary impact of the recession. Unemployment rose to 2.5 percent, from 2.2 percent in 1992.

Japan's exports of goods increased to $361 billion in 1993, from $340 billion in 1992; imports increased to $241 billion, from $233 billion in 1992. Japan's merchandise trade surplus grew to $120.4 billion, from $107.0 billion in 1992, because of weak import demand. The current account surplus was estimated to have reached $131.3 billion, from $117.6 billion in 1992.

The U.S. merchandise trade deficit with Japan rose in 1993 to $60.2 billion, from $49.7 billion in 1992. U.S. exports to Japan in 1993 totaled $46.0 billion, or the same level as in 1991-92. Imports increased to $106.2 billion, from $95.5 billion in 1992. U.S. exports increased in 5 of 10 SITC sections, and imports increased in 8 sections (table A-10). Forty-nine percent of U.S. exports to Japan consisted of manufactured goods; 38 percent of food, fuel and raw material; and 13 percent of other. In contrast, over 94 percent of U.S. imports from Japan consisted of manufactured goods.

U.S. trade in services with Japan totaled $42.2 billion. U.S. exports of services to Japan rose to $27.1 billion in 1993, from $26.1 billion in 1992, and imports rose to $15.1 billion, from $13.5 billion, resulting in a trade surplus on services of $12 billion.

Korea

In the Republic of Korea, output growth slowed somewhat to 4.3 percent in 1993, from 4.7 percent in 1992. Tight monetary policy lowered consumer price inflation to 5.5 percent, from 9 percent in 1992. Korea's trade balance shifted from a $2.2 billion deficit in 1992 to a surplus of $1.0 billion in 1993. The current account deficit declined sharply to $1.0 billion in 1993, from $4.5 billion in 1992. The increasing demand in Europe and South East Asia, as well as the opening of new markets in the former socialist countries, increased Korea's exports. Because Korea's exports in 1993 totaled $78 billion and imports totaled $77 billion, the trade surplus totaled $1 billion.

U.S. trade with Korea totaled $31.3 billion compared with $30.7 billion in 1992. U.S. exports to Korea increased slightly to $14.4 billion, from $14.2

billion in 1992; imports increased to $17.0 billion, from $16.5 billion in 1992. The United States registered a trade deficit with Korea of $2.6 billion, up from $2.3 billion in 1992. In 1993, U.S. exports to Korea increased in 5 of 10 SITC sections, and imports increased in 7 sections (table A-13). Fifty-eight percent of U.S. exports to Korea in 1993 consisted of manufactured goods, and the remainder consisted of food, fuel and raw materials, and other goods. In contrast, 94 percent of U.S. imports from Korea consisted of manufactured goods.

Taiwan

In Taiwan, output grew by 6.0 percent in 1993 despite a sharp deceleration in private sector investment. Exports declined as a result of a large increase in wages and of the appreciation of the New Taiwan Dollar (NTD). Subsequent easing of Taiwan monetary policy resulted in a weakening of the NTD and improved the prospects of increased exports. The inflation rate declined to 3.5 percent in 1993. Taiwan's total exports were approximately $82 billion; its imports, approximately $72 billion. Taiwan's merchandise trade surplus declined to $10 billion, from $12.8 billion in 1992.

Taiwan's total trade with the United States rose to $40.6 billion in 1993, from $39.1 billion in 1992. U.S. exports to Taiwan grew a little, increasing to $15.6 billion, from $14.5 billion in 1992; U.S. imports increased to $25.0 billion, from $24.5 billion. The U.S. bilateral trade deficit narrowed slightly to $9.4 billion, from $10.0 billion. In 1993, U.S. exports to Taiwan increased in 8 of 10 SITC sections, and imports increased in 7 (table A-16). Sixty-two percent of U.S. exports to Taiwan consisted of manufactured goods, and the remainder of food, fuel and raw materials and other. In contrast, 95 percent of U.S. imports from Taiwan consisted of manufactured goods, and the remainder consisted of food, fuel and raw materials and other.

China

Several policy initiatives, such as the removal of price controls and increasing openness to foreign investment, accelerated China's rate of economic growth. Data released by China's State Statistical Bureau on the performance of the Chinese economy in 1993 showed that GDP grew in 1993 by 13.4 percent, following a growth rate of 12.8 percent in 1992. The total value of industrial output grew by 21.1 percent, and the total value of agricultural output rose by 4.0 percent. Output of foreign-funded enterprises grew by 48.8 percent; output of collective enterprises by 28.5 percent; and output of State-owned enterprises, by 14.4 percent. China's data showed that the actual amount of foreign investment realized in 1993 was $25.8 billion, a 134-percent increase over 1992. The cumulative figure of foreign investment in China since 1979 was $56.9 billion.

The Chinese economy faced several major economic problems in 1993, including excessive investment in fixed assets, overgrowth of money supply, and high inflation. Foreign investment financed an estimated 30-percent rise in fixed investment. The accelerated growth boosted inflation rates to 23 percent. China has adopted several austerity measures to cut inflation. Government expenditures were cut by 20 percent, and some infrastructure projects were scaled back; interest rates were raised, and bank lending was placed under controls.

China's foreign trade is expected to grow more if unimpeded by political pressures or by a decline in foreign investment. China's total merchandise trade reached $195.7 billion in 1993. China's merchandise exports slowed down in 1993, and imports increased because of the growth in domestic demand. Exports increased 8 percent to $91.7 billion, and imports increased by 29 percent to $104 billion. Much of the $12.3 billion trade deficit, the first one for China since 1989, can be attributed to trade carried on by the foreign-funded sector. Trade in this sector amounted to $67.1 billion, one-third of the nation's total, with exports of $25.3 billion and imports of $41.8 billion. Imports of equipment and raw materials by this sector increased sharply in 1993, reflecting a surge in the growth of foreign investment in China. Exports of more sophisticated consumer durables seemed to be expanding. China's foreign reserves dwindled to $20 billion.

China's total trade with the United States increased to $40.0 billion in 1993, from $32.8 billion in 1992. U.S. exports to China increased to $8.6 billion, from $7.3 billion; however, imports also increased to $31.4 billion, from $25.5 billion. As a result, the U.S. trade deficit with China widened to $22.8 billion, from $18.2 billion in 1993. In 1993, U.S. exports to China increased in 6 of 10 SITC sections, and imports increased in 7 (table A-19). Seventy-six percent of U.S. exports to China consisted of manufactured goods, and the remainder of food, fuel and raw material, and other goods; 94 percent of U.S. imports consisted of manufactured goods.

Latin America

Growth continued to recover in Latin America, following the implementation of growth-oriented structural economic changes that earned the region a new confidence in world financial markets. Although marked differences remained in performance among individual countries, aggregate output of Latin America as a whole is estimated to have grown at a 3.5-percent rate in 1993, from 3.0 percent in 1992. Output, growth, and investment were particularly buoyant in such countries as Argentina, Chile, and Colombia that have introduced market-oriented policies. Latin America's current account deficit is estimated at $40 billion in 1993. However, net capital inflows of $50 billion financed the deficit and increased foreign exchange reserves by $10 billion.

Latin America's total merchandise trade with the United States increased to $69.0 billion, from $66.1 billion. U.S. exports to Latin America increased to $35 billion, from $33.6 billion in 1992, and imports increased to $34.0 billion, from $32.6 billion. The United States posted a $1.0 billion trade surplus with Latin America in 1993. The largest U.S. trading partners in Latin America during 1993 were Brazil (whose total trade with the United States was $13.5 billion), Venezuela ($12.1 billion), Colombia ($6.1 billion), the Dominican Republic ($5.0 billion), and Chile ($4.0 billion). Manufactured goods accounted for 66 percent of U.S. exports to Latin America in 1993, and energy and chemical products accounted for nearly one-third of imports. U.S. exports of services to Latin America (including Mexico) rose to $28.5 billion, from $26.7 billion in 1992, and imports rose to $23.8 billion, from $22.6 billion. Imports increased to $23.8 billion, from $22.5 billion in 1992. The United States recorded a surplus on services trade with Latin America of $4.7 billion.

Central and Eastern Europe/Former Soviet Union

Tightened financial policies in Eastern European countries led to some stabilization in growth and output recovery in Poland and slightly improved expectations for recovery in a few other countries. Poland's GDP grew at an annual rate of 4 percent in 1993. In other countries, expectations of output recovery were hampered by high rates of inflation and the breakdown of the distribution system. The private sector expanded, but at a slower pace than anticipated. Negative growth and rampant inflation were still recorded to varying degrees in several Central and Eastern European countries (CEEC)[21] and the former Soviet Union in 1993. According to the OECD, CEEC, as a group, recorded a zero output growth in 1993, following a 4.9-percent loss of output in 1992. In the former Soviet Union, output declined by 11 percent in Russia and by 20 percent in Ukraine. Inflation ranged from 21 to 25 percent in the Czech Republic and Slovakia to 275 percent in Romania, to 900 percent in Russia, and to 4,000 percent in Ukraine. Although stabilization policies were instituted in several countries, production bottlenecks, reduction of industrial inputs and spare parts, the breakdown of traditional distribution channels, and hyperinflation contributed to the decline in the region's economy.

Central and Eastern Europe and Commonwealth of Independent States'(CIS) world trade declined in 1993 but at a lower rate than in 1992. CEEC's exports totaled $38.6 billion in 1993 and $43.1 billion in 1992, whereas imports totaled $46.4 billion in 1993 and $45.5 billion in 1992. Consequently, the CEEC suffered a trade deficit of $7.8 billion. Increased trade with Western Europe made up for part of the decline in trade with the former Soviet Union. Since exports totaled $65.6 billion and imports totaled $58.3 billion, the former Soviet Union marked a merchandise trade surplus of $7.3 billion.

U.S. trade with the CEEC totaled $9.6 billion. The former Soviet Union's trade with the United States totaled $5.7 billion in 1993. U.S. exports to the region increased to $3.7 billion in 1993, from $3.6 billion in 1992. The United States sustained a merchandise trade surplus with the former Soviet Union of $1.7 billion.[22] U.S. trade in services with eastern Europe increased to $3.1 billion in 1993, from $2.52 billion in 1992. Services exports grew to $1.8 billion, and imports grew to $1.3 billion.

ENDNOTES

[1] President Bill Clinton, "Remarks on the Global Economy at American University," Feb. 26, 1993, *Weekly Compilation of Presidential Documents*, Mar. 1, 1993, pp. 319-328.

[2] "The Annual Report of the Council of Economic Advisors," *The Economic Report of the President Transmitted to the Congress*, Washington, DC, 1994, pp. 205-206.

[3] *Economic Report of the President*, Feb., 1994, p. 395. This section of the report was compiled using data from the U.S. Department of Commerce; *World Economic Outlook*, International Monetary Fund (IMF), May 1993 and Jan. 1994; *GATT Annual Report on International Trade*, 1993; OECD, *World Economic Outlook*, vol. 54, Dec. 1993; *U.S. Department of Commerce News*, BEA 94-02 Jan. 28, 1994; *Economic Report of the President*, Feb. 1994; *International Economic Review*, USITC, Mar. 1994; U.S. Bureau of the Census, Foreign Trade Division, *Report FT 900*, Dec., 1993; IMF, *International Financial Statistics*, Mar. 1994; *Monthly Economic Review of Japan* (several issues); *Japan Economic Journal* (several issues); *The Economist*, Mar. 6, 1993, and Oct. 22, 1993; and *Trade Between the United States and China, the Former Soviet Union, Central and Eastern Europe, the Baltic Nations and Other Selected Countries during 1993*, USITC publication 2770, Apr. 1994.

[4] *GATT Press Release*, GATT/1570, Mar. 22, 1994.

[5] OECD includes 24 countries: the United States, Japan, Germany, France, Italy, The United Kingdom, Canada, Australia, Austria, Belgium, Denmark, Finland, Greece, Iceland, Ireland, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, and Turkey.

[6] *OECD Economic Outlook*, Vol. 54, Dec. 1993, p. 8.

[7] Ibid., p. 9.

[8] This group of countries excludes the major industrialized countries of the OECD, some Eastern European countries, and the former Soviet Union.

[9] "Gross Domestic Product: Fourth Quarter 1993 (Advance)," *U.S. Department of Commerce News*, BEA 94-02, Jan. 28, 1994.

[10] *Federal Reserve Statistical Release*, G.17 (419), Feb. 15, 1994.

[11] U.S. Department of Labor, Bureau of Labor Statistics.

[12] U.S. Department of Commerce, *U.S. Department of Commerce News*, CB-94-30, FT-900 (93-12), U.S. Merchandise Trade, Dec. 1993.

[13] USITC, *International Economic Review*, Feb. 1994.

[14] The NIEs include Taiwan, Hong Kong, Singapore and Korea.

[15] *OECD Economic Outlook*, p. 52.

[16] "Other private services" category consists of transactions with affiliated and unaffiliated foreigners. These services include education, financial, insurance, telecommunications, advertising, computer, data processing, research and development, management consulting, public relations, and engineering.

[17] *OECD Economic Outlook*, op.cit., p. 81

[18] Ibid., p. 84.

[19] *OECD Economic Outlook*, op. cit., and *Mexico Economic and Financial Report*, prepared by the U.S. Embassy, Mexico City, Apr. 1994.

[20] *Deutsche Bundesbank Monthly Report February 1994 Overview*, vol. 46 no. 2.

[21] The CEEC consists of Poland, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, and Albania.

[22] For further information, see USITC, *Trade Between the United States and China, the Former Soviet Union, Central and Eastern Europe, the Baltic Nations, and Other Selected Countries During 1993*, Apr. 1994, USITC publication 2774.

CHAPTER 1
Uruguay Round Concludes

Introduction

Seven years of talks in the Uruguay Round of multilateral trade negotiations were formally concluded on December 15, 1993, after intensive bilateral bargaining between the two principal participants in the talks—the United States and the European Union (EU)—finally produced a basis for wider agreement. The Round's results, forged by participants totalling 117 by the closing day, represent the most comprehensive trade agreement in history.[1] Implementation of the resulting package of market access and of other commitments is now targeted for January 1, 1995.[2]

Scope of the Package

Negotiations to reduce tariff and nontariff barriers to goods remained a central focus of the Round. Indeed, the final result—including an overall reduction of tariffs by 40 percent—exceeded the goal of a one-third reduction established at the outset of the negotiations. In addition, the Uruguay Round resulted in the most extensive change to the multilateral trade system since its establishment following World War II.[3] In 1947, the world-trading community created a set of rules and disciplines to govern world trade known as the General Agreement on Tariffs and Trade (GATT). But because an agreement to establish an institution to oversee these rules was never implemented, the GATT Secretariat filled some of the resulting structural void. As a result of the Round, a more solid institutional basis for the multilateral trading system was created. In addition, coverage in terms of issues and countries was expanded, and rules and disciplines over a variety of administrative aspects of trade were strengthened.

The Uruguay Round trade agreement is in fact a series of agreements negotiated since the talks opened in September 1986 in Punta del Este, Uruguay. A number of the Uruguay Round agreements were reached provisionally in earlier years, notably in negotiations leading up to the Brussels ministerial meeting in December 1990. The agreements enhance previous GATT disciplines by further reducing tariff and nontariff barriers to trade in industrial and agricultural goods, strengthening discipline over domestic and export-related government subsidies for agriculture, and reintegrating textiles trade into the multilateral trading system. In addition, the increasingly important areas of services, intellectual property, and trade-related investment measures are brought within the scope of the multilateral trading system for the first time.

These agreements—collectively entitled the *Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations (Final Act)*[4]—are treated as a single package for purposes of acceptance and application. Their implementation will be overseen by a to-be-created World Trade Organization (WTO). The WTO is to provide a more solid institutional basis to the multilateral trading system. Unlike such multilateral institutions as the International Monetary Fund (IMF), the World Bank, and the GATT Secretariat established following the Second World War, the WTO will not be part of the United Nations system.[5] However, it is expected to be commensurate in stature with these economic institutions. The WTO is to administer the agreements in an integrated and consistent fashion, notably through an improved dispute-settlement mechanism and an appellate procedure.

Structure of the Package

The *Final Act* has three major parts. In the first part, participants agree to adopt a number of decisions and declarations negotiated during the Uruguay Round. Signatory governments also agree to submit to their legislature or other competent authority the corollary Agreement Establishing the World Trade Organization.

The second part of the *Final Act* is the Agreement Establishing the World Trade Organization that will legally embody and operate the Uruguay Round package of agreements. Four annexes encompass the substance of the Uruguay Round agreements and sketch out the operational domain of the WTO

Figure D
Final Act Embodying the Results of the Uruguay Round (December 1993)

Part I Final act

Part II Agreement establishing the world trade organization

(Agreement Numbers)

Annex 1A: Agreements on trade in goods

1 General agreement on tariffs and trade 1994
- a. Understanding on the interpretation of article II:1(b)
- b. Understanding on the interpretation of article XVII
- c. Understanding on balance-of-payments provisions
- d. Understanding on the interpretation of article XXIV
- e. Understanding on the interpretation of article XXV
- f. Understanding on the interpretation of article XXVIII
- g. Understanding on the interpretation of article XXXV

2 Uruguay Round protocol to GATT 1994
3 Agreement on agriculture
4 Agreement on sanitary and phytosanitary measures
5 Agreement on textiles and clothing
6 Agreement on technical barriers to trade [standards]
7 Agreement on trade-related investment measures [TRIMS]
8 Agreement on implementation of article VI [antidumping]
9 Agreement on implementation of article VII [customs valuation]
10 Agreement on preshipment inspection
11 Agreement on rules of origin
12 Agreement on import licensing procedures
13 Agreement on subsidies and countervailing measures
14 Agreement on safeguards

Annex 1B General agreement on trade in services [GATS] and annexes
Annex 1C Agreement on trade-related aspects of intellectual property rights, [TRIPS] including trade in counterfeit goods
Annex 2 Understanding on rules and procedures governing the settlement of disputes
Annex 3 Trade policy review mechanism
Annex 4: Plurilateral trade agreements
- a. Agreement on trade in civil aircraft
- b. Agreement on government procurement
- c. International dairy arrangement
- d. Arrangement regarding bovine meat

*Brackets indicate a more familiar form, name or abbreviation.

Figure D—Continued
Final Act Embodying the Results of the Uruguay Round (December 1993)

Part III Ministerial decisions and declarations

(Agreement Numbers)

1 Decision on measures in favor of least-developed countries
2 Declaration on the contribution of the WTO to achieving greater coherence in global economic policymaking
3 Decision on notification procedures
4 Customs valuation
  a. Decision regarding cases where customs administration have reasons to doubt the truth or accuracy of the declared value
  b. Texts relating to minimum values and imports by sole agents, sole distributors, and sole concessionaires
5 Technical barriers to trade
  a. Proposed understanding on WTO-ISO standards information system
  b. Decision on review of the ISO/IEC information center publication
6 Decision on measures concerning the possible negative effects on the reform program on least-developed and net food-importing developing countries
7 General Agreement on Trade in Services
  a. Decision on institutional arrangements for the general agreement on trade in services
  b. Decision on certain dispute settlement procedures for the general agreement on trade in services
  c. Decision concerning paragraph (b) of article XIV
  d. Decision on negotiations on basic telecommunications
  e. Understanding on commitments in financial services
  f. Decision on financial services
  g. Decision concerning professional services
  h. Decision on movement of natural persons
8 Decision on implementation of article XXIV:2 of the agreement on government procurement
9 Decision on the application and review of the understanding on rules and procedures governing the settlement of disputes
10 Decision on improvements to the GATT dispute settlement rules and procedures
11 Agreement on implementation of article VI of GATT 1994
  a. Decision of anti-circumvention
  b. Decision on standard of review for dispute settlement panels
12 Decision on dispute settlement pursuant to the agreement on implementation of article VI of GATT 1994 or part V of the agreement on subsidies and countervailing measures 1994

Source: Compiled by USITC staff from the *Final Act.*

(figure D). They cover the (1) multilateral trade agreements for goods (A), services (B), and intellectual property rights (C); (2) dispute-settlement understanding; (3) trade policy review mechanism; and (4) plurilateral trade agreements first negotiated during the Tokyo Round, which, although administered by the WTO, will continue to operate under a limited membership. A provision in the WTO agreement requires that "Each Member shall ensure the conformity of its laws, regulations and administrative procedures with its obligations as provided in the annexed Agreements."[6]

Several of the multilateral agreements contained in annex 1 bear further elaboration here. The multilateral Agreements on Trade in Goods found in annex 1A

include 14 different agreements on goods, such as on agriculture, investment measures, rules of origin, subsidies, and so on. Two of the 14 agreements, the General Agreement on Tariffs and Trade 1994 and the Uruguay Round Protocol to GATT 1994, play a structural role in helping to carry out the results of the Round. The first, the Agreement on GATT 1994, incorporates the text of the 1947 GATT ("GATT 1947") as well as various legal instruments (such as waivers and accession protocols) that have since been adopted[7] plus several understandings explaining how particular articles from GATT 1947 will be treated or interpreted under the WTO.[8] The second, the Uruguay Round Protocol to GATT 1994, provides the vehicle by which national schedules of concessions are incorporated into the *Final Act.* Each member will annex its national schedule to the Protocol (figure E), indicating its concessions under four general categories: most-favored-nation (MFN) tariffs; preferential tariffs; nontariff concessions; and subsidy limits on agricultural goods (figure E).

The multilateral General Agreement on Trade in Services (GATS) found in Annex 1B is also included in the final Uruguay Round package of agreements. However, as further explained in the section on services, negotiations on national schedules of market-access commitments and sectoral exemptions are to continue through June 30, 1995.

The third part of the Final Act contains a number of decisions reached by participants on how certain subjects should be treated under the WTO. They primarily center around issues such as according due concern to developing countries' interests; technical matters, such as customs valuation or notification procedures; decisions pertaining to ongoing negotiations in certain services sectors, such as financial, telecommunications, or professional services; and dispute-settlement issues, especially antidumping and subsidies.

Organization of this Chapter

The following sections describe the 1993 developments in each of the principal subjects under negotiation in the Uruguay Round, the agreements reached, key issues remaining to be resolved, and any necessary background information. The multilateral agreements included in annex 1A on trade in goods, in annex 1B on trade in services, and in annex 1C on intellectual property rights are discussed first, generally in the order found in the Final Act. Following the multilateral agreements, the plurilateral agreements are described. The World Trade Organization and the Understanding on Dispute Settlement are then explained, along with a brief summary of the Marrakesh ministerial meeting in April 1994 that officially concluded the Uruguay Round and began the preparatory process for the establishment of the World Trade Organization. Finally, regular GATT activities in 1993, including accession negotiations, are reviewed.

Figure E
Outline of Uruguay Round Protocol to GATT 1994

Part I Most–Favored–Nation Tariffs		
Sec. I		
A.	Agricultural products	– tariffs on a most–favored–nation basis
B.	Agricultural products	– tariff quotas on a most–favored–nation basis
Sec. II		
	Other products	– tariffs on a most–favored–nation basis
Part II Preferential Tariffs		
	Preferential tariffs	(if applicable)
Part III Non–Tariff Concessions		
	Non–tariff concessions	
Part IV Agricultural Products		
	Agricultural products	– commitments limiting subsidization
Sec. I.	Domestic support	– total AMS commitments
Sec. II.	Export subsidies	– budgetary outlay and quantity reduction commitments
Sec. III.	Export subsidies	– commitments limiting the scope of export subsidies

Source: Compiled by USITC staff from the *Final Act.*

Multilateral Agreements on Goods, Services, and Intellectual Property

Market Access

With the issue of agriculture resolved in principle the previous year with the U.S.-EU Blair House agreement,[9] Uruguay Round negotiations in the first half of 1993 were able to move forward to focus on the key outstanding issues—notably market access. By the Tokyo summit meeting of the world's seven major industrialized governments (G-7) in July 1993, the "quadrilateral" or "quad" countries had agreed on a market-access package that would eliminate tariffs in some industrial sectors, substantially reduce tariff barriers in others, and harmonize tariffs in yet another area.[10] As announced on July 7, the quad countries agreed to the following market-access provisions for industrial goods:[11]

- Tariff and nontariff elimination in eight sectors: (1) pharmaceuticals, (2) construction equipment, (3) medical equipment, (4) steel—subject to a multilateral steel agreement (MSA), (5) and beer and products subject to certain agreed exceptions: (1) furniture, (2) farm equipment, and (3) spirits;[12]

- Tariff harmonization at low rates for chemical products;[13]

- Tariff reduction negotiations, aimed particularly at tariffs of 15 percent and above, with a goal of reducing such "tariff peaks"; and

- Tariff reduction negotiations for other products that will lower overall tariff rates by an average of at least one-third.

The announcement listed the industrial sectors slated for mutual tariff elimination ("zero-for-zero" offers) by the quad countries. By this package the world's major traders aimed at providing a minimum market-access framework for the other participants in the Round to consider while they were preparing their final "best offers" for the approaching conclusion of the Round.

With the fundamentals of a market-access package worked out at the July summit, key participants in the Round sought to add to the zero-for-zero sectors and to reduce tariffs for other product areas. Textiles and electronics were among the most difficult areas tackled by negotiators.

The November 1993 ministerial meeting of the Asia-Pacific Economic Cooperation (APEC) forum provided a vehicle for building momentum in the closing days of the Round. An improved market-access package was the result.[14] By the December 15 conclusion of the Round, toys and paper had been added to the sectors whose tariffs would be eliminated by the major industrial countries and significantly reduced or eliminated by many developing country markets as well.[15] Deep tariff cuts of 50 to 100 percent on electronics items (for instance, semiconductors, semiconductor manufacturing equipment, computer parts) were also tentatively agreed upon. Market-access talks continued into 1994, in an effort to add wood, certain nonferrous metals (such as copper), and distilled "white" spirits to the duty elimination list (figure F).[16]

Submission of draft commitment schedules to the GATT Secretariat was scheduled for February 15, 1994, with a 6-week verification period to follow. However, in an effort to reach a maximum package of tariff reductions, negotiations continued through February, with the due date for final commitment schedules extended to March 31, 1994.[17] Controversy over contingent market-access offers made in the closing days of negotiations in December 1993, particularly the U.S. offer to reduce electronic tariffs in exchange for further concessions from Japan regarding wood, leather goods, white spirits, and nonferrous metals, re-emerged in February 1994, threatening previously agreed upon offers.

By April 1994, these disagreements had been worked out, resulting in an overall tariff reduction in the Round of approximately 40 percent. Japan agreed to reduce the duty on refined copper from a specific rate of 15 yen per kilogram[18] (equivalent to about 8 percent ad valorem based on the exchange rate and the price of copper at the time of agreement) to 3 percent ad valorem over 5 years. Japan also agreed to eliminate duties on a range of bromine chemicals. These concessions ensure that U.S. import duties on certain items of interest both to Japan and to Korea will be eliminated as part of the market-access offers.[19]

Tariff reductions under the market-access agreement are to be phased in beginning January 1, 1995, with equal annual tariff reductions scheduled in

Figure F
Summary of Tariff Elimination Sectors (Zero-for-Zero Initiatives) in Market Access Negotiations

Tariff Elimination
- Agricultural equipment
- Construction equipment
- Medical equipment
- Beer
- Furniture
- Paper
- Pharmaceuticals
- Steel
- Toys
- Whiskey and brandy

Tariff Reduction
- Semiconductors
- Semiconductor manufacturing equipment
- Computer parts

Tariff Harmonization
- Chemicals
  - Different classes at 0, 5.5, and 6.5 percent harmonized tariff rate.

Source: The White House, "Executive Summary Results of the GATT Uruguay Round of Multilateral Trade Negotiations," Dec. 15, 1993, Washington DC, pp. 2-8.

general over 5 years. Tariffs are to be eliminated on that date for the zero-for-zero sectors, whereas tariff reductions for certain sensitive sectors, such as textiles, will be phased in over 10 years.

Agriculture

Primary products—agriculture—have always been covered under the General Agreement. However, GATT rules have been essentially ineffective in disciplining the host of border measures that have arisen largely as a result of internal agricultural policies. Because of distortions in world agricultural trade emanating from such domestic policies, the subject of agriculture received prominent attention in the 1986 Punta del Este declaration launching the Uruguay Round. Agriculture proved to be probably the most contentious issue over the entire 7-year span of the Round, although playing a somewhat more muted role in the final year of negotiations. The Blair House agreement of November 1992 resolved the main outstanding issues, which, with further adjustment in 1993, allowed a final agriculture accord based on the "Dunkel text" to be put in place by December 15, 1993.[20]

France voiced considerable opposition to the Blair House agreement from its announcement on November 20, 1992, saying that the agreement exceeded the terms of the internal reform of the common agricultural policy that was finally agreed to by member states of the European Union in May 1992. The new conservative government that resulted from the March 1993 parliamentary elections, although adopting a less vocal approach than the previous Socialist government, continued to tell the EU Commission that France might veto the EU acceptance of the agriculture agreement for reasons of "national interest" if additional improvements were not forthcoming. To this end, France pressed EU negotiators in 1993 to seek "interpretation and clarification" of the Blair House agreement from the United States.

In September 1993, Ambassador Kantor issued a statement intended to end speculation that the agreement might be reopened.[21] Nonetheless, in working toward a conclusion to the Uruguay Round, U.S. and EU negotiators ultimately arrived at a compromise that, when submitted to other participants in the Round, provided the basis for a multilateral agreement on agriculture.

The three main areas of the agreement on agriculture are: (1) market access, (2) domestic support, and (3) export subsidies. In addition, participants agreed to regular consultations and to review the agreement before the end of its implementation period. Participants worked out an approach designed to reduce trade-distorting domestic and export subsidies, both on a volume and value basis. They also agreed to convert all nontariff measures affecting agricultural imports into tariffs and to bind all tariffs, thereby improving transparency and predictability. Developed countries are then to reduce both subsidies and tariff rates over 6 years (from 1995 through 2000). During that period, support measures that are consistent with the agriculture agreement may not be challenged in the GATT/WTO under an agreed "peace clause," although countervailing duty action is not precluded (figure G).

Agricultural Market-Access

Using a process known as "tariffication," quantitative restrictions and other nontariff border measures are, with a few exceptions, to be converted into ordinary customs duties.[22] All tariffs are then to be bound in the individual country schedules of concessions.[23] Tariffs on agricultural goods in developed countries will then be reduced by 36 percent on average over 6 years, from 1995 to 2000, with a 15-percent minimum reduction required for each tariff line.[24] Developing countries will receive preferential treatment, having to reduce their tariffs only 24 percent over 10 years, from 1995 to 2004. Least developed countries will not be required to reduce their tariffs, but will be required to bind them.

Figure G
Summary of Agriculture Agreement

Reduction	Base	Implementation Period
Market Access		
DC –36% average	1986–90	1995–2000
LDC –24% average		1995–2004
LLDC Tariff bindings/no reduction		
Current Access Maintained		
Minimum access		
+3% of domestic consumption starting		1995
+5% of domestic consumption by		2000/2004
Domestic Support		
DC –20%	1986–90	1995–2000
LDC –13.3%		1995–2004
LLDC Support bindings/no reduction		
Excluding payments not affecting production, for production limitation, and for certain generalized government programs.		
Export Subsidies		
DC –36% volume	1986–90/1991–92*	1995–2000
–21% value		
LDC –24%		1995–2004
–14%		
LLDC Export subsidy bindings/no reduction		

* More recent 1991–92 base year permitted as starting point if 1986–90 end point is achieved.

Source: Compiled by USITC staff from the *Final Act.*

A special safeguard clause will be available for newly "tariffied" agricultural products, allowing countries to impose a tariff-rate quota in the case of a surge in imports or of a fall in the price of shipments in domestic currency below a certain reference level.[25] Provisions incorporated into national schedules establish base levels for access to import markets. These levels are set at either a minimum of 3 percent of domestic consumption (with increases over the implementation period to bring this figure to 5 percent) or the current level of import access, whichever is higher.

In lieu of tariffication, special import-access rules were negotiated in certain cases. Two forms of special treatment are provided for in the agreement. One is for designated agricultural products, where minimum access begins in 1995 at 4 percent of 1986-88 domestic consumption and expands by 0.8 percent annually until reaching 8 percent by the end of the 6th year in 2000. The other is for a product that is the predominant dietary staple of a developing country member. By this method, a developing country may accord minimum access of 1 percent of domestic consumption initially, expanding that access annually by 0.25 percent thereafter. Minimum access will thus reach 2 percent by the end of the 4th year (1998) and 4 percent by the end of the 10th year (2004). Japan and Korea have availed themselves of these special rules with regard to rice imports. Israel has availed itself of these provisions for sheep, goats, and dairy products of sheep and goats.

Domestic Support

Developed country participants agreed to reduce domestic subsidies to agricultural producers by 20 percent over the 6-year period 1995-2000 from levels prevailing during the base period 1986-88.[26] These reductions are to be made at the sector-by-sector rather than commodity-by-commodity level and will be based on Aggregate Measure of Support (AMS) calculations of support payments in each sector.

Two exceptions to this support reduction were agreed. Certain support programs are to be excluded from this AMS calculation, while other support programs will be considered permissible but subject nonetheless to countervailing duty action. Domestic agricultural policies that have a minimal impact on trade are to be excluded from the AMS calculation. These policies include support for general government services,[27] certain direct payments to producers for so-called "decoupled" programs that do not directly affect production,[28] and programs where support makes up a low percentage[29] of the value of production.[30] Payments to limit production are generally permitted, although goods produced with the help of this support may be challenged through countervailing duty action. In addition, developing countries may support their producers with certain aid that encourages agricultural and rural development.

Export Subsidies

For developed countries, export subsidies are to be reduced by 36 percent in terms of budgetary outlay (value) and by 21 percent in terms of quantities benefiting from such subsidies (volume) by the year 2000 compared with levels prevailing during the base period 1986-90. Developing countries will reduce their export subsidies by 23 and 14 percent, respectively, over a period of up to 10 years, from 1995 to 2004. The least developed countries are exempt from these reductions. Subsidy reductions are to be applied to each specific commodity product or product categories.[31] In other words, countries will not be permitted to average together subsidy reductions on various products whose reductions are greater with those whose reductions are less to yield the required overall reduction.[32] This "specific" subsidy commitment is expected to provide greater discipline on export subsidies than the alternative "aggregate" subsidy commitment previously under consideration in the negotiations. However, because subsidized exports in some countries had increased since the base period, negotiators agreed that a more recent 1991-92 timeframe could be used as the starting point for reductions, provided that the end-point remained the same as if the 1986-90 period had been used.[33]

During the negotiations, the EU sought a "peace clause" that would exempt agriculture from further challenges under GATT dispute-settlement procedures. As a result, negotiators developed provisions that would have members show "due restraint" in the use of certain remedies that are available under the GATT where specified types of subsidies or commitments under the agriculture agreement are involved. The due-restraint provisions were extended because of a last-minute compromise between U.S. and EU negotiators, from the 6 year implementation period (1995-2000) to a period of 9 years, that is, from 1995 through 2004.

During this period, internal support measures and export subsidies that fully conform to reduction commitments contained in the agriculture agreement and to other criteria will not be subject to challenge on such grounds as serious prejudice of exports in third-country markets or nonviolation that leads to nullification or impairment.[34] Subsidized imports will

continue to be subject to countervailing duty procedures, unless the subsidies are in the form of domestic support payments that meet the specified criteria.

Consultation and Review

Negotiations to continue the reform process in agriculture are to begin 1 year before the end of the implementation period in the agreement (1999). These negotiations are to take into account the effect to date of the reductions implemented on world agricultural trade, nontrade concerns, special and differential treatment for developing countries, and the goal of working toward a fair and market-oriented agricultural trading system. During the life of the agreement, members agree to consult annually in the Committee on Agriculture, to be established under the agreement, regarding world economic growth and its impact on agricultural imports and exports, as well as regarding other related topics.

Sanitary and Phytosanitary Measures

The Agreement on Sanitary and Phytosanitary (SPS) Measures was a fourth, but separate, agriculture-related topic of discussion in the Round.[35] The resulting SPS agreement aims to liberalize trade in agricultural goods and processed food and beverages by reducing nontariff trade barriers in the form of arbitrary regulations on such topics as pest and disease control and food safety. The principle reflected in the agreement is that members' efforts to protect human, animal, or plant life and health within their territories shall not discriminate arbitrarily or unjustifiably against another member's goods. Technical regulations covering agricultural products were previously subject to the Tokyo Round Agreement on Technical Barriers to Trade.

The SPS Agreement recognizes the right of members to take SPS measures necessary for the protection of human, animal, or plant life and health. Such measures cover, for example, quarantine procedure, food processing and production methods (PPMs), meat slaughter and inspection rules, approval procedures for food additives, and the setting of pesticide tolerance levels. Members are to ensure that such measures are applied only to the extent necessary to achieve the desired end, and that they are based on scientific principles, and are not maintained without sufficient scientific evidence.[36]

The agreement aims to make national regulation in this area more transparent to other members through such requirements as the publication of regulations, advance notification procedures, and the establishment of national enquiry points. Procedural provisions on control, inspection, and approval procedures annexed to the agreement serve the same purpose.

Under the agreement, members are to base their SPS measures on existing and appropriate international standards, guidelines, and recommendations. However, the agreement allows members to keep or to introduce measures that result in a higher or stricter standard of safety, if there is a scientific justification or, alternatively, if they reflect a country's stricter tolerance or assessment of risk concerning agricultural health matters.

The agreement does require that members ensure that any such measure is "not more trade restrictive than required" to achieve the level of protection they have established, taking into account technical and economic feasibility. A footnote clarifies that a measure is not considered more trade restrictive than required "unless there is another measure reasonably available" that achieves the level of protection established and is "significantly less restrictive to trade." The agreement also urges members to accept the equivalence of other members' measures, although different, if an exporter can demonstrate that its measures achieve the importer's established level of health protection.

The agreement provides for the establishment of a Committee on Sanitary and Phytosanitary Measures. The Committee is to provide a focal point for consultations among members, for cooperation with other relevant organizations in the field, and for monitoring the process of international harmonization.

Textiles and Clothing

World trade in textiles and apparel during the past 20 years has been largely governed by quotas negotiated under the Arrangement Regarding International Trade in Textiles, known as the Multifiber Arrangement (MFA).

The negotiating objective in the Uruguay Round for this sector was to phase out the MFA and, thus, to integrate the sector into the GATT on the basis of strengthened rules and disciplines. The Uruguay Round Agreement on Textiles and Clothing will integrate sector trade into the GATT over 10 years, with the primary objective of eliminating the quotas. All members of the WTO will be subject to the agreement whether or not they are signatories to the MFA.

However, not all signatories to the MFA are members of the GATT.

The GATT-sanctioned MFA was established in 1974 to deal with problems of market disruption in the textile and apparel sector while allowing developing nations exporting these goods to expand their share of world trade in these products. On December 9, 1993, the GATT Textile Committee agreed to extend the MFA, for a sixth time, to December 31, 1994, to bridge the expiration of the pact with the anticipated adoption of a Uruguay Round agreement on textiles and apparel. Under the present MFA, developed countries negotiate bilateral agreements separately with individual exporters for the purpose of setting quotas and quota growth rates. The quotas are a departure from the GATT as they are applied on a country-specific basis in contradiction to the nondiscrimination principle, which requires that all GATT member nations be treated equally when quotas or other trade restrictions are applied.

The integration of textile and apparel trade into the GATT will occur in three stages over a 10-year period (figure H). At the beginning of each stage, importing countries must integrate into the GATT products that are listed in the annex to the agreement and that account for a specified minimum portion of their textile sector imports, based on their 1990 trade volume. As products are integrated into the GATT, they immediately become subject to normal GATT rules. At the same time, importing countries must increase annual growth rates by a specified minimum percentage for quotas left in place during the transitional period.

During the three stages, importing countries must integrate products that account for at least 51 percent of their sector imports. At the end of the 10-year transition period, the remaining 49 percent of the trade must be immediately integrated into the GATT.

For products remaining under quota during the transition period, the acceleration of annual quota growth will be based on growth rates in place on the day before the transition period begins. Because under the present MFA quota levels and their growth rates are negotiated separately with each supplier country, they may differ by country and/or by product. Generally, the MFA calls for annual quota growth of 1 percent for wool products and 6 percent for all other goods. For the major Asian suppliers, however, quota growth is considerably less.

Figure H
Summary of Textile Agreement

Stage/Period	Year number	Share of imports to be integrated	Increase in quota growth rate
		Percent	
1. *January 1, 1995–December 31, 1997	1–3	16	16
2. January 1, 1998–December 31, 2001	4–7	17	25
3. January 1, 2002–December 31, 2004	8–10	18	27
January 1, 2005		49	–

Quota Phaseout

Textile products will be integrated into GATT and removed from quota eligibility in these three stages. During each stage, products will be chosen from all 4 categories of textiles: (1) Tops and yarns, (2) Fabrics, (3) Made–up textiles, (4) Clothing.

Accelerated Quota Growth

Quotas remaining during the transition period will be subject to annual growth rates greater than those prescribed in current bilateral textile agreements.

*The textile agreement is keyed to the start of the World Trade Organization (WTO), that was initially scheduled to begin July 1, 1995, but whose deadline was advanced to January 1, 1995 in preparatory talks setting up the WTO.

Source: Compiled by USITC staff from the *Final Act.*

The following illustrates the new accelerated quota growth rates: at the beginning of stage 1, annual quota growth now set at 6 percent must be increased by at least 16 percent or to a 6.96-percent annual growth; at the beginning of stage 2, by at least an additional 25 percent or to an 8.7- percent annual growth; and at the beginning of stage 3, by at least another 27 percent to an 11.07-percent annual growth.

The agreement also requires both developed and developing member countries to improve access to their domestic markets for imported textiles and apparel through such measures as cutting and binding tariffs, reducing or eliminating nontariff barriers, and facilitating customs, administrative, and licensing procedures. For countries that do not achieve improved market access, the accelerated quota growth rates may be adjusted accordingly.[37]

The agreement contains a transitional safeguard mechanism to protect against any import surges that might occur during the phaseout period for products not yet integrated into the GATT. The transitional safeguards allow importing countries to set quotas on uncontrolled products that enter in such increased quantities as to cause or threaten serious damage to the domestic industry. Safeguards can be set either by mutual agreement or by unilateral action, but are subject to review by the Textiles Monitoring Body, a body which is to be created under the agreement to replace the MFA Textiles Surveillance Body and to supervise implementation of the agreement.[38] Safeguards are limited to no more than a 3-year duration or until the product is integrated into the GATT. The agreement also contains provisions for member countries to deal with circumvention of quotas by transshipment, rerouting, false declarations of country of origin, and falsification of official documents.

The United States has quotas on MFA products from some 40 MFA and non-MFA signatory countries that together supplied almost 80 percent of these imported goods in 1993. Some of these countries are not members of the GATT and, therefore, will not automatically receive the benefits of the agreement. President Clinton has already announced that China, an MFA signatory but not a GATT member, will not receive the benefit of the MFA phaseout until it becomes a GATT member. Taiwan, the second largest supplier after China, is neither an MFA signatory nor a GATT member. Other smaller non-GATT member suppliers with which the United States has bilaterals are Bulgaria, Laos, Lebanon, Nepal, Oman, and Panama.

Technical Barriers to Trade

The Agreement on Technical Barriers to Trade (TBT) is the successor to the 1979 Tokyo Round "code of conduct" by the same name, more commonly known as the Standards Code. It aims to prevent technical standards and their application from becoming unnecessary obstacles to trade. The Uruguay Round standards agreement supersedes the 1979 Standards Code; coverage has been broadened from technical regulations and product standards to a range of conformity assessment procedures.[39] The definition of the term "technical regulation" is expanded to include processes and production methods, so-called because they do not define required characteristics of end products but rather prescribe the means by which they must be produced.[40] The TBT agreement under the WTO is to encompass all members, as opposed to the previous TBT code membership of nearly 40 signatories.[41]

The preamble to the agreement formally recognizes that "no country should be prevented from taking measures necessary to ensure the quality of its exports, or for the protection of human, animal or plant life or health, of the environment, or for the prevention of deceptive practices, at levels it considered appropriate." The new agreement requires that such measures be applied in a nondiscriminatory fashion and not in such a way as to constitute a disguised barrier to international trade. Members must use international standards and conformity assessment guides unless such measures are ineffective or inappropriate, for instance, for climactic or geographic reasons, to fulfill the desired objective. Members must justify deviations from international norms upon request.

Several new guidelines pertain to such requirements. Technical regulations must neither be more restrictive than necessary to fulfill a legitimate objective nor be maintained if the circumstances that gave rise to their adoption no longer exist or if the changed circumstances can be addressed in a less trade-restrictive manner. Conformity assessment procedures are not to be stricter than necessary to give the importing member adequate confidence that products conform with the applicable technical regulation or standard.

As did the 1979 Code, the agreement continues to aim at more transparent procedures in creating and enforcing standards overall by requiring a published notice of new standards and conformity assessment procedures at an early stage, and the provision of an opportunity to comment on them. Coverage of conformity assessment procedures has been expanded,

and disciplines made more precise. Conformity assessment procedures are those required by governments to determine conformance of a product with required technical standards or regulations, such as by registration, inspection, laboratory accreditation, and so forth.[42] A number of administrative guarantees are added in an effort to prevent discrimination, ensure predictable, timely, and confidential operation, and provide redress. The agreement also encourages acceptance of conformity assessment procedures by other members.

Requirements for members to take reasonable measures to ensure that regional and local governments and nongovernmental bodies comply with the fundamental principles of the agreement are more extensive than in the 1979 Code. Members are required to formulate and implement positive measures to support their observance. They must also take reasonable measures to ensure that regional, local, and nongovernmental bodies comply with an annex to the agreement entitled a Code of Good Practice for the Preparation, Adoption and Application of Standards.

Trade-Related Investment Measures

The Agreement on Trade-Related Aspects of Investment Measures (TRIMS) is one of the new areas addressed under the Uruguay Round agreements. The agreement would minimize the trade restrictions and distortions caused by certain investment measures.

The agreement prohibits investment measures that run counter to the letter or spirit of the GATT, whether those measures are in fact mandatory or are effectively required to take advantage of investment incentives. The principal TRIMS covered under the agreement are local-content requirements, trade-balancing requirements, foreign-exchange limitations, domestic sales requirements, and export performance requirements.

While all members of the GATT are now bound by these new investment rules, the TRIMs agreement arose largely because certain countries used trade-distorting, restrictive investment measures as part of their national economic development plans. Performance requirements in such countries as Australia, India, Pakistan, the Philippines, and Venezuela tended to be a serious burden on doing business abroad—raising input costs, increasing uncertainty for suppliers, and hindering the competitiveness of final products, such as cars, chemicals, pharmaceuticals, and high technology goods. Countries with large overseas investments, such as the United States, undertook to bring investment requirements and conditions under multilateral discipline to keep them from proliferating and further distorting international trade and investment flows.

The agreement provides that no GATT member will apply a trade-related investment measure that is inconsistent with obligations under article III of the GATT on national treatment or under article XI that prohibits quantitative restrictions. An annex, appended to the agreement, gives examples of TRIMS that would violate these principles, and underscores examples of some of the most obvious banned measures, such as local-content and trade-balancing[43] requirements[44] or foreign-exchange limits.[45]

All TRIMs that are inconsistent with the agreement must be notified and eliminated within a transition period of 2 years, 5 years, or 7 years for developed, developing, and least developed countries, respectively. Each measure that a country wishes to maintain during this transition period must be notified to the GATT. A provision regarding "competitive disadvantage" allows a country to apply an investment measure to a new firm for the duration of the transitional period, if necessary, to avoid inflicting a disadvantage on an existing investment, an essential point for U.S. firms that have already invested abroad under the previous restrictive investment rules. A GATT Committee on TRIMS is to be created to receive these notifications and monitor their elimination.

Within 5 years of the agreement's entry into force, the WTO Council for Trade in Goods will review the operation of the agreement and will consider expanding the scope of the TRIMS committee into the area of competition (antitrust) policy.

Antidumping

The antidumping agreement proved to be one of the more difficult agreements to reach during the Uruguay Round. The agreement concerns duties levied on "dumped" imports—imports alleged to be sold at less-than-normal-value.[46] Illustrative of these difficulties was the inability of participants in December 1991 to reach agreement on a draft text on the matter for inclusion in the first comprehensive compendium of Uruguay Round agreements, the so-called "Dunkel text." This compendium, which provided the basis for the final negotiations during 1992 and 1993, would have been incomplete if the GATT Secretariat had not inserted draft agreements on antidumping and subsidies based on its own authority and judgement.

The final agreement supersedes a code addressing similar issues negotiated in the 1979 Tokyo Round. Formally known as the Agreement on Implementation of Article VI, it sets forth rules and procedures for dumping actions relating to (1) constructed price, (2) cumulation, (3) injury, (4) industry representation, (5) de minimis dumping margins and negligible import volumes, (6) duration and review of orders ("sunset" provisions), and (7) independent panel review. Many of the provisions in the agreement parallel provisions in the GATT Agreement on Subsidies and Countervailing Measures.

Industry Representation

The agreement sets standards on who is entitled to petition for relief under antidumping provisions. This status is conferred to applicants filing by or on behalf of the domestic industry. The agreement refines the term "domestic industry"[47] and details a "bright line" test to be used by authorities in determining whether an application has been filed on behalf of it. Specifically, the agreement provides that investigative authorities may not initiate an investigation unless the application is supported by domestic producers whose collective output constitutes specified proportions of the total production of the like product in question.[48]

Constructed Price

The new agreement clarifies the methodology for determining whether a product is being sold in a foreign market at a less-than-normal-value price. New provisions address the situation of when an export price cannot be compared with the exporter's domestic price, but instead must be compared with a "constructed" price. A constructed price is typically derived by adding together estimates of the reasonable cost of a good at different stages, such as the cost of production, an appropriate profit margin, and shipping and service costs. The agreement addresses the criteria used in allocating costs in these situations so as to ensure that the comparison of an export price with the benchmark price chosen or constructed is more accurate and does not result in arbitrary or inflated dumping margins.

Injury

The agreement requires that national authorities invoking antidumping measures show a causal relationship between dumped imports and injury to the domestic industry producing like products. This determination of injury from imports must take into account all relevant economic factors that contribute to the state of the industry being examined.

Cumulation

The agreement allows authorities to take into account the cumulative effect on the domestic industry of all imports at less-than-normal-value simultaneously subject to investigation, rather than considering only the narrower perspective of imports from one or more clearly offending sources. U.S. law already provides for cumulation in antidumping cases; the prior Code was silent on this issue.

De Minimis Dumping Margins

A new rule calls for termination of antidumping investigations as soon as it is determined that dumping margins are de minimis, or that the volume of dumped goods or the injury is negligible. De minimis margins are defined as less than 2 percent of the export product price; import volume is considered negligible when imports from a country equal less than 3 percent of total imports or when individual countries with less than a 3-percent share collectively amount to no more than 7 percent of total imports.[49]

Duration And Review Of Orders

A new provision in the agreement provides for the automatic expiration of antidumping measures after 5 years, unless national authorities determine that injury is likely to continue or recur if the order is revoked.[50]

Notification And Consultation

The new antidumping agreement continues the requirement that countries which impose antidumping measures regularly notify all antidumping action to a Committee on Anti-Dumping Practices. The committee provides a forum for consultation and discussion of trade matters relating to dumping and countermeasures taken.

Independent Panel Review

A key U.S. concern was the scope for independent review by GATT dispute-settlement panels of antidumping actions taken by national authorities. Because the U.S. Congress has long considered strong and effective antidumping and subsidy rules a priority of the United States, U.S. negotiators were keenly interested in preventing any weakening of the U.S. trade laws. Similar to the present Antidumping Code, the final antidumping text allows a WTO

dispute-settlement panel to find an injury decision or margin finding by national authorities inconsistent with obligations under the antidumping agreement if it is not satisfied that these national findings are based on a proper establishment and an objective evaluation of the facts. However, the agreement clarifies that panels should defer to national authorities' judgement if the establishment of facts was proper and the evaluation thereof unbiased and objective. Panels may also review legal standards applied by national authorities to determine, in accordance with customary rules of interpretation of public international law, their conformity with the antidumping agreement. Panels are to find such measures to conform so long as they rest upon one, or more than one, permissible interpretation of the agreement's provisions.[51]

Circumvention

A major issue under discussion in the Round pertains to the circumvention of antidumping law by producers able to move minimal production facilities to other locations to avoid the imposition of antidumping duties. Participants, unable to agree on sufficiently effective anticircumvention rules, ultimately left the issue out of the antidumping agreement so that national legislation could address such "diversionary dumping." However, a ministerial declaration in the last section of the *Final Act* does mark this subject as one in need of further work with the goal of developing uniform anticircumvention disciplines.[52]

U.S. Concerns

The antidumping agreement was a prime concern for U.S. negotiators during the Round and particularly during the final weeks of negotiation. The United States sought to retain the effectiveness of the system it applies to imports, for example, ensuring that antidumping investigations—like countervailing duty investigations under the subsidies agreement—are to be concluded within 12 months, and in no case, even under exceptional circumstances, can take more than 18 months. In addition, U.S. negotiators sought to improve the effectiveness of the GATT antidumping disciplines for U.S. exporters facing dumping allegations by foreign countries. U.S. negotiators largely succeeded in incorporating into the multilateral agreement many standards that the United States either proposed or already uses in its own domestic antidumping legislation.

The addition of transparency and due process requirements—calling for public notice of antidumping action and public documentation of antidumping decisions—was considered important because it injects some predictability into the often-vague antidumping procedures used abroad against U.S. exporters. The adoption into a multilateral agreement of the cumulation of imports and the exclusion of below-cost sales in normal export-value calculations—procedures already used in U.S. antidumping investigations—were considered important because they insulate the U.S. use of these techniques from future challenges. The clarification of such concepts as de minimis dumping margins and negligible imports, used to trigger termination of antidumping investigations, is again seen as providing greater certainty of procedure for all parties, such as for U.S. exporters. The binding nature of the WTO's new dispute-settlement procedure made the scope of review by international panels of antidumping cases crucial. The agreement somewhat circumscribes dispute settlement panels by requiring deference to national authorities if differences of interpretation arise from properly gathered and objectively evaluated facts.

Customs Valuation

The Agreement on Customs Valuation was negotiated and concluded on a provisional basis earlier in the Round.[53] Like its Tokyo Round predecessor accord, the agreement sets out a number of successive methods by which to determine the customs value of imports in a consistent and transparent manner. The same principles and structure created in the earlier accord are used in expanded form to underpin this agreement.

Two decisions, one on customs valuation and the other on the status of declared value, were made part of the agreement. The latter aims at clarifying how countries might proceed in cases where fraud is suspected.[54] The decision allows customs officials to request additional information from importers when there is a basis for doubting the accuracy of an import's declared value. If reasonable doubt continues to exist following this procedure, the customs administration may proceed to void the declared value as a basis for determining the customs value and instead determine the value following the alternative valuation provisions of the agreement, giving written reasons and an opportunity for further response as necessary.

Another text accompanying the agreement clarifies certain provisions pertinent to developing countries and the minimum values that may be charged for imports through sole or exclusive agents, sole distributors, and sole concessionaires.[55] The GATT Committee on Customs Valuation is called on to give a sympathetic consideration to requests by developing

countries to maintain official minimum values. Developing countries may also delay application of the new Valuation Code for up to 5 years, as a form of special and differential treatment, during which time they can receive technical assistance concerning the code and questions of valuation of goods imported by exclusive agents, distributors, and concessionaires.

Preshipment Inspection

The Agreement on Preshipment Inspection (PSI) was reached earlier in the Round (1990) on a provisional basis. PSI is used by a number of developing countries. Under PSI, purchased goods are checked at the point of export rather than at the point of entry—generally by a firm specializing in such inspections that is under contract with the government of the importing country—to help prevent fraud, evasion of customs duties, or foreign exchange restrictions. PSI can create import barriers by forcing exporters to renegotiate terms of sales, causing delays in shipments, or producing other problems.

The agreement states that general GATT principles, such as nondiscrimination and transparency, and more specific rules to ensure open trade will apply to private agencies that provide PSI services for importing countries. The aim of increasing transparency, although directed primarily at PSI firms employed by importers, applies equally to exporter members who must apply domestic laws and regulations related to PSI in a nondiscriminatory manner, publish these rules promptly, and provide technical assistance when required.

Under the agreement, PSI agencies are required to perform their duties in a nondiscriminatory, objective, and transparent manner. Their inspections, in both quantity and quality terms, must be in accord with the purchase agreement or with internationally recognized standards. PSI firms are also required to follow price verification guidelines that allow exporters the opportunity to explain their price and to provide exporters in a timely fashion all necessary procedural information on how to obtain a clear report. PSI firms must also follow procedures that ensure the confidentiality of proprietary business information and that prevent conflict of interest. The agreement requires that unreasonable delays be avoided and sets a limit of 5 working days as a guide for when PSI firms should clear shipment or provide a detailed explanation of why not. PSI firms are also required to verify price provisionally on the basis of a contract and pro forma invoice, if requested by the exporter.

The agreement sets up a method of appeal by which exporters' grievances may be heard and decided. If a dispute cannot be settled through this appeals process, the agreement sets up a review procedure whereby an independent entity—made up of representatives of PSI firms and exporters—would form panels to review disputes.[56] Panel decisions will be binding on the parties to the dispute.

Rules of Origin

The Agreement on Rules of Origin was settled on a provisional basis in 1990. Its aim is to harmonize nonpreferential rules of origin among all members over the long term, thus facilitating trade.

Members agreed to develop a harmonization program that would make rules of origin and their administration objective, understandable, and predictable. The program will begin as soon as possible following entry into force of the WTO and will be completed within 3 years. The GATT Committee on Rules of Origin and the Technical Committee on Rules of Origin of the Brussels-based Customs Cooperation Council (CCC) are to begin work on the program shortly.[57] The resulting harmonization would bring into effect rules of origin that apply such disciplines as the following:

- origin rules that are administered in a consistent, uniform, impartial, and reasonable manner;
- assessments of origin issued within 150 days of being requested and remaining valid for at least 3 years;
- no retroactive application of changes in origin rules or in new rules of origin; and
- strict confidentiality for proprietary information provided for purposes of rules of origin determination.[58]

Until the joint effort is completed, members' rules of origin are required to be transparent and not trade disruptive, distorting, or restrictive. Their rules must be administered on a consistent, impartial, reasonable, and uniform basis. The standard for a "rule of origin" must be defined by a positive statement, clearly saying what constitutes "origin" rather than what does not. Any changes in rules of origin must be published at least 60 days in advance before becoming effective. The agreement does not cover rules of origin used for purposes of administering preferential tariffs. However, an annex to the agreement sets out a model "Common

Declaration With Regard to Preferential Rules of Origin" for goods entering under preferential tariff treatment programs.

Import Licensing

Although import licensing systems are now less frequently encountered in world trade than in the past, they are still a common feature in many countries. The Agreement on Import Licensing Procedures seeks to discipline and standardize these licensing procedures so that the administrative discretion and uncertainty often associated with them can be reduced. It also creates legal presumptions that licensing not done in accordance with the agreement has trade-restricting or -distorting effects.

The agreement defines more precisely the two types of existing licensing schemes, automatic and nonautomatic, and aims to increase the transparency and predictability of each of these systems. It requires that sufficient information be published in order to educate traders on how such licenses are granted. It also strengthens the notification requirements for the licensing agency and provides guidelines on how to assess licensing application procedures. Changes in procedure are to be published at least 21 days in advance of implementing a change. For automatic licensing systems—where approval is always granted—application periods must be at least 21 days, after which governments may reject other applications. The agreement also provides that applications may be filed up to the time of customs clearance, and requires decisions thereon within 10 working days.

For licensing systems that are not automatic, the agreement sets a maximum of 30 days for considering individual applications, and of 60 days for considering applications simultaneously. For automatic licensing systems, the agreement also indicates when such systems are presumed nonrestrictive, whereas for nonautomatic systems, it is generally the opposite.

For new licensing procedures or for changes to existing systems, members must notify the GATT Committee on Import Licensing within 60 days of the action, with information covering—

- products subject to licensing;
- contact point for licensing information;
- the administrative body to receive submission of license applications;
- name of place and date when licensing procedures are to be published;
- the type of license, automatic or nonautomatic;
- the administrative purpose of automatic licensing;
- the measure covered by nonautomatic licensing; and
- the expected duration of the procedure, if possible.

If a signatory fails to notify a new or changed licensing procedure, other members may notify it.

Subsidies

Introduction

The Agreement on Subsidies and Countervailing Measures aims to broaden the effectiveness of previous GATT disciplines on subsidies, seeking through greater definition and classification a more fail-safe treatment of the subject. For the first time under GATT rules, the agreement defines "subsidy," using as a basis a concept used in U.S. countervailing duty legislation of a financial contribution that confers a benefit to a firm or to an industry.

In addition, the agreement classifies subsidies into categories, in an attempt to provide increased discipline over subsidy use. This prominent feature of the agreement divides subsidies into prohibited (so-called "red light"), actionable ("yellow light"), or nonactionable ("green light") ones.[59] It also sets out rules and procedures that are similar in many respects to those in the antidumping agreement for actions that can be taken to offset actionable subsidies.

Prohibited Subsidies

Except as provided for in the Agreement on Agriculture, the Agreement on Subsidies and Countervailing Measures prohibits two major types of subsidies: export subsidies and subsidies subject to so-called "local-content" requirements. Export subsidies are those contingent on export performance, whether solely or as part of other conditions. Local-content subsidies are those contingent on the use of domestic instead of imported goods.

The Dispute Settlement Body (DSB), designed to carry out the dispute-settlement procedures of the World Trade Organization, is to be able to authorize countermeasures in cases where an offender has not withdrawn subsidies shown to be in the prohibited

category, without any further requirement of proof of injury. The DSB will have a Permanent Group of Experts on subsidies at its disposal to help it determine if a measure in question comes under the prohibited category.

Actionable Subsidies

A nonprohibited subsidy that negatively affects the interests of another member is "actionable" multilaterally and countervailable[60] unilaterally to offset these adverse trade effects. Adverse effects to the trade interests of another member must be proven through proof of injury to the domestic industry by way of price or volume (market share) effects, demonstration of nullification or impairment of benefits expected to accrue from such concessions as tariff bindings, or through demonstration of some other form of "serious prejudice" to the interests of another member.

The concept of "presumptive serious prejudice" is newly introduced by the agreement. A subsidy by one member is presumed to be damaging to the trade interests of another member, unless the subsidizing member can prove that the subsidy in question does not cause harm. If harmful, the agreement requires the subsidy or its harmful effects to be withdrawn. A subsidy is presumed to cause serious prejudice when—

- the total ad valorem subsidy exceeds 5 percent of the cost of the product in question;[61]
- subsidies cover operating losses of an industry; or
- subsidies cover operating losses of an enterprise other than one-time, nonrecurrent infusions aimed at avoiding acute social problems and at providing time for longer term solutions to be developed.

Serious prejudice also exists when it is established that—

- a subsidy is displacing imports of like products in the subsidizing country market;
- a subsidy is displacing imports of like products in third-country markets; or
- the world market share of a particular subsidized commodity is increasing, compared with the 3 years before subsidies were first granted.

Nonactionable Subsidies

"Nonactionable" subsidies are permitted subsidies either because they are nonspecific—that is, they are available generally—or because they fall under one of three categories mutually agreed upon as acceptable specific subsidies: (1) aid to industrial research and development (R&D) prior to commercial development, (2) aid to disadvantaged regions, and (3) aid to adapt existing facilities to a new environmental law or regulation.

Government assistance for industrial R&D is considered nonactionable if subsidies are limited to 75 percent of industrial research costs and subsidies for "precompetitive development activity" are limited to 50 percent of eligible costs. Precompetitive development activity starts with applied R&D and ends with the creation of the first noncommercial prototype.

Government aid for regional development is nonactionable when provided to regions that are clearly disadvantaged according to objective and neutral criteria, on the condition that the assistance is available generally and not targeted on any specific industry or group of recipients within eligible regions.

Environmental subsidies are nonactionable provided they are a one-time measure limited to 20 percent of the cost of adapting an existing facility to a new environmental standard imposed by law or regulation. Such assistance must be directly linked and proportionate to planned pollution reduction; the aid cannot cover any manufacturing cost savings that may be achieved.

Members believing that nonactionable subsidies, notwithstanding their status, are having serious adverse effects on a domestic industry may seek a determination and recommendation on the matter. These nonactionable subsidy provisions, as well as the actionable subsidy provisions that presume serious prejudice, will automatically expire 5 years after the agreement's entry into force, unless members are willing to continue or to modify them.

Application of Countervailing Measures

For actionable subsidies, the agreement sets out rules and procedures for applying countervailing measures. These rules and procedures parallel similar measures set out in the antidumping agreement concerning standing, cumulation, injury determinations, negligible imports and de minimis margins, duration and review of orders, and independent panel review.

Under the subsidies agreement, countervailing duty investigations are to take no more than 12 months to

complete, save for exceptional circumstances; investigations can take no more than 18 months in any case. As under the antidumping agreement, countervailing duty measures are to terminate after 5 years unless a review by national authorities determines that the end of such duties is likely to lead to a continuation or recurrence of the injury because of subsidization.

Developing Countries

The agreement imposes less rigorous subsidy discipline on developing countries, although, unlike the present situation, such countries will be subject to increasing subsidy discipline after various transitional periods. Subsidies are recognized as a legitimate tool of economic development in developing countries as well as in those that are in the process of transforming themselves from centrally planned to market-oriented economies. Least developed developing countries as well as developing countries with less than $1,000 GNP per capita income[62] are exempt from the prohibition on export subsidies and may also continue to use subsidies under the prohibited category for 8 and 5 years, respectively.[63] Countervailing duty investigations concerning goods from developing countries are to be terminated if the overall subsidy level involved is no more than 2 percent (3 percent for developing countries with under $1,000 GNP per capita) of the value of the product under investigation or if the subsidy level is less than 4 percent in volume terms of total imports of the like product in the overall importer's market. For countries moving from centrally planned to market economies, prohibited subsidies will be phased out within 7 years of the agreement entering into force.

Safeguards

Introduction

The Agreement on Safeguards seeks to clarify and reinforce the disciplines of GATT article XIX (the so-called GATT "escape clause") in order to reestablish multilateral control over safeguard measures and to eliminate measures that escape such control. It also seeks to encourage structural adjustment in industries benefiting from safeguard measures during the period that such measures are in effect. Article XIX of the GATT permits countries to "escape" from their international obligations when increased imports cause or threaten serious injury to domestic producers. The current article XIX imposes few procedural requirements and no time limit on such measures, other than stating that they are to be "temporary."

Because countries taking actions under article XIX are required to provide compensation to trading partners that are adversely affected—or face possible retaliation, many countries have resorted in recent years to safeguard-like "grey-area" measures that are not consistent with article XIX disciplines.

Among other things, the new agreement will require greater transparency in safeguard proceedings, provide for time limits on new safeguard measures, permit countries to take safeguard measures for up to 3 years without having to pay compensation, and require the elimination of most existing grey-area measures within 4 years.

Transparency and Duration

To improve transparency, the agreement defines terms and sets out procedures for the conduct of investigations and the taking of safeguard actions. The agreement requires, among other things, that the competent authorities overseeing safeguard investigations publish a notice of the proceedings and hold a hearing or provide similar opportunity for interested parties to make their views known. They must also publish a detailed statement setting forth their decision and their reasons.

The agreement defines the terms "serious injury," "threat" of serious injury, and "industry," used in safeguard proceedings. The agreement also sets out certain economic factors to be considered in determining whether increased imports cause or threaten to cause serious injury to the domestic industry. Safeguard actions are not to exceed that which is necessary to offset the injury caused.

The agreement imposes limits on the duration of safeguard measures. These measures are to be applied only for the period of time that is necessary to prevent or remedy serious injury to an industry and to facilitate industry adjustment, but in no case for more than an initial period of 4 years and, with extensions, a total of 8 years. A provisional safeguard measure imposed, pending the completion of an investigation, may remain in effect for no more than 200 days. In addition, a new measure may not be imposed in general on a good that has been the subject of a previous action unless a period of 2 years or a period of time equal to that of the previous measure has passed, whichever is longer.

Grey-Area Measures

Countries have often found the "escape" clause discipline of article XIX a prohibitively costly means of securing import relief because compensation must be paid to all affected members on a nondiscriminatory basis. As a result, countries have at times employed a safeguard-like mechanism, "voluntary export restraints (VERs)," which are outside of GATT disciplines.[64] VERs typically commit an exporting country to restrict the export of an offending product for a certain period of time during which the domestic industry can restructure.

Under the new safeguards agreement, all future "grey-area" measures are prohibited, and outstanding safeguard actions—including grey-area measures—are to be eliminated within 4 years of the agreement's entry into force. However, each member will be allowed to maintain a single nonconforming import measure until December 31, 1999, if the involved exporting member agrees.[65] All new safeguard actions must be taken under article XIX and will be ended within 8 years after their first application.

Compensation

The agreement envisages consultations on compensation for safeguard measures. When consultations are not successful, members may withdraw equivalent concessions or obligations. However, the new agreement alters current article XIX standards by revoking for 3 years the right to compensation for other members' safeguard measures taken in strict conformance with the new agreement.

Another article XIX procedure altered under the new agreement that bears on compensation is the selective application of safeguard measures. In consultations with a Safeguards Committee to be established under the new agreement, a member may be able to depart from the standard safeguard procedure that requires measures be applied in a nondiscriminatory manner if it can demonstrate that imports from certain member countries have increased disproportionately compared with the total increase in imports in question.

If such departure can be justified as equitable to all suppliers, the committee will be able to authorize the application of more "selective" safeguard measures rather than requiring the injured member to adhere to strict apportionment of import quota shares on the traditional MFN-basis. The duration of these so-called "selective safeguards" may not exceed 4 years.

Developing Countries

Members are required to apply safeguard measures on imports from developing country members more leniently. No safeguard actions are permitted on products from a developing country whose import share is no greater than 3 percent or from developing countries who collectively account for 9 percent or less of total imports in this product. Developing countries may apply safeguard measures 2 years longer than the normal maximum of 8 years and may also more readily re-apply them.

Services

Introduction

The General Agreement on Trade in Services (GATS) represents a great advance in world trade coverage over the present-day GATT. World trade in services has burgeoned in recent years to comprise roughly one-quarter of world exports, or $890 billion of the $3,774 billion in world trade estimated for 1992. Services, moreover, represent one of the fastest growing sectors among the major economies, providing many of the high-technology, high-wage jobs created in recent years. Thus, the inclusion of services within the trading system represents a major step forward in expanding the world trade covered by multilateral disciplines.

However, partly because of the groundbreaking nature of the endeavor and its economic importance, progress on negotiations regarding services has been slower than those concerning goods. By the close of the Round on December 15, 1993, agreement had been reached only on the services framework or GATS; negotiations on specific market-opening commitments were to continue, particularly for the service sectors important enough to be dealt with in separate annexes.

Framework Agreement

The GATS is composed of six parts. The articles of the framework agreement incorporate many ideas from the GATT covering trade in goods, such as MFN treatment, national treatment, market access, and transparency. Nonetheless, concepts that are sound when used regarding trade in goods fit less well when applied to trade in services, and the resultant adaptation of these concepts to services has slowed progress.

Part I—Scope and Definition

The agreement covers trade in services between members, defined as—

- services supplied across national borders, that is, from one member's territory into another's territory (e.g. U.S. television broadcasts to Canada);

- services supplied from one territory to a consumer of another territory (e.g. U.S. telephone services supplied to M. Jean Daine, citizen of France);

- services supplied from one territory through its established entity that provides these services from another territory (e.g. Citicorp USA supplying financial services through its Citicorp branch in Paris, France);

- services supplied by natural persons of one territory within the territory of another (e.g. Mr. John Doe, U.S. citizen, providing financial consulting services in Paris, France).

Government procurement of services is not covered by the GATS with respect to provisions on MFN, national treatment, and the generalized market-access commitments set out in part III of the GATS. However, the GATS stipulates that multilateral negotiations on government procurement of services under the GATS will start within 2 years (by 1997) of the WTO's entry into force. These talks on government procurement of services under the GATS will also need to take into account the plurilateral GATT Agreement on Government Procurement, whose limited membership recently extended its contract coverage to government procurement of services—including construction services—in negotiations paralleling the Uruguay Round.

Part II—General Obligations and Disciplines

The rules and obligations under the GATS are presented in the specific articles to the agreement. Brief comments on the major articles are set out below.

Most-favored-nation (MFN) treatment in the GATS requires members to "accord immediately and unconditionally to services and services providers of any other Party, treatment no less favorable than that it accords to like services and services providers of any other country." Although MFN is one of the most fundamental tenets of the GATT system, negotiators—from the United States in particular—realized that granting "unconditional" MFN treatment in services would tend to fix access to national markets for foreign service suppliers and freeze it in its current stage of liberalization. Thus, open services markets would remain open and closed services markets would remain closed. As a result, a form of "conditional" MFN treatment was devised by negotiators whereby MFN treatment would not be conferred on a country until agreement was reached on a national schedule of market-opening commitments for services. This "conditional" MFN came into play particularly during the financial services negotiations, described below. Specific exemptions from MFN treatment under the GATS will be recorded in an annex. Each exemption is to be reviewed after 5 years and is limited in principle to 10 years. These exemptions to MFN treatment will be, in any case, subject to future liberalizing negotiations.

GATS members are to publish all pertinent laws and regulations so that foreign service suppliers will be on an equal footing with domestic ones. Members will also establish "enquiry points" to provide specific information and respond promptly to questions on laws, regulations, administrative guidelines, decisions, rulings, application of measures, or international agreements that might affect a service industry.

The agreement sets out provisions aimed at ensuring that domestic regulation of services is administered in a reasonable, objective, and impartial manner. Prompt review of administrative decisions is also required.

Developing countries will be encouraged to join the GATS to negotiate commitments to (1) strengthen the competitiveness of their own service economies through access to technology on a commercial basis, (2) improve access to distribution channels and information networks, and (3) liberalize market access in sectors and supply channels of export interest to other members.

The GATS provisions on economic integration, like GATT article XXIV, expect substantially all sectors to be covered in any integration scheme, with no sector, subsector, or industry excluded automatically.

The agreement requires that all parties provide the means to recognize service providers, such as education, experience, licenses, certifications, or other requirements, by using internationally recognized criteria or another appropriate approach.

Monopolies and service suppliers with exclusive rights are neither condemned nor condoned, but are to refrain from abusing their market-power position in their own territory. Restrictive business practices in

services will be subject to consultations between members.

Negotiations on safeguard measures will be completed within 3 years of the WTO's entry into force. In the interim, members may withdraw or change their schedules of commitments for up to 1 year after the commitment enters into force.

Members may not place restrictions on international current-account transactions except for exchange rate actions in conformity with IMF obligations. Restrictions on current-account transactions taken for balance-of-payments reasons must be nondiscriminatory and temporary and avoid unnecessary commercial damage.

Similar to GATT articles XX and XXI, exceptions under the GATS are allowed to protect public morals; human, animal, or plant life; services contracts against deceptive practices or default; the privacy of individuals and confidentiality of records; safety; and national security. Treatment may differ between domestic and foreign suppliers of services if the measures are aimed at making direct taxation of foreign services firms more equitable, such as avoiding double taxation.

The GATS calls for future negotiations to develop rules aimed at avoiding the trade-distorting effects of subsidies on trade in services. These talks will also address countervailing procedures and take into account the role of subsidies in developing countries.

Part III—Specific Commitments

Specific framework commitments on market access and national treatment for different services sectors are found in members' national schedules of commitments, lodged under part III. These schedules include—

- terms, limits, and conditions on market access;
- conditions and qualifications on national treatment;
- any additional commitments;
- timeframe for implementation of commitments, when appropriate; and
- effective date of such commitments.

Coverage of services sectors in national schedules are listed in figure I. Members may withdraw or modify existing commitments in their national schedules after the GATS has been in effect for 3 years, contingent on compensation on an MFN basis. Compensation may be decided by arbitration in the absence of a negotiated settlement.

The market-access commitments aim to progressively lift barriers to or limits on foreign service suppliers. These disciplines address barriers, such as limits on the number of services suppliers, people employed, and total value or quantity of service transactions allowed in the market and limits because of economic "needs tests," to local incorporation rules, or restricted participation of foreign capital.

The national-treatment commitments require that parties treat foreign services and service suppliers in essentially the same way as domestic ones. Members may provide formally identical or formally different treatment in carrying out this commitment, but they may only choose treatment of foreign suppliers that is not identical to that received by domestic suppliers if it does not skew the terms of competition in favor of domestic service providers.

The section providing for additional specific commitments, beyond those in the preceding market-access or national-treatment sections, allows negotiation of commitments regarding qualifications, standards, or licensing matters. This could include agreements for prompt publication of relevant measures to provide transparency, free-trade arrangements or mutual recognition agreements, and guarantees of the free flow of current-account payments and transfers for services firms benefiting from sectoral commitments.[66]

Part IV—Progressive Liberalization

The GATS includes provisions for successive Rounds of services negotiations to help expand national schedules of commitments to begin within 5 years of entry into force of the WTO. Due respect is to be accorded to national policy objectives, both overall and in specific sectors, and to the particular needs of developing countries to liberalize in accordance with their development situation.

Part V—Institutional Provisions

The institutional provisions of the GATS call for members to consult one another and to utilize dispute-settlement and enforcement measures. Additional institutional measures provide for joint action among members (such as waivers) and clarify the roles of the General Council to arrange for consultation and cooperation with other international organizations and of the Council on Trade in Services to oversee the operation of the agreement.

Figure I
Select Services Sectors under Discussion in the GATS

BUSINESS SERVICES
- advertising, computer services, consulting, market research, rental and leasing services, security services

COMMUNICATION SERVICES
- basic communications services
  - long–distance telephone service and couriers
- enhanced communications services
  - cable, fiber optic, microwave, and satellite
- audiovisual services
  - cinema, television, video, cable and satellite pay–per–view TV

CONSTRUCTION SERVICES

DISTRIBUTION SERVICES
- wholesale and retail trade and franchising

EDUCATIONAL SERVICES

ENVIRONMENTAL SERVICES

FINANCIAL SERVICES
- banking, insurance, securities

HEALTH SERVICES

PROFESSIONAL SERVICES
- accounting, architecture, engineering, law, medicine

TOURISM SERVICES

TRANSPORTATION SERVICES
- air transport
  - landing/takeoff rights, and related services
- maritime transport
  - open–water shipping, port services, and related port services

Source: The White House, "Executive Summary of the GATT Uruguay Round of Multilateral Trade Negotiations," Dec. 15, 1993, Washington, DC, p. 20.

Part VI—Final Provisions

The final provisions sets out definitions of terms in the agreement and also covers how to approach denial of benefits to non-WTO members. "Nonapplication" against another member is also allowed, whereby any member may notify the parties to the agreement that it will not apply the agreement to another member.

Services Annexes

While the framework agreement provides rules and disciplines applicable to all services covered under the General Agreement on Trade in Services, negotiators considered that certain services sectors would need additional provisions to make the agreement effective. The sectoral annexes in the *Final Act* cover (1) movement of labor, (2) financial services, (3) telecommunications, and (4) air-transport services. Limited success in fleshing out acceptable sectoral disciplines means that continued negotiations on services will focus first on the annexes and on future additions to schedules of commitments.

Labor Mobility

The Annex on Movement of Natural Persons Supplying Services commits members to negotiate particular obligations regarding personnel providing covered services.

Financial Services

The Annex on Financial Services covers primarily banking and insurance. It allows national authorities to take prudential measures to protect investors, deposit holders, or policy holders so as to preserve the integrity and stability of the financial system. A separate understanding provides for liberalization commitments through an alternative approach that members taking prudential measures can nonetheless undertake.[67]

Negotiators on financial services could not reach a consensus by the conclusion of the Uruguay Round. The primary issue at stake was whether MFN treatment should be extended to foreign suppliers of financial services on an "unconditional" basis. By the closing weeks of negotiations, it was evident that a number of participants were not prepared to put forward offers that were extensive enough to satisfy the United States or the EU by the Round's December 15th deadline. As a consequence, negotiators agreed formally to postpone concluding the financial services negotiations, since doing so would have triggered the United States and the EU to withdraw access to their financial services markets by taking a sectoral exemption.

Instead, negotiators decided to apply across-the-board MFN treatment in financial services for the first 6 months of the Uruguay Round agreement, after which countries would be free to withdraw their financial services markets by taking a sectoral exemption. In effect, this decision means that negotiations can continue until July 1, 1995, given a January 1, 1995, entry into force date for the WTO.

Telecommunications

Members recognize that the telecommunications sector is both a distinct economic sector and the underlying means of "transport" for other economic activities. The primary focus of the annex on telecommunications is to ensure reasonable and nondiscriminatory access to and use of public telecommunications networks and services for all service suppliers, whether foreign or domestic. The annex stipulates that measures imposed on access to these public networks or services should be only those necessary to safeguard the responsibility of public-service suppliers to the general public to provide such networks and to protect the technical integrity of such systems. Members may also ensure that other members do not supply services unless specifically permitted according to commitments stated in their national schedules. The annex also recognizes the desirability of providing technical cooperation to developing countries to promote their own domestic telecommunication sectors.

Negotiations on specific access commitments dealt separately with (1) basic telecommunications and (2) value-added telecommunications. The *Final Act* includes an "Annex on Telecommunications," but negotiations on basic telecommunications are scheduled to continue.[68] At the Round's end, ministers established a Negotiating Group on Basic Telecommunications within the GATS framework to enter into negotiations to liberalize basic telecommunications. The group is to begin its work following the entry into force of the WTO (Jan. 1, 1995) and to conclude its negotiations with a final report no later than April 30, 1996. The group is open to governments that signed the Final Act and that wish to participate.[69]

Air Transport

The annex on air-transport services explicitly excludes both air-traffic rights and directly related activities. This exclusion results largely from the view of key participants, like the United States and European Union, that the extensive system of negotiated bilateral treaties conveying air-traffic rights currently in place functions well and would be difficult to disentangle. Auxiliary services—composed of aircraft repair, marketing of air-transport services, and computer reservation services—are included under the agreement. The operation of the annex will be reviewed every 5 years.

Maritime Transport

Discussions during the Round centered around 3 areas of maritime services: (1) open-water shipping, (2) port services, and (3) auxiliary services at ports. No agreement could be reached concerning open-water shipping, where the influence of European cartels that set their own prices within a territory, known as "shipping conferences", could not be overcome. Thus, no text was agreed for maritime services by the December 15, 1993, conclusion of the Round. Ministers did agree to establish a Negotiating Group on Maritime Transport Services (NGMTS) to enter into negotiations "aiming at commitments in international shipping, auxiliary services, and access to and use of port facilities, leading to elimination of restrictions within a fixed timescale."[70] The NGMTS, which will begin upon the 1995 commencement of the WTO, will conclude its negotiations and make a final report no later than June 1996.

An explanatory note in the Agreement Establishing the WTO also affects maritime transport services.[71] The note exempts from provisions under the WTO any measures taken by a member under specific mandatory legislation enacted before 1947 that "prohibits the use, sale or lease of foreign-built or foreign-reconstructed vessels in commercial applications between points in national waters or the waters of an exclusive economic zone." This "grandfather" clause, exempting from GATT disciplines the restrictions on foreign access to national maritime cabotage, is to be reviewed within the first 5 years of the WTO going into effect, and every 2 years thereafter. The United States Merchant

Marine Act of 1920 (the "Jones Act") is thus the only legislation currently grandfathered into the Uruguay Round agreements.

Audiovisual Services

The audiovisual sector was probably the most hotly debated issue between the U.S. and EU trade ministers in the closing days of the Round. USTR Kantor and EU External Affairs Commissioner Leon Brittan spent several days in virtually nonstop discussions attempting to come to some compromise over four separate facets regarding the audiovisual sector: (1) the EU Broadcast Directive and its television quota restrictions, (2) future broadcast technologies (such as cable, satellite, and fiber optic transmission), (3) taxes levied on blank audio and video cassettes, and (4) taxes levied on cinema tickets. During their negotiations on audiovisual services—at times overlapping with those on intellectual property issues—the EU was unwilling to yield ground concerning either of the first two topics but was willing to discuss the second two, subject to the caveat that tax matters are ultimately the prerogative of national legislatures.

The EU Broadcast Directive of 1989 requires member state governments to reserve the majority of national broadcast time for productions originating in the Union "where practicable." Given the widely acknowledged fact that U.S. television and video productions typically capture over 70 to 80 percent of European programming, the directive amounts, in the U.S. view,[72] to a significant trade barrier against the United States' second largest export industry.[73] The EU was unwilling to compromise over the issue, claiming that the right reserved by the directive to retain most of the available broadcast time for EU member-state programs seems an unlikely hindrance to a U.S. industry that already captures three-quarters of the EU market for television programming.[74]

Discussions on programming broadcast through advanced technologies also failed to achieve results. Advanced technologies include pay-per-view cable television and video programs, satellite transmission of programming, and others, such as fiber-optic transmission of program broadcasts. Although the U.S. side offered numerous choices during negotiations, such as essentially accepting the Broadcast Directive in its present form provided it was not extended to broadcast transmission via more advanced technologies, the EU side sought to retain the right to regulate program broadcasting regardless of transmission mode.

The member states of the EU levy a tax on the sale of blank audio and video cassettes to generate revenue from which compensation for illegal copying may be paid to singers and artists who hold the intellectual property right to their recorded performances. These revenues are shared among the European governments but not with the United States. Given the sizeable share of the European market for such radio, TV, and video broadcast performances, the U.S. industry considers that it should receive some portion of these tax revenues.

One stumbling block to this revenue sharing, however, is the difference in ownership of the intellectual property rights generated by such performances. Under the Rome Treaty, the artist, singer, or performer is granted an inalienable right to her or his work, whereas in the United States the performer typically transfers this ownership right to the producer (production studio, house, or firm). One European objection against sharing revenues generated by the cassette tax with the United States is that the U.S. industry rather than the individual performer would typically be the beneficiary.

In France, an 11-percent tax levied on cinema tickets is used to help promote and subsidize national film producers. The U.S. film industry objects to supporting the French film industry through this tax.

This particular situation, however, reflects a broader issue operating as an undercurrent to the audiovisual negotiations—the issue of national cultural exemptions. A number of member states asked EU negotiators to push for a national culture clause that would exempt from the audiovisual negotiations domestic makers, that is European producers, of films, television, radio programs. Such exemption would in effect insulate those producers whose programs fell under the designated rubric of "national culture" from competition with foreign-made productions, typically films, videos, programs, and the rest emanating from Hollywood. The United States has steadfastly rejected any sort of cultural exemption, arguing that the definition of a vague concept, such as "national culture", is open to protectionist abuse as a trade barrier.

Intellectual Property

Introduction

Intellectual property, which derives its intrinsic value from creative ideas, is one of two nontraditional subjects covered for the first time by the new GATT rules and disciplines.[75] The Agreement on

Trade-Related Aspects of Intellectual Property Rights (TRIPS), including Trade in Counterfeit Goods, aims to apply basic GATT principles, as well as relevant principles of international agreements on intellectual property, to the field of intellectual property, where national standards of protection differ greatly worldwide, some governments effectively having none at all.[76] The agreement seeks to provide fundamental intellectual property rights, effective enforcement measures, and a multilateral dispute-settlement mechanism, in addition to transitional arrangements. With certain exceptions, the agreement is intended to apply to existing as well as new intellectual property rights (figure J). The TRIPS agreement contains seven parts: (I) general provisions and basic principles, (II) standards regarding the scope and use of particular intellectual property rights, (III) enforcement provisions, (IV) acquisition and maintenance of such rights, (V) dispute settlement, (VI) transition arrangements, and (VII) institutional and final provisions.

The principles in part I involve national treatment and most-favored-nation (MFN) treatment. The national treatment concept holds that other members must be accorded treatment no different than that given to domestic producers and holders of intellectual property rights. The MFN provision is unusual regarding intellectual property in that any advantage given by one government to another government's nationals must by extended immediately and unconditionally to all other member governments, even if such treatment is more favorable than that given to the government's own nationals.[77]

Specific commitments regarding the various types of intellectual property are cited under part II of the agreement, covering the following: (1) copyright and related rights, (2) trademarks, (3) geographical indications, (4) industrial designs, (5) patents, (6) integrated circuits, (7) protection of undisclosed (propriety business) information, and (8) control of anticompetitive practices in contractual licenses.

Figure J
Summary of TRIPS Agreement

Years protection	Subject
Copyrights	
50	Computer programs
50	Sound recordings
20	Broadcast signals
Trademarks	
7	7–year term renewable indefinitely
	Additional protection for well–known marks
Geographical Indications	
	Prevent consumer confusion
	Stricter protection for wines and spirits
Industrial Designs	
10	Protection for design or products embodying the design
Patents	
20	Inventions (product or process)
	Not patentable:
	(1) diagnostic, therapeutic, and surgical methods
	(2) plant and animal biological process*
	(3) products prohibited for public order or morality
	(*except micro–organisms or –biological process)
Integrated Circuits	
10	Minimum protection for semiconductors according to the Treaty on Intellectual Property in Respect of Integrated Circuits.

Source: Compiled by USITC staff from the *Final Act.*

Copyrights

Participants in the Uruguay Round agreement are expected to apply all of the substantive economic provisions of the Berne Convention except its "moral rights" provision, which aims to protect individual authors and artists by giving them inalienable rights over the reproduction of their works.[78] Copyright protection is to be extended for a minimum of 50 years, if not based on the lifespan of a natural person.

The agreement expands worldwide copyright protection to computer programs (that is, software), which are to be treated as literary works with the 50-year minimum protection under the Berne Convention, to databases, and to mathematical algorithms. The agreement also covers rental rights, whereby producers of sound recordings and authors of computer software are to be given the right to authorize or prohibit commercial rental of their works.

The agreement gives protection to performers from unauthorized recording and broadcasting of live performances. For sound recordings, performers and producers will receive protection for a minimum of 50 years and protection for existing sound recordings as required. Broadcast organizations or the subjects of a broadcast are to have control over the right to rebroadcast these products for at least 20 years.

Trademarks

The agreement defines the types of signs (trademarks) that may be eligible for protection and the minimum rights that are to be conferred to their owners. The agreement extends the protection conferred under the Paris Convention to services and may require registration of distinctive service marks as acquired through use. Registration of trade or service marks provides protection for no less than 7 years and is renewable indefinitely. Well-known marks will receive additional protection.

The agreement sets out requirements of use and nonuse of trademarks and servicemarks. It strictly limits the unauthorized use of identical or similar marks likely to prove confusing. The agreement also prohibits mandatory linking of trademarks and compulsory licensing of marks.

Geographical Indications

The agreement states that members are to provide the legal means to prevent an indication that misleads consumers about the true geographic origin of goods or that constitutes unfair competition under the Paris Convention.[79] Additional protection is set out for geographic indications describing wines and spirits, even when nothing exists to mislead consumers about the product's true origin. Generic terms, such as "chablis" or "champagne" already in circulation will be allowed as exceptions, but countries using such exceptions must be willing to negotiate further to protect the geographic indication at issue. The agreement calls for future negotiations to establish a multilateral system of notification and registration of geographic indications of wines.

Industrial Designs

Industrial designs that are new or original are to receive protection for at least 10 years under the agreement. Owners of these designs are allowed to prevent products bearing or embodying this design from being manufactured, sold, or imported. The agreement also states that the cost of protecting textile designs should not impair chances for securing such protection and that members may provide protection through industrial design or copyright law.

Patents

Members of the Uruguay Round agreement are expected to comply with the substantive provisions on the Paris Convention concerning patents. As a result, 20-year patent protection should be available for inventions, whether products or processes, in virtually all fields of technology. For the United States, this protection is particularly germane in the pharmaceutical and agricultural chemical industries. Patent protection over the 20-year period is to extend from the date of application. The agreement calls for filing procedures for pharmaceuticals and agricultural chemicals to be put in place promptly.[80]

However, certain exceptions are allowed. Products or processes that by agreement may not be patented are diagnostic, therapeutic, and surgical methods; plants and animals and essentially biological processes for the production of plants or animals (with the exception of microorganisms and microbiological and nonbiological processes, which may be patented);[81] and inventions whose commercial exploitation is prohibited for reasons of public order or morality. Compulsory licensing of patents without authorization from the patent owner, such as for governmental use, is permitted, but only under strict conditions.[82] Rights derived from a patented process are legally part of the directly resultant product.

The United States, the EU, and Japan, have apparently agreed to pursue further discussions aimed at harmonizing differences in their patent applications

and approval procedures. The United States awards patents on a "first-to-invent" basis, whereas Europe and Japan use a "first-to-file" basis. It is expected that ultimately the United States will move closer to the "first-to-file" basis, but protracted negotiations are expected before reaching this end.

Integrated Circuits

Members agree to base protection of layout designs for integrated circuits on the provisions of the Treaty on Intellectual Property in Respect of Integrated Circuits (IPIC Treaty). However, the Uruguay Round agreement contains several additional protections: (1) a minimum 10-year protection period, (2) extension of protection to articles incorporating an infringed layout design, (3) permission for innocent infringers to use or sell stock in hand or ordered before learning of the infringement provided they pay a suitable royalty, and (4) permission for compulsory licensing and government use under certain strict conditions.

In the closing days of negotiations, the United States reversed its previous position of accepting compulsory licensing for semiconductors contingent upon royalties, refusing to accept compulsory licensing with "commercial applications" (such as for semiconductors used in integrated circuitry). As a result, the final text allows such unauthorized licensing only for "public noncommercial use." National trade laws could thus be used in such situations in which the licensing of a product with commercial application is compelled, because no other multilateral or bilateral agreement has been reached.

Proprietary Business Information

Trade secrets and know-how with commercial value must be protected against breach of confidence or similar dishonest commercial practice. Protection of test data submitted by pharmaceutical and agricultural chemical firms to governments for marketing approval must also be protected from unfair commercial use.

Restrictive Business Practices

Licensing practices or conditions that abuse intellectual property rights, and thereby have an adverse impact on competition, can be redressed through consultations between governments. Remedies against such anticompetitive practices in contractual licenses must, however, be consistent with the rest of the Uruguay Round TRIPs agreement.

Enforcement Provisions

The agreement requires member governments to make procedures and remedies under domestic law to effectively enforce intellectual property rights available to nationals and foreigners on a nondiscriminatory basis. These procedures must not be unnecessarily complicated or costly, nor entail unreasonable time-limits or unwarranted delays.

The agreement does not require a judicial system distinct from that which enforces laws in general nor any priority enforcement of intellectual property rights. The agreement specifies particular procedures concerning fair and equitable treatment, evidence of proof, injunctions, damages, and other remedies, including the right of judicial authorities to destroy or dispose of infringing goods. Parties to the agreement should also provide for legal redress in the form of criminal penalties and procedures at the least where willful trademark counterfeiting or copyright piracy takes place on a commercial scale. Such remedies should include fines and imprisonment likely to deter future acts. Judicial authorities must also have power to set up provisional measures, particularly where delay would lead to irreparable harm to the holder of these rights or where evidence is likely to be destroyed.

Border provisions provide that customs officials may suspend the release of pirated or counterfeit goods into domestic circulation. Members must adopt procedures to allow interested parties to request border authorities to intercept pirated or counterfeit goods.

Administrative Provisions

The agreement is to be monitored by a newly created Council for Trade-Related Aspects of Intellectual Property Rights. The integrated GATT dispute-settlement system is to be used to hear complaints. The transitional period leading to the implementation of the agreement is 1 year for developed countries, 5 years for developing countries and those moving from centrally planned to market economies, and 11 years for the least developed countries.

Countries with no means to provide patent protection in a technological area have up to 10 years to introduce this protection. However, these countries must accept filings for patent applications for two specific categories—pharmaceuticals and agricultural chemicals—from the start of this 10-year transitional period to preserve the novelty of the invention from the filing date, although the patent does not have to be granted until the end of the transition. An exclusive marketing right for 5 years (or until a patent is granted,

whichever is shorter) must be granted if authorization is given during the transitional phase before granting a patent.

Plurilateral Agreements

Government Procurement

Negotiations on a new Agreement on Government Procurement (often referred to as the Government Procurement Code) were called for in the original 1979 agreement. Begun in 1983, these negotiations resulted in the 1988 revision of the code. The next renegotiation of the code, while not formally part of the Uruguay Round, began with and was scheduled to finish with the conclusion of the Round.

The procurement code departs from the traditional GATT approach of unconditional and all-inconclusive MFN treatment. It is limited in membership, and members are obliged to offer the code's benefits only to other signatories. It is also limited in the sense that each member commits to follow its disciplines only for specifically designated entities, known as covered entities. Finally, the agreement allows country-specific derogations should a signatory find another signatory's scope of coverage inadequate.[83]

The object of the most recent negotiations was threefold:

(1) to extend coverage of the agreement to services, including construction services (the present code covers only goods);

(2) to broaden coverage from only the central-government level to subcentral levels of government and entities whose procurement is closely linked to these governments, such as public utilities;[84] and

(3) to improve the text and disciplines of the current government procurement code.

Although negotiators settled on a revised text of the agreement by December 15, 1993, and national schedules covering central government procurement entities were well advanced, negotiations continued into 1994 during the runup to the April 15, 1994, signing of the Uruguay Round agreements in the hope of covering more procurement by subcentral governments and public-sector utilities.[85] The following discussion explains the basic obligations contained in the new agreement.

Product Coverage

In addition to broadening the scope of procurement contracts covered in terms of participating procurement agencies, the new agreement expands product coverage. The previous code applied only to procurement contracts for goods tendered by central governments. The new government procurement agreement expands product coverage to services, including construction services. The agreement will apply to procurement contracts for goods and services tendered by central government entities with a value above a "threshold" of SDR 130,000 (US$182,000) and above SDR 5 million (US$6.5 million) for construction services.[86] The United States made no offers in sensitive service sectors, such as transportation, research and development, or the management and operation of Federal research centers and laboratories.[87]

Subcentral Coverage

The new agreement also extends entity procurement coverage from central governments only to some subcentral governments and government-owned utilities and corporations. The United States has offered procurement by all U.S. executive agencies that are subject to the Federal Acquisition Regulations, by 24 States, which include the 5 largest ones, and by federally owned utilities.[88] However, at the end of 1993, the entity coverage negotiations were complete only among the United States, Israel, Hong Kong, and Korea. These concessions become effective in 1996 for Israel and in 1997 for Hong Kong and Korea.

Transparency

Like the old agreement, the new accord contains provisions to enhance transparency. Procurement entities of central governments are still required to publish each procurement in a central and readily available publication. State and local governments may publish either an annual list of anticipated procurement or an annual notice on how firms can qualify to bid on procurement during the year. State and local procurement entities are also obligated to respond with specific procurement information to all firms indicating an interest in the notice, although transmittal of an invitation to tender regarding any particular procurement may be limited to selected firms from a list of qualified firms. The minimum period between announcement or invitation and the bid deadline under the agreement remains at 40 days in general, although, in certain very limited circumstances, the interval may be reduced to 10 days.

Improved Disciplines

Bid-Protest Procedures

A primary U.S. goal in revising the government procurement code was to establish a bid-protest system, whereby firms can challenge alleged breaches in the agreement's procedures. Although such a system already exists in the United States, it is less common abroad. Under the new agreement, government entities at all levels must ensure that nondiscriminatory, timely, transparent, and effective procedures are available for such challenges. An impartial and independent review body, free from outside influence during its appointment and with no vested interest in the procurement outcome, is required to be made available for these challenges. Court-like procedures are also required in the event the challenge body is not a court. The challenge procedures must include the possibility of suspending the procurement while the protest is in process, as well as the possibility of compensation for loss or damages inclusive of protest and tender preparation costs, or even reversal of the award decision after it has been made. Procurement entities must provide prompt notification, either oral or written, to all bidders on the contract award, if requested.

Procurement Specifications and Offsets Rules

All procurement agencies must provide technical specifications on a nondiscriminatory basis and are urged to formulate these specifications based on performance rather than design standards, using national or international standards whenever appropriate. (The Agreement on Technical Barriers to Trade specifically excludes procurement specifications from its scope.) Under the agreement, however, entities may claim exemptions for recycled products or other "quality of life" restrictions, provided they do not act as "a means of arbitrary or unjustifiable discrimination."

Unlike the previous code, the new procurement agreement prohibits offsets, except when specifically reserved as derogations in individual country schedules. An offset is the award of a procurement contract conditioned on the acceptance of measures that encourage local development or improve balance-of-payments accounts. Examples of offsets are local-content requirements, investment requirements, and forced licensing of technology.

Dispute Settlement

With few exceptions, the Dispute Settlement Understanding under the Uruguay Round agreements is to be used for disputes regarding the Agreement on Government Procurement. However, only signatories of the procurement agreement may avail themselves of WTO dispute settlement for purposes of enforcing their rights under the Government Procurement Code. The agreement provides for the possibility of alternative remedies in cases where the standard remedy of withdrawal of inconsistent measures is not available. In view of the particular nature of procurement, the WTO Dispute Settlement Body is furthermore urged to shorten the time involved in deciding disputes arising under the agreement.

Membership

Concluded under the Uruguay Round agreements was the issue of finding a means by which to help developing countries become members of the Government Procurement Code.[89] Negotiators agreed that initial consultations between current signatories and candidate governments would be followed by accession working parties. These working parties will examine the entity offers of the applicant countries and the opportunities that would be available in current signatory markets for the applicant.[90]

The present signatories are Austria, Canada, the EU, Finland, Hong Kong, Israel, Japan, Norway, Singapore, Sweden, Switzerland, and the United States. Korea recently acceded to the current code and will be a member of the revised code. Singapore is a current member but did not participate in the revision negotiations, thus it is not certain whether it will become a member of the revised code. The revised code is scheduled to become effective on January 1, 1996; Korea will assume its obligations under the code 1 year later, on January 1, 1997. Taiwan, the People's Republic of China, and Australia are in various stages of discussion concerning possible membership.

Bilateral Differences

The ability of signatories to specify particular procurement entities for derogation from coverage under national schedules has not only helped advance the effectiveness and the scope of the agreement but has also brought to the fore bilateral differences over its coverage that are as yet unresolved.

The most serious bilateral difference has been between the United States and the EU. Two issues have posed difficulties between these two sides in the area of government procurement: (1) heavy electrical

power-generating equipment and (2) telecommunications goods and services. In May 1993, the United States and the European Union had finalized a 2-year bilateral agreement providing access to central government procurement in the field of heavy electrical power-generating equipment, intended to be subsumed under the new code.[91] A separate bilateral agreement on procurement in telecommunications goods and services was expected to parallel the one on electrical equipment and to be reached in time for the April 15, 1994, signing of the Uruguay Round Final Act.[92] Once U.S.-EU bilateral agreements in these areas are in place, swift extension of these agreements to a number of code signatories is anticipated, notably to Norway, Sweden, Finland, Austria, and Switzerland, which are applying for EU membership or are associated with the EU in a European Economic Area (EEA).[93]

Extending coverage to procurement by subcentral entities and utilities has not been agreed between the United States and either Japan or Canada. Japan has refused to reduce its threshold for procurement of construction services (three times higher than the SDR 5 million agreed among most other parties). Canada is reluctant to cover its Provincial hydroelectric-generating utilities known as Crown Corporations.

Civil Aircraft

Negotiations concerning trade in civil aircraft remained unresolved at the December 15, 1993, conclusion of the Uruguay Round. Although not formally part of the Uruguay Round, they had been scheduled—like the Government Procurement Code negotiations—to conclude with the Round.[94] The United States and the EU did agree in part—and were subsequently joined by all other GATT parties—to bring trade in civil aircraft under the new Agreement on Subsidies and Countervailing Measures negotiated in the Round. Bringing the subject of civil aircraft under the Subsidies Agreement will provide greater subsidy discipline and improve the likelihood of resolving disputes in this sector by bringing them within the integrated dispute-settlement mechanism.

At the December conclusion of the Round, the United States and the EU agreed to continue negotiations for 1 year with the aim of clarifying the U.S.-EU agreement on aircraft in such a way as might provide a basis for extending such agreement to other code members of the 1979 GATT Agreement on Trade in Civil Aircraft.[95] The conclusion in July 1992 of a U.S.-EU bilateral accord over the question of domestic subsidies and supports granted to Airbus Industrie had sparked hopes that this bilateral agreement could be "multilateralized" to other signatories of the 1979 GATT Civil Aircraft Code.[96] However, disagreement over how to account for "government supports" that are not direct subsidies but are, nonetheless, subsidization in some form (for example, loans to the Airbus consortium that are forgiven or never repaid) precluded a firm U.S.-EU agreement and its extension to other members of the GATT Aircraft Code.

The U.S.-EU bilateral agreement will remain in force while the United States and the EU continue negotiations. The bilateral agreement will continue to provide special disciplines on direct subsidies for large civil aircraft of 100 seats or more while the two sides address further the question of indirect support.[97] Since the conclusion of the U.S.-EU negotiations on December 14, 1993, multilateral disciplines under the Uruguay Round subsidies agreement apply to civil aircraft with less than 100 seats. (For further discussion of the GATT Civil Aircraft Code, the U.S.-EU bilateral agreement, and the Uruguay Round aircraft discussions, see the GATT Activities section later in this chapter.)

Bovine Meat Arrangement

The Arrangement Regarding Bovine Meat was one of the original codes of conduct agreed during the Tokyo Round. It came into force January 1, 1980, and has been extended through the end of 1994. The Arrangement is part of the Uruguay Round plurilateral agreements that apply only to a limited membership. There are 27 signatories that together account for roughly 90 percent of world exports in fresh, chilled, and frozen beef and veal (excluding intra-EU trade) and for about 60 percent of world production and consumption. The Arrangement is carried out by the International Meat Council, which holds generally two regular meetings a year. It seeks to promote expansion and liberalization of trade in meat and livestock.[98]

Dairy Arrangement

The International Dairy Arrangement came into force January 1, 1980, as one of the Tokyo Round codes of conduct. It has been extended through December 31, 1994. The Dairy Arrangement is part of the Uruguay Round plurilateral agreements that apply only to a limited membership. The Arrangement is carried out by the International Dairy Products Council and has 16 signatories. It oversees trade in certain milk powders and milk fats, including butter and certain cheeses. The Arrangement seeks to liberalize world trade in dairy products under stable market conditions

and to advance the economic and social importance of milk and other dairy products in many countries.[99] The United States is not a signatory to the existing Arrangement and does not intend to join the new Arrangement.

World Trade Organization

Introduction

The original General Agreement on Tariffs and Trade (GATT 1947) was negotiated as the chapter on rules for commercial policy in a larger document, subsequently negotiated in Havana in 1948, which would have provided for the establishment of a governing body, the International Trade Organization (ITO).[100] The ITO was to be a third pillar of the multilateral system set up following the Second World War, contemporary with the IMF and the World Bank. Countries participating in the drafting of the ITO charter, including the United States, had already agreed to the General Agreement—a trade agreement granting tariff concessions multilaterally and also comprising a body of principles regarding commercial policy that were intended to govern international trade under the ITO—by the time it became evident that the United States Senate was unwilling to ratify the ITO treaty. The General Agreement thus became the standing body of multilateral rules governing world trade.[101]

Over time, the General Agreement and the multilateral trading system that was built up around it have taken on some of the functions originally intended for the ITO. The resulting system has proved flexible. Member governments meet together regularly to discuss and resolve trade differences, holding an annual session of all members to review developments of the previous year and agree on future directions as need be. The lack of a definitive institution to implement the GATT—other than the Geneva-based GATT, which essentially provides facilities and operational support—has meant that members have had wide latitude to handle trade policy as they see fit.

However, this discretion to conduct and enforce GATT provisions on a self-discipline basis has at times led to disarray and deadlock. Dissatisfaction by many GATT members over "free riders" grew because some contracting parties belonged to certain GATT disciplines but not to others, or accepted certain GATT disciplines when in their interest but not as easily if against their interest.[102] A fragmented approach to administering the various agreements reached under GATT auspices caused uncertainty, with trade disciplines often applied unevenly. Exemptions and loopholes took hold where the most intractable problems existed, agriculture being one of the most notable areas in this regard. Members often sought redress for trade disputes under whichever GATT instrument appeared to offer the best likelihood of a favorable solution (known as "forum shopping").

Consequently, a more consistent and integrated system of world trade rules, along with an institution capable of ensuring its coherent operation, has been a longstanding desire of many GATT contracting parties. Indeed, the U.S. negotiating objectives set forth in the Omnibus Trade and Competitiveness Act of 1988 include enhancing the status of the GATT.[103] One of the principal achievements of the Uruguay Round is the advance it makes toward creation of such a system.

Functions of the WTO

The agreements reached during the Uruguay Round will be carried out under the single institutional framework of the World Trade Organization (WTO), a new body to be established as a result of negotiations during the Round.[104] The WTO will not be a United Nations' organization, as the original ITO was conceived to be. The WTO is expected to be an organization of stature equal to the IMF and World Bank, although maintaining roughly the GATT Secretariat's present size and character.

The WTO's functions are (1) to facilitate the implementation, administration, operation, and the furtherance of the Agreement Establishing the WTO and the multilateral trade agreements attached thereto; (2) to provide the framework for operation of the plurilateral trade agreements; (3) to serve as a forum for negotiations; (4) to administer the Dispute Settlement Understanding (DSU) and the Trade Policy Review Mechanism (TPRM); and (5) to cooperate with the IMF and the World Bank.

Structure of the WTO

A Ministerial Conference, to be held every other year, will carry out the WTO's functions and take actions necessary to this effect. The Ministerial Conference is also empowered to make decisions on all matters under any of the multilateral trade agreements upon request.

Between Conferences, the General Council will oversee WTO operation and implementation of the Uruguay Round agreements, with the following subsidiary bodies to assist it: the Council for Trade in Goods, the Council for Trade in Services, and the

Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS). These three councils will report to the General Council and may establish separate rules of procedure and/or set up their own subsidiary bodies as needed, such as committees or working parties, subject to the approval of the General Council. The General Council will convene as the Dispute Settlement Body (DSB) or as the Trade Policy Review Body when carrying out the responsibilities of the DSU or the TPRM, respectively. The General Council will rely on groups and bodies mentioned in the agreements it administers (figure K). Article VI of the WTO Agreement provides for a WTO Secretariat, whose Director-General will be selected by the Ministerial Conference and whose staff is to be impartial and to operate in accordance with regulations issued by the Conference.

Operational Domain of the WTO

As noted above, the WTO is to oversee and carry out the Uruguay Round agreements found in the annexes listed in the Agreement Establishing the World Trade Organization. The multilateral agreements under the WTO are to be considered a single body of work and, as such, are binding in their entirety on all WTO members. The WTO thus should be in a position to provide an even, consistent, integrated application of these rules. The WTO will also administer the plurilateral agreements, which are to be binding only on those members that have joined them.

The original GATT will continue to be a legally distinct agreement from the GATT 1994. The terms "GATT 1947" and "GATT 1994" are used in WTO nomenclature to distinguish between the two legally separate sets of rules and obligations. The GATT 1994 will incorporate (a) the text of the 1947 GATT, as amended; (b) various GATT legal instruments, such as tariff protocols, accessions, waivers, and decisions; (c) understandings negotiated during the Uruguay Round on how certain GATT articles are to be applied under the WTO;[105] (d) certain changes in terminology to adjust for the institutional structure of the WTO; and (e) an exception to part II of the GATT for specific legislation predating the GATT 1947.[106]

The GATT 1994 will be a "definitive" agreement, different from the "provisional" GATT 1947, so-called because it operates under the Provisional Protocol of Application (PPA). The PPA provided for the application of GATT 1947, "provisional" to the understanding that legislation predating the 1947 GATT rules could supersede applicable GATT rules. This exception for pre-1947 legislation ("grandfather" clause) is relinquished when brought under the "definitive" GATT 1994, with the sole item remaining "grandfathered" under the WTO to be legislation relating to the United States Merchant Marine Act of 1920, commonly referred to as the "Jones Act."

Resolving Conflicts and Overlap

Procedures have been drawn up to resolve possible conflicts or overlap, as stated below, between the Agreement Establishing the WTO and the agreements on trade in goods in annex 1A that it oversees, or between any of these agreements:

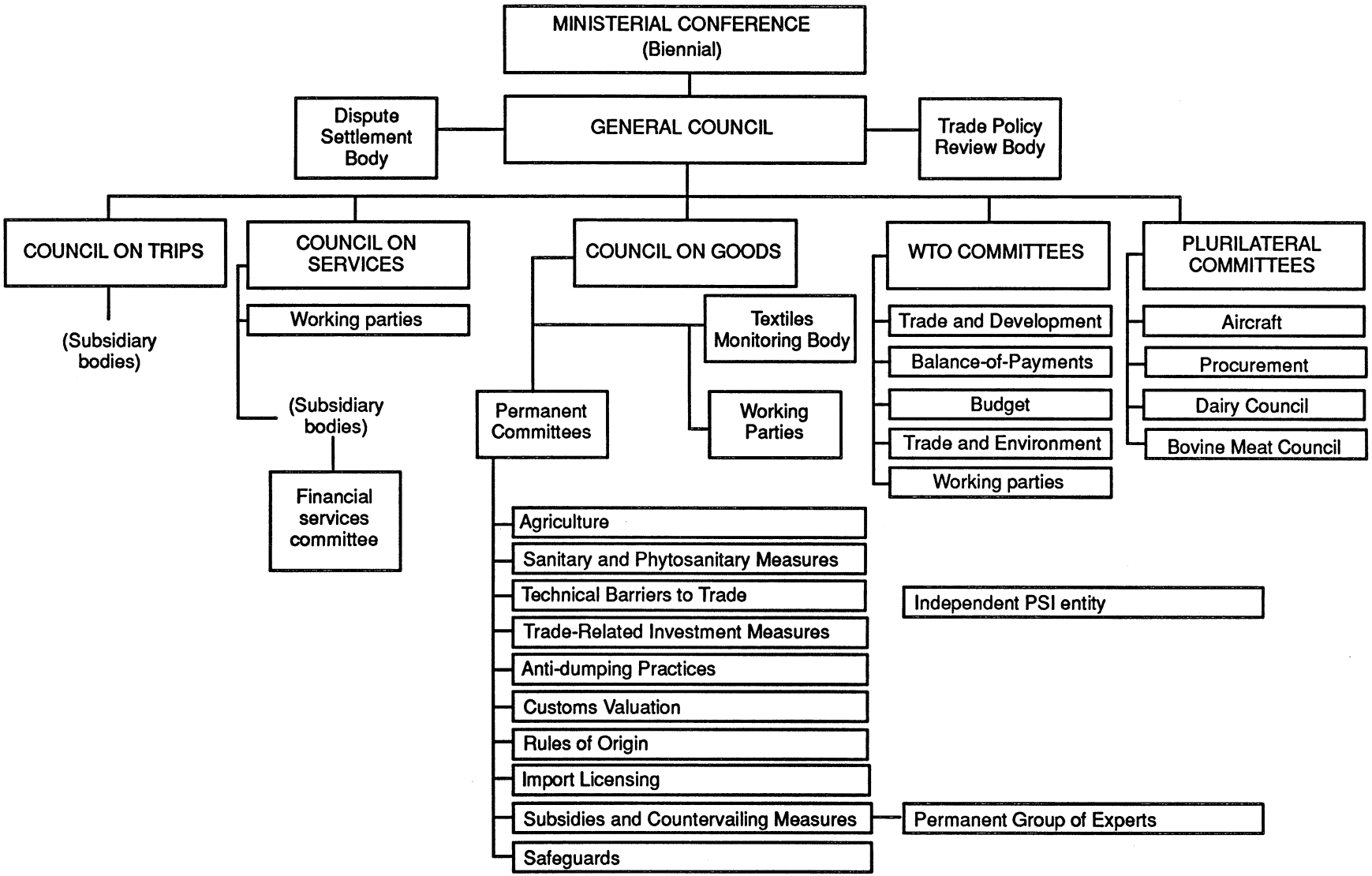
- if WTO general provisions conflict with general provisions of an individual agreement (e.g. SPS, TRIMS), the WTO prevails;
- if any general provision in a goods agreement in annex 1A conflicts with more specific provisions of another goods agreement (e.g. agriculture), the more specific provision prevails;
- if general provisions under the Dispute Settlement Understanding conflict with the more specific provisions under appendix 2 of the DSU, the more specific provisions prevail.

Decisionmaking in the WTO

Article IX of the Agreement Establishing the WTO requires the WTO to continue the informal practice that has applied within the GATT of reaching decisions "by consensus."[107] As with GATT 1947, voting provisions exist for situations in which consensus cannot be achieved. The U.S. Administration expects that such procedures will virtually never be used, given the GATT's long-standing tradition of consensus-building aimed at resolving the disputes at hand rather than of political coalition-building aimed at garnering sufficient votes.[108] Each WTO member will have one vote, with the European Union being accorded as many votes as it has members that are also WTO members.

Failing consensus, voting majorities in the WTO can have an effect, such as in adopting a definitive interpretation of provisions in an agreement on trade in goods or granting a waiver (for which a three-quarters majority is needed) or an amendment to the agreements carried out by the WTO (for which a two-thirds majority is necessary). In the latter case, a signatory's sovereign power is still maintained in its right of

Figure K
WTO Organization



Source: Derived from GATT, *Final Act*, MTN/FA, Dec. 15, 1993, Geneva and other official sources, based on figure in Ernst-Ulrich Petersmann, "International Competition Rules for the GATT-MTO World Trade and Legal System," *Journal of World Trade*, vol. 27, (No. 6, Dec. 1993), p. 85.

"nonacceptance" of an amendment that it finds violates a national interest. However, the agreement does provide a procedure whereby a three-fourths majority may decide that an amendment which, of such a nature that members who choose not to accept it may only retain WTO membership with the consent of the Ministerial Conference. This provision is virtually identical to that found in the article XXX (Amendments) of the GATT 1947, which has never been invoked. Certain provisions of the multilateral trade agreements may not be amended unless all WTO members agree, notably those establishing the core tenet of most-favored-nation treatment.[109]

WTO Membership and Accession

Existing contracting parties to GATT 1947 are automatically eligible to become members of the WTO, provided they have accepted the Agreement Establishing the WTO and the multilateral trade agreements attached to it and have submitted schedules of concessions and commitments for the GATT 1994 and the GATS. Accession to the WTO must be completed within 2 years of the date from which it opens for signature.

If not already a signatory, however, an applicant must first accede to the GATT 1947, accept all Uruguay Round agreements, and submit schedules of concessions for trade in agricultural goods, in industrial goods, and in services. The terms of accession to the WTO are to be negotiated between the applicant government and the WTO General Council, which may approve an accession by a two-thirds vote.

When a country not previously a signatory to the GATT 1947 accedes to the WTO, existing members are entitled to invoke a "global nonapplication" provision under the Uruguay Round agreements, whereby the existing member may choose not to apply the provisions overseen by the WTO in their entirety to the new member.[110] Such global "nonapplication" reservations may result from dissatisfaction with the balance of concessions obtained in bilateral negotiations that are part of the accession protocol or for other reasons. However, "sectoral nonapplication," whereby a member would not apply one or two of the three multilateral trade agreements—goods, services, and intellectual property—is not permitted.

Entry Into Force

The target date for the WTO's entry into force is currently January 1, 1995.[111] However, this date is contingent on acceptance of the WTO Agreement by the legislative bodies or by other competent authorities of member state governments. The final date for entry into force will be established at a conference at which officials will examine the status of signatory ratification to determine when a critical mass should exist.

Dispute Settlement

Introduction

A significant reason for the creation of the new rules under the WTO was the need to improve and simplify the many dispute-settlement procedures that have arisen under the GATT over time. Contracting parties to the GATT have often expressed concern at the slow pace of dispute settlement when contentious issues are brought forward for resolution. The perceived flaws of the present system are exemplified by the ability of a single party to block the establishment of a panel and even the adoption of a panel report when considered in its national interest, a temptation resorted to not infrequently by key major trading countries. Each step of the process, from the naming of panelists, to agreement on the panel's terms of reference, to adoption of reports, has been subject to blocking maneuvers.

The dispute settlement understanding adopts a far more automatic system by which to settle trade disputes between members,[112] one that has been partially in effect under the expedited procedures adopted at the Montreal Mid-Term Review in April 1989.[113] Strict time limits apply to each stage of the process, and the dynamic for final resolution is reversed: panel reports are automatically adopted unless there is a consensus not to do so or the matter is appealed. In addition to more automatic procedures, previously disparate dispute-settlement rules are integrated into a standardized dispute-settlement process operating under a single Dispute Settlement Body, permitting more consistent rulings. The creation of a new appellate body to review rulings by the DSB should further reinforce this consistency. Finally, an integrated mechanism carries with it greater incentives for compliance by opening the possibility for cross-sectoral retaliation to enforce member rights. The operation of the new DSU rules will be reviewed within 4 years of the WTO's coming into effect.

Dispute Panels

The agreement envisions creation of a Dispute Settlement Body to hear disputes concerning any of the agreements in the annexes (except annex 3) to the *Final Act.* The DSB will also administer the dispute-settlement provisions of the plurilateral agreements, subject to a decision by the parties to those agreements setting out the terms for the application of the DSU to the individual agreement. In these cases, only the pertinent signatories may participate under the relevant rules.

Dispute settlement will begin with formal consultations, which must be held within 30 days of a request. Members (other than the disputants) who consider they have a substantial trade interest in a dispute may request inclusion in these consultations. The complaining party has an automatic right to a panel if 60 days elapse after its request for consultation with no resolution achieved.[114] Unless the DSB decides not to do so, a panel must be established at the meeting in which requested or at the following meeting of the DSB at the latest.[115] Standard terms of reference for and composition of the panel, as determined by the Director-General, will be designated after 20 days unless the parties can decide on special terms or panelists.[116] The panel report will be completed within 6 months[117] and will be considered by the DSB and disputants for 20 days before its release to other members. The panel report will be adopted within 60 days of its release to all members unless one of the disputants notifies the DSB of its intention to appeal or unless the DSB agrees by consensus not to adopt the appellate report.

The agreement makes the dispute process somewhat more open and transparent than it was previously. It requires disputants to provide nonconfidential summaries of their panel submissions for public purposes. Parties may also make public at any time their own submissions. The agreement expressly encourages expert review groups to be formed to advise on cases where scientific or other technical information bears critically on a case, such as when environmental regulations are at stake.[118] Since the WTO will continue to be a government-to-government forum, however, direct participation of nongovernmental interests is not envisioned in the *Final Act.*

Appeal, Adoption, Retaliation

The addition of an appellate body is intended to enhance the integrated nature of the GATT/WTO dispute-settlement system, providing a means by which to ensure the consistency of interpretations deriving from panel findings. Consistent interpretation, in turn, is expected by analysts to allow creation of a body of definitive rulings that may be applied across-the-board if the Ministerial Council so decides.[119]

The appellate body will have seven members, three of whom will hear any one case. Upon referral of a report to it, the appellate body will consider only (1) issues of law covered in the panel report, and (2) legal interpretations developed from the panel report. A report on the appeal will be issued within 60 days from the date of notification to appeal. The appellate body report will be adopted by the DSB and accepted unconditionally by the parties within 30 days after it is issued to members-at-large.

After the panel process (including appeal) is complete, the party concerned will be asked to bring its offending policies into conformity with its obligations under the relevant agreement within "a reasonable period of time." This period is to be determined by the disputants and the DSB within 45 days of report adoption or, if need be, within 90 days of adoption through arbitration. Failing implementation of the panel report or the provision of mutually agreed compensation within 30 days following the date agreed upon for implementation, the DSB will automatically grant authority to the "winning party" to suspend concessions or other obligations. The entire dispute-settlement process, even with recourse to appeal, should thus be completed within 18 months (figure L).[120]

The amount and type of retaliation proposed is subject to certain conditions and will be examined by the DSB before being authorized. It may also be taken to arbitration. Suspension of concessions are to be in the same sector and agreement as under consideration by the panel unless impractical or ineffective. In such a case, retaliation can be authorized for different sectors under the same agreement. If the latter is also impractical or ineffective, suspension of concessions under another agreement may be authorized if circumstances are serious enough to warrant it.[121]

Nonviolation Complaints

A new "nonviolation" provision devises special rules for disputes where one member considers benefits negotiated with another member under the GATT are being "nullified or impaired" without any overt violation of the agreement.[122] Essentially, these rules provide that when "nullification and impairment" of an

Figure L
Summary of Dispute Settlement Stages

Timeline		
Day	**Period**	**Action**
Dispute Panel		
1		Consultations requested.
30	30	Consultations held.
90	60	Panel established if no resolution (or at next DSB meeting).
110	20	Terms of reference, panelists decided.
290	180	Panel consideration.
310	20	Disputants consider panel report.
370	60	Members consider panel report – PANEL REPORT ADOPTED or appeal.
Appeal		
430	60	Appeal.
460	30	APPEAL REPORT ADOPTED UNCONDITIONALLY.
Implementation		
505	45	Implementation period fixed.
535	30	DSB authorizes retaliation.
Time elapsed		
		12–1/2 months to panel report
		15–1/2 months appealed
		18 months to retaliation

Source: Compiled by USITC staff from the *Final Act.*

agreement is found without violation thereof, the member concerned is not obliged to withdraw the measure but will be encouraged to reach a mutually satisfactory accommodation. Although arbitration will continue to be available, determinations as to the level of benefits nullified or impaired and suggestions as to means of resolving the dispute will not be binding upon the parties.[123]

Other Provisions

The DSU states that members seeking redress for disputes involving either violation of an agreement or "nonviolation" situations "shall abide by" (that is, are required to use) the rules and procedures of the DSU. The DSU further states that members "shall not make a determination that violations have occurred, that benefits have been nullified or impaired, or that attainment of any objective of the covered agreements has been impeded" or suspend concessions unilaterally except through recourse to and in accordance with the rules and procedures of the dispute-settlement understanding agreed under WTO rules. In addition, members "must make any such determination consistent with the findings contained in the panel or appellate body report adopted by the DSB or an arbitration award rendered under this understanding."[124]

The EU, Japan, and others have often seen section 301 of the 1974 Trade Act, and its variations of "Super" and "Special" 301, as the unilateral imposition of U.S. law outside of U.S. jurisdiction, contrary to agreed multilateral procedures on dispute settlement. However, the United States does not interpret this WTO provision as invalidating or otherwise constraining U.S. trade law or limiting its options in the absence of applicable multilateral rules. As with other language in the *Final Act* that seems to be directed at U.S. trade law, the United States administration does not find its law to be inconsistent with such provisions because U.S. law currently requires recourse to GATT dispute settlement in cases involving a trade agreement, prior to taking other action. It further points out that section 301 is a useful vehicle by which private interests can seek governmental resolution of trade problems being experienced overseas. The existence of such a process and the establishment of priorities for negotiations it implies is not, the Administration says, a *prima facie* violation of U.S. international obligations.[125]

Marrakesh Ministerial Conference

At the concluding session in December, participants agreed to hold a special ministerial session to sign the Uruguay Round agreements in Marrakesh, Morocco, on April 12 to 15, 1994.[126] At the ministerial, a total of 111 countries signed the *Final Act* committing signatory governments to submit the Agreement Establishing the World Trade Organization and Annexes to their competent authorities for approval; 104 participants also signed the Agreement Establishing the World Trade Organization, all but 33 of them subject to ratification, which must be completed within 2 years. The United States was among the countries that did not sign the Agreement Establishing the World Trade Organization pending legislative approval.[127]

A Preparatory Committee was established at the meeting to lay the groundwork for the entry into force of the WTO. Among the topics it will consider are the following: (1) how to conduct future work on the issues of trade and the environment, and of trade in services, (2) WTO financial and administrative arrangements, and (3) WTO rules of procedure. The Preparatory Committee is also empowered "to discuss suggestions for the inclusion of additional items on the agenda of the WTO's work programme."[128]

The latter represented a compromise reached after the United States and several other developed country members advocated formal inclusion of the issue of internationally recognized labor rights or "worker rights" in the ministerial declaration. The U.S. Congress has specifically directed U.S. negotiators to seek to address worker rights and fair labor standards under GATT auspices in both the Tokyo and the Uruguay Rounds,[129] and the issue was addressed as well in the Havana Charter of 1948 that would have created an ITO. However, the GATT Director-General dissuaded the United States from insisting on such language in the declaration because many developing countries had expressed deep concern about its potential for protectionist abuse.

As a result, only an oblique reference in the Marrakesh Declaration was possible.[130] In the Declaration ministers also agreed, among other things, "with immediate effect, and until the date of entry into force of the WTO, not to take any trade measures that would undermine or adversely affect the results of the Uruguay Round negotiations or their implementation."[131]

Finally, ministers considered and approved three decisions. Specifically, Ministers adopted the Decision on Trade and the Environment that establishes a standing Committee on Trade and Environment under the WTO. The Committee is scheduled to report to ministers within 2 years of the entry into force of the WTO (by January 1997). At the time, the Committee is to make recommendations on its future workplan and ministers are to review its recommendations and its terms of reference.[132]

There are 21 countries in various stages of accession to the GATT.[133] The majority of the countries are not considered likely to become GATT members until after the WTO comes into effect. According to USTR officials, the decision adopted by ministers on acceptance and accession of the Agreement Establishing the World Trade Organization essentially highlights the fact that so-called "original" membership in the WTO, starting January 1, 1995, will offer no more practical benefits than membership at a later date.

The Decision on Organizational and Financial Consequences flowing from the Implementation of the Agreement Establishing the World Trade Organization states that the Preparatory Committee shall consider the resource requirements and staff conditions of service for the WTO and prepare recommendations in this regard. The GATT Secretariat apparently believes it will be necessary to bolster its present staff resources in certain areas and to attain parity in compensation for WTO Secretariat staff with staff of the IMF and the World Bank.

Regular GATT Activities in 1993

GATT Council

The GATT Council carried out its standard review of activities during 1993, despite its primary focus on concluding the Uruguay Round.[134] The GATT Council met eight times in 1993. Due to the pressing demands of the round, the annual report of the GATT Council of Representatives to the Contracting Parties was made at the session held on January 25 to 27, 1994. At this 49th Session, the Council reported in large measure on:

- a number of trade restrictions, involving primarily the EU and the United States, as well as the operation of the Trade Policy Review Mechanism;

- dispute-settlement matters, involving again primarily the EU and the United States as well as Canada, Japan, Korea, and Venezuela;
- a review of a number of regional trade agreements, primarily involving the EU or EFTA as one partner with another partner(s) from Central or Eastern Europe or members of the former Soviet Union;
- waivers, primarily related to renegotiation of tariff schedules as part of accepting the Harmonized System;
- accession of new members, observer status, or status as a contracting party; and
- administrative matters, such as budget, personnel, and procedural issues.

A brief summary of action taken in each of these areas is provided below.

Trade Policy Review Mechanism

The TPRM reviewed the trade policies of nine members during 1993: Bolivia, the EU, India, Kenya, Malaysia, Mexico, Philippines, Poland, and South Africa. This compared with 13 reviews conducted in 1992, and 8 in 1991. The reviews of Israel, Peru, Senegal, Turkey, and the United States were postponed to 1994 because of the effort needed to complete the Uruguay Round.

Dispute Settlement

Three dispute panels were established during 1993, and the GATT Council continued to monitor the implementation of panel reports from previous years.

Panel on EU Banana Import Regime

Five Latin American banana-producing countries (Colombia, Costa Rica, Guatemala, Nicaragua, and Venezuela) pursued two panel requests against the European Union in 1993 regarding its import restrictions on bananas. These producer countries had sought the good offices of the GATT Director-General beginning in September 1992 to help resolve the issue of quantitative import restrictions on bananas maintained by a number of EU member states. Unsuccessful in this approach, a panel was formed in February 1993 and issued a report under expedited procedures in June 1993, concluding that the restrictions as well as the tariff preference accorded to ACP countries for bananas were inconsistent with the GATT's nondiscrimination principle and prohibition on the use of quantitative restraints.[135]

In June 1993, another panel was formed to examine the EU-wide banana import regime that was scheduled to go into effect July 1, 1993. In March 1994, the EU reached an accord with four of these producer countries[136] that increased the import quota allocated to these Central American countries in return for their agreement to withdraw their GATT complaint and not challenge the import regime in GATT for the duration of the agreement (December 31, 2002). However, controversy continues, both within the EU and among Latin American producers, over the compromise.

Panel on U.S. Automobile Taxes

In May 1993, a panel was formed at the request of the EU to examine the GATT consistency of U.S. legislation on taxes levied on automobiles. Three separate automobile taxes were considered: (1) the corporate average fuel efficiency (CAFE) payment, (2) payments related to energy efficiency requirements (the so-called "gas guzzler" tax), and (3) a luxury tax on cars. The EU asserted that a high proportion of these taxes falls on imported cars, violating GATT article III on national treatment.[137]

Panel on U.S. Tobacco Measures

In August 1993, the United States enacted a measure that imposed a 75 percent domestic content requirement on the U.S. manufacture of cigarettes as well as additional fees on imported tobacco.[138] Following requests in 1993, a panel was formed in January 1994 at the request of Brazil, Chile, Colombia, El Salvador, Guatemala, Thailand, and Zimbabwe to examine the U.S. measures.[139]

Monitoring of Previous Disputes

On August 5, 1993, the United States and Canada announced that they signed a memorandum of understanding (MOU) that terminated the retaliatory duties on beer imports from one another.[140] The understanding resolved two GATT panel reports, one on U.S. measures on sale and distribution of alcoholic and malt beverages, and the other on import, distribution, and sale of alcoholic drinks by provincial marketing agencies in Canada. Both panels had been established in 1991.

GATT Committees

Committee on Trade and Development

During 1993, the committee considered the impact of the Uruguay Round on developing countries, as well as the possibility of extending the Generalized System of Preferences (GSP) to the Central and East European countries through the GATT "Enabling Clause" that permits contracting parties to give preferential import treatment to developing countries despite the MFN obligations under the GATT.

The committee also debated the trade and environment issue—in conjunction with the GATT Group on Environmental Measures and International Trade—particularly the GATT contribution to the followup to the United Nations Conference on Environment and Development (UNCED) or "Earth Summit," held in 1992. Being the principal GATT body involved with the trade interests of developing countries, it was agreed through informal debate in the committee that the general outline of the GATT contribution to UNCED would focus on specified aspects of the links among sustainable development, environment, and trade.[141]

Group on Environmental Measures and International Trade

During 1993, the Group on Environmental Measures and International Trade continued its 3-track "rules-based" agenda, begun with its activation in October 1991. The three elements of its work program cover (1) trade provisions of multilateral environmental agreements, (2) transparency of trade and environment measures, and (3) environmental packaging and labeling requirements.[142]

Trade provisions of multilateral environmental agreements

The group's discussions have focused primarily on extraterritoriality: the use of trade measures to help protect environmental resources beyond a member's borders as well as their use applied separately to nonmembers of a multilateral environmental agreement (MEA). One approach to integrating trade and environment measures might be to accept the trade provisions found in MEAs as they exist, justifying them under GATT article XX provisions, which grant wide latitude for members to use trade measures to protect human, animal, or plant safety and health.

Another approach under consideration by the group would define conditions for when trade measures used under an MEA would be accommodated under GATT. This approach would require well-defined criteria, including a definition of what constitutes an MEA as well as guidelines on specificity for trade measures taken under an MEA. In turn, these criteria raise issues of what circumstances would make use of trade measures a "necessity" to achieve environmental policy and what dispute-settlement process might be used should conflicts between an MTA and another GATT arise.

Transparency of Policy Measures

The group agreed on several important points, such as the importance of transparency of trade and environment measures in order to build trade confidence and minimize distortions. There also appears to be a consensus that transparency requirements for environmental measures should be no more stringent than for other policy areas that might affect trade. The creation of national enquiry points, as required under the Standards Code, appears to be a possible solution to providing ongoing transparency. Another is providing notification of a national environmental rule beforehand with the opportunity to comment, as opposed to following its implementation.

Environmental packaging and labelling requirements

The technical nature of this subject elicited valuable information from members in 1993, particularly the problems caused by eco-labeling systems based on life-cycle analysis for exporting developing countries. The group concluded that it will need to study further a number of broader questions pertaining to regulatory vs. market-based approaches to packaging and labeling requirements, mandatory vs. voluntary measures, the scope for harmonization and mutual recognition of different country schemes, different approaches to setting criteria (such as processes and production methods — PPMs), and certification schemes for eco-labeling.

Committee On Tariff Concessions

The committee oversees renegotiations under GATT article XXVIII of member tariff schedules that incorporate concessions. The committee is presently involved with balancing concessions that resulted from members converting to the Harmonized System (HS) of tariff nomenclature that went into effect January 1, 1988. By the end of 1993, 98 out of 115 GATT

members had adopted the HS, but only 21 members had filed HS tariff schedules, with a number of these done incorrectly. In 1993, the United States finished its article XXVIII negotiations with Egypt, India, and Tunisia.[143]

Committee On Budget

The committee met to finalize the 1993 budget and present estimates for the 1994 budget. The United States provides approximately 15 percent, or US$11 million, of the annual GATT budget.[144]

Committee on Balance-of-payments

In 1993, the committee held balance-of-payments examinations with Israel, Nigeria, Philippines, Poland, South Africa, and Turkey.

Regional Trade Arrangements (Art. XXIV)

Article XXIV requires notification and review of any departures from the GATT principle of most-favored-nation (MFN) treatment due to formation of regional trade arrangements. In 1993, working parties concluded their review of agreements between the European Free Trade Area (EFTA) and Turkey, and between the Baltic states (Estonia, Latvia, and Lithuania) and Norway, Sweden, and Finland. A review of the EU's Lomé Convention IV with 69 African, Caribbean, and Pacific (ACP) states was completed without any firm conclusion as to its conformity with GATT trade rules.

Working parties set up in 1993 on regional trade agreements included those between EFTA and Bulgaria, Israel, and Romania; between Switzerland and the Baltic states; and between the recently separated Czech and Slovak Republics. At the 1993 annual meeting in January 1994, working parties were also formed to examine the North American Free-Trade Area (NAFTA) as well as the Southern Cone Common Market, known as MERCOSUR.[145] MERCOSUR is to be examined both by an article XXIV working party and, using less stringent criteria, by the GATT Committee on Trade and Development, which is charged with representing the interests of developing country members of GATT.

Accessions and Observers

Ten new members joined the GATT during 1993, with most acceding under article XXVI:5(c) which permits a country with full autonomy over the conduct of its external commercial relations and that was formerly a territory of another GATT contracting party to become a contracting party upon notification to the GATT. Mali, Swaziland, Saint Lucia, Dominica, Saint Vincent, Fiji, Brunei, and Bahrain all acceded to the GATT in 1993 under article XXVI terms, sponsored primarily as former colonies or protectorates of the United Kingdom or France. In addition, the separate states of the Czech Republic and the Slovak Republic acceded under the standard article XXXIII accession terms, based on bilateral tariff negotiations. (See table 1-1 for a list of the Contracting Parties to the GATT in 1993.)

In 1993, ten working parties were formed to examine applications to become GATT members: Albania, Armenia, Belarus, Croatia, Jordan, Latvia, Moldova, Russia, Saudi Arabia, and Ukraine. These were in addition to working parties set up in 1992 to examine applications by Chinese Taipei,[146] Ecuador, and Slovenia, and those set up in 1991 to examine applications by Bulgaria, Honduras, and Mongolia. A number of working parties begun in 1991 and 1992 are expected to complete their work in 1994.

Discussions in the Working Party on the Status as a Contracting Party of China continued in 1993, but a "focused discussion" on aspects of China's economic policies left many of the questions posed unresolved (see ch. 4 for a further discussion). In 1993, observer status was extended to Azerbaijan, Croatia, Kyrgyzstan, and Macedonia, bringing observer status for members of the former Soviet Union to 9 out of 12: Armenia, Azerbaijan, Belarus, Estonia, Kyrgyzstan, Latvia, Lithuania, Moldova, and Ukraine. Georgia, Tajikistan, and Uzbekistan had no GATT affiliation by the end of 1993. Three out of five Yugoslav states became observers: Croatia, Macedonia, and Slovenia. In June 1993, the GATT Council confirmed its initial June 1992 decision that the Federal Republic of Yugoslavia (Serbia/Montenegro) was not the legal successor to the GATT seat held formerly by the Socialist Federal Republic of Yugoslavia. Neither Bosnia nor Serbia/Montenegro have current GATT affiliation.

Tokyo Round Codes

The conclusion of the Uruguay Round in 1993 and the future entry into force of the World Trade Organization will alter the operation of the Tokyo

Table 1-1
Contracting Parties to the GATT: Status as of December 31, 1993

Contracting Parties to the GATT (114)

Antigua and Barbuda	Fiji[1]	Mexico	Togo
Argentina	France	Morocco	Trinidad and Tobago
Australia	Gabon	Mozambique	Tunisia
Austria	Gambia	Myanmar	Turkey
Bahrain[1]	Germany	Namibia	Uganda
Bangladesh	Ghana	Netherlands	United Kingdom
Barbados	Greece	New Zealand	United States of America
Belgium	Guatemala	Nicaragua	Uruguay
Belize	Guyana	Niger	Venezuela
Benin	Haiti	Nigeria	Yugoslavia[2]
Bolivia	Hong Kong	Norway	Zaire
Botswana	Hungary	Pakistan	Zambia
Brazil	Iceland	Peru	Zimbabwe
Brunei Darussalam[1]	India	Philippines	
Burkina Faso	Indonesia	Poland	
Burundi	Ireland	Portugal	
Cameroon	Israel	Romania	
Canada	Italy	Rwanda	
Central African Republic	Jamaica	Saint Lucia[1]	
Chad	Japan	Saint Vincent and the Grenadines[1]	
Chile	Kenya	Senegal	
Colombia	Korea, Republic of	Sierra Leone	
Congo	Kuwait	Singapore	
Costa Rica	Lesotho	Slovakia[1]	
Cote d'Ivoire	Luxembourg	South Africa	
Cuba	Macau	Spain	
Cyprus	Madagascar	Sri Lanka	
Czech Republic[1]	Malawi	Suriname	
Denmark	Malaysia	Swaziland[1]	
Dominica[1]	Maldives	Sweden	
Dominican Republic	Mali[1]	Switzerland	
Egypt	Malta	Tanzania	
El Salvador	Mauritania	Thailand	
Finland	Mauritius		

Countries to whose territories the GATT has been applied and that now, as independent states, maintain a de facto application of the GATT pending final decisions as to their future commercial policy (19)

Algeria	Papua New Guinea	Tonga
Angola	Qatar	Tuvalu
Bahamas	Saint Christopher and Nevis	United Arab Emirates
Cambodia	Kiribati	Yemen
Cape Verde	Sao Tomé and Principe	
Equatorial Guinea	Seychelles	
Grenada	Solomon Islands	
Guinea-Bissau		

[1] New member in 1993.

[2] The GATT Council confirmed in 1993 its decision that the Federated Republic of Yugoslavia (Serbia and Montenegro) was not the successor to the signatory of the Socialist Federated Republic of Yugoslavia. The individual successor states are in the process of applying to the GATT separately.

Source: GATT, "Mali is 105th GATT member," *Focus*, newsletter, No. 96, Jan.-Feb. 1993, p.8; GATT, *Swaziland Becomes a Contracting Party to GATT*, press release, GATT/1566, Feb. 12, 1993; GATT, *Saint Lucia Becomes a Contracting Party to GATT*, press release, GATT/1572, Apr. 14, 1993; GATT, *Czech Republic and Slovak Republic Accede to the GATT*, press release, GATT/1573, Apr. 16, 1993; GATT, *GATT Membership Rises to 110 with the Accession of Dominica*, press release, GATT/1574, Apr. 22, 1993; GATT, *St. Vincent and the Grenadines Becomes a Contracting Party to GATT*, press release, GATT/1578, May 18, 1993; GATT, *Fiji Becomes a Contracting Party to GATT*, press release, GATT/1600, Nov. 25, 1993; GATT, *Brunei Darussalam and Bahrain Join GATT*, press release, GATT/1602, Dec. 14, 1993.

Round codes of conduct, the latter of which had been a result of the Tokyo Round negotiations and entered into effect largely at the beginning of 1981. (See table 1-2 for a list of the signatories to the Tokyo Round agreements in 1993.) Under the Uruguay Round package, the subjects covered by five of these codes[147] will be overtaken by the WTO and the limited membership of these codes will be expanded automatically to all WTO members. The operation of the four remaining codes[148] will continue according to the rules set out by each code and applicable to each code's own membership, but will be overseen by the WTO under the plurilateral trade agreements in annex 4 of the WTO agreement.

Committee on Antidumping Practices

In April 1993, the committee adopted a panel report on Korean antidumping duties on imports of polyacetal resins from the United States and Japan. The panel found that the Korean injury determination was not consistent with the GATT Antidumping Code.[149]

The committee was also presented with a panel report on U.S. antidumping duties on imports of fresh and chilled Atlantic salmon from Norway. The panel found that the United States had acted inconsistently with sections of the code regarding "like product"[150] and "fair price"[151] comparisons. The United States agreed to adopt the report.[152]

Committee on Subsidies And Countervailing Measures

In April 1993, the committee heard a panel report on U.S. countervailing duties (CVD) on imports of fresh and chilled Atlantic salmon from Norway. The panel concluded that the U.S. action was not inconsistent with the GATT Code on Subsidies and Countervailing Duties (or Subsidies Code).[153]

The committee also heard a panel report on U.S. countervailing duties on imports of softwood lumber from Canada. The panel found that the U.S. interim duties were inconsistent with the code. However, it found that the U.S. self-initiation of a CVD investigation on October 31, 1991, was not a violation. The committee agreed to reconsider the report at a later date.[154] In June, a panel was formed to examine U.S. countervailing duties on imports of certain hot-rolled carbon steel products from the EU.

Committee on Customs Valuation

During 1993, the committee reviewed the implementation and administration of the agreement by Argentina, Mexico, and Romania. The committee also welcomed new members of Bolivia, the Czech Republic, Morocco, and the Slovak Republic. There are now 45 signatories to the Customs Valuation Code,[155] as well as 24 observers, four of which are not GATT contracting parties.[156]

Committee on Import Licensing

During 1993, the committee reviewed notifications made to it concerning requirements under the Agreement on Import Licensing Procedures. At the end of 1993, there were 29 signatories to the agreement.

Committee on Technical Barriers to Trade

The committee conducted its 14th annual review of the Agreement on Technical Barriers to Trade (TBT), also known as the Standards Code and discussed the expansion of the code under the WTO.

In 1993, the committee welcomed the Czech Republic, Indonesia, Malaysia, Morocco, the Slovak Republic, and Thailand as new members,[157] although the agreement will become binding under the WTO on all members. New observers to the agreement in 1993 included Chinese Taipei and Saudi Arabia, making a total of 46 signatories, 24 countries and 7 international organizations.[158]

Committee on Government Procurement

In 1993, the committee began to consider Aruba's application for membership, and extended the application of the 1979 GATT Agreement on Government Procurement (also known as the Government Procurement Code) to Portugal as a new member. It also considered the panel report on U.S. procurement of a sonar mapping system, issued in 1992.[159] The committee also focused on concluding negotiations on a revision of the Government Procurement Code.

Arrangement Regarding Bovine Meat

The International Meat Council came into operation January 1, 1980, and has been extended through December 31, 1994. It comprises

Table 1-2
Signatories to the Tokyo Round agreements: Status as of Dec. 31, 1993

[Accepted (A); accepted, subject to ratification (S); provisional acceptance (P); reservation, condition, declaration, or any combination (*)]

	Standards	Gov't procurement	Subsidies	Bovine meats	Dairy products	Customs valuation	Import licensing	Civil aircraft	Anti-dumping
Contracting party:									
Antigua & Barbuda									
Argentina	S		S	A	A	A*	S		
Australia	A		A*	A	A	A	A		A
Austria	A	A	A	A		A	A	A	A
Bahrain									
Bangladesh									
Barbados									
Belgium	A							A	
Belize				P					
Benin									
Bolivia					S	S			
Botswana						A			
Brazil	A		A	A		A*			A
Brunei Darussalam									
Burkina Faso									
Burundi									
Cameroon									
Canada	A	A	A	A		A*	A	A	A
Central African Republic									
Chad									
Chile	A		A			P	A		
Colombia			A*	A					S
Congo									
Costa Rica									
Cote d'Ivoire									
Cuba									
Cyprus						A			
Czech Republic	A*					A	A		A
Denmark	A*							A*	
Dominica									
Dominican Republic									
EEC[1]	A	A	A	A	A	A	A	A	A
Egypt	A		A	A	A		A	A	A
El Salvador									
Finland	A	A	A	A	A	A	A		A
Fiji									
France	A							A	
Gabon									
Gambia									
Germany	A*							A*	
Ghana									
Greece	A							S	
Guatemala				A*					
Guyana									
Haiti									
Hong Kong[2]	A	A	A			A	A		A
Hungary	A*			A	A	A	A		A
Iceland									
India	A		A			A*	A		A
Indonesia	A		A*						

See footnotes at end of table.

Table 1-2—Continued
Signatories to the Tokyo Round agreements: Status as of Dec. 31, 1993

[Accepted (A); accepted, subject to ratification (S); provisional acceptance (P); reservation, condition, declaration, or any combination (*)]

	Standards	Gov't procurement	Subsidies	Bovine meats	Dairy products	Customs valuation	Import licensing	Civil aircraft	Anti-dumping
Contracting party—Continued:									
Ireland	A							A	
Israel	A	A	A*						
Italy	A							A	
Jamaica									
Japan	A	A	A	A	A	A	A	A	A
Kenya									
Korea	A		A			A			A
Kuwait									
Lesotho						A			
Luxembourg	A							A	
Macau									
Madagascar									
Malawi						A*			
Malaysia	A								
Maldives									
Mali									
Malta									
Mauritania									
Mauritius									
Mexico	A					A*	A		A
Morocco	A					A			
Mozambique									
Myanmar									
Namibia									
Netherlands	A							A	
New Zealand	A		A	A	A	A	A		A
Nicaragua									
Niger									
Nigeria				A			A		
Norway	A	A	A	A	A	A	A	A	A
Pakistan	A		A				A		A
Peru									
Philippines	A		A*				A		
Poland			S	A	A	S	A		A
Portugal	A							A	
Romania	A			A	A	A	A	A	A
Rwanda	S								
St Lucia									
St Vincent									
Senegal									
Sierra Leone									
Singapore	A	A					A		A
Slovak Republic	A					A	A		A
South Africa				A	A	A	A		
Spain	A							A	A
Sri Lanka									
Suriname									
Swaziland									
Sweden	A	A	A	A	A	A	A	A	A
Switzerland	A	A	A	A	A	A	A	A	A

See footnotes at end of table.

Table 1-2—Continued
Signatories to the Tokyo Round agreements: Status as of Dec. 31, 1993

[Accepted (A); accepted, subject to ratification (S); provisional acceptance (P); reservation, condition, declaration, or any combination (*)]

	Standards	Gov't procurement	Subsidies	Bovine meats	Dairy products	Customs valuation	Import licensing	Civil aircraft	Anti-dumping
Contracting party—Continued:									
Tanzania									
Thailand	A								
Togo									
Trinidad & Tobago									
Tunisia	A			A					
Turkey			A			A*			
Uganda									
United Kingdom	A*							A*	
United States	A	A	A	A		A	A	A	A
Uruguay			A	A	A				
Venezuela									
Yugoslavia[3]	a		s	a		a	a		a
Zaire									
Zambia									
Zimbabwe						A*			
Noncontracting parties:									
Bulgaria				A	A				
China									
Ecuador									
Panama									
Paraguay				P					
Russia									
Total signatories	45	12	26	26	16	32	28	22	26

[1] The EEC is a signatory to all the agreements. Because the Standards Agreement and the Civil Aircraft Agreement cover matter that go beyond the authority of the EEC, each of the EEC member states is a signatory to these agreements.

[2] Hong Kong, which had been applying several of the codes under the auspices of the United Kingdom, changed its status under the codes in 1986, and is now a signatory in its individual capacity.

[3] The membership shown for the Socialist Federal Republic of Yugoslavia (SFRY) is excluded from the totals following GATT Council decision of June 1993 that the Federal Republic of Yugoslavia (FRY, Serbia and Montenegro) is not the successor state of the SFRY.

Source: GATT, *GATT Activities 1992*, Geneva, June 1993, annex IV, pp. 173-175, GATT, *Focus*, No. 100, July 1993, p.5; and official GATT documents.

27 signatories, representing 38 countries.[160] In November 1993, the signatories agreed to discuss revision of procedural rules and an update of the Arrangement once the Uruguay Round concluded.

International Dairy Arrangement

The International Dairy Arrangement came into operation January 1, 1980 and has been extended through December 31, 1994, with 16 signatories.[161] In June 1993, the GATT Committee of the Protocol Regarding Milk Fat gave a derogation from the minimum export price for butter (US$1,350/ton) for supplies shipped to countries of the former Soviet Union for contracts concluded before December 31, 1993, and delivered before March 31, 1994.[162]

Committee On Trade In Civil Aircraft

The Agreement on Trade in Civil Aircraft, also known as the Civil Aircraft Code, remains in effect while the two dominant members, the United States and the EU, attempt to fashion a bilateral agreement that addresses their concerns over subsidies involved in the production of large civil aircraft. Once an acceptable bilateral agreement is reached, it is expected that the U.S.-EU bilateral agreement will provide the basis for a revision of the present Civil Aircraft Code

that would, in effect, "multilateralize" or extend it to other signatories. The effort to renegotiate the Civil Aircraft Code once the United States and the EU have settled a number of bilateral issues stems from a longstanding U.S.-EU dispute over subsidies involved in financing the Airbus Industrie consortium. The various milestones pertaining to the Airbus dispute are reviewed below.

GATT Civil Aircraft Code (1979)

The GATT Agreement on Trade in Civil Aircraft was negotiated during the Tokyo Round as one of the separate "codes of conduct" and entered into effect on January 1, 1980. The Agreement established a GATT Committee on Trade in Civil Aircraft to oversee the code, which comprised 22 signatories as of November 9, 1993: Austria, Canada, the EEC, Belgium, Denmark, France, Germany, Greece (subject to ratification), Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, the United Kingdom, Egypt, Japan, Norway, Romania, Sweden, Switzerland, and the United States.

Signatories to the Agreement agreed to eliminate import duties on civil aircraft and the bulk of aircraft parts. The Agreement applies to all civil aircraft; engines and their parts and components; all other parts, components, and subassemblies of civil aircraft; and all ground flight simulators and their parts and components.

Although the agreement does not prohibit government financial support directly, it does require signatories to "seek to avoid adverse effects" from such supports and requires civil aircraft prices to be "based on reasonable expectations of reimbursement of all costs."[163] Article 6[164] of the agreement provides that the 1979 GATT Subsidies Code[165] applies to trade in civil aircraft, but does not specify precisely how to apply it.

U.S.-EC Airbus Disputes (1990)

The United States initiated discussions in October 1984 in the Aircraft Committee on the effects on industry competitiveness of EC member state support for the Airbus Industrie consortium, with consultations held with the principal governments involved in 1986.[166]

In 1990, the United States continued to press the EC for more effective disciplines on aircraft development and production subsidies, raising the issue of German Government guarantees to ensure against exchange-rate movements as part of an agreement with Daimler-Benz to take over and privatize Deutsche Airbus.[167] The United States filed a complaint over such exchange-rate guarantees with the Subsidies Committee in 1990, but only proceeded to formally request a dispute panel in 1991, following EC rejection of U.S. proposals concerning aircraft subsidies. The United States also sought consultations concerning all subsidies and supports for Airbus Industrie.[168] In 1992, the panel ruled in favor of the United States over the German exchange-rate scheme, finding the program to constitute an export subsidy prohibited under the Subsidies Code.

U.S.-EU Agreement on Civil Aircraft (1992)

Following the 1992 panel finding,[169] the United States and the EC agreed to resume bilateral negotiations on aircraft trade issues, leading in July 1992 to a bilateral accord formally entitled the U.S.-EU Agreement concerning the Application of the GATT Agreement on Trade in Civil Aircraft, which provides for special disciplines concerning support for large civil aircraft of 100 seats or more.[170]

The bilateral agreement addresses government supports, a broader concept than subsidies; prohibits production supports; limits development supports to 33 percent of cost and requires their repayment with interest;[171] and limits indirect supports to 3 percent of the annual commercial turnover of the civil aircraft industry covered by the agreement or to 4 percent of the same turnover of any one firm for the products covered by the agreement.

Uruguay Round Aircraft Negotiations (1993)

Trade in civil aircraft was one of the two issues left unresolved at the conclusion of the Uruguay Round when the U.S. and EU negotiators—Ambassador Mickey Kantor and EU External Affairs Commissioner Sir Leon Brittan—concluded their discussions on December 14, 1993. In a statement issued under the heading of "points resolved on December 14," Ambassador Mickey Kantor observed the following:

We have agreed to resolve our differences on aircraft in a way that is equitable and serves the interests of both countries. We have to bring aircraft under the new Subsidies Agreement, which will result in greater discipline of subsidies and a stronger, more rapid, binding dispute resolution system. We have also agreed to continue negotiations for one year, aimed at broadening and improving the 1979 GATT Agreement on Trade in Civil Aircraft.[172]

The conclusion to the Uruguay Round aircraft talks leaves the text of the 1979 multilateral GATT Agreement on Trade in Civil Aircraft as well as the complementary disciplines agreed to in the 1992 bilateral agreement between the EU and the United States in force without change. The Agreement to continue negotiations for 1 year is aimed at refining the 1992 agreement in order to accommodate opinions and programs outside the United States and the EU. After these refinements have been made, a document will be presented to other GATT members for signature.

ENDNOTES

[1] There were 114 contracting parties to the GATT with the accession of Bahrain on December 13, 1993, the last accession in 1993. But with three non-GATT members participating in the Round, Algeria, China, and Honduras, the total number of participants in the Uruguay Round totalled 117 by the December 1993 conclusion. Subsequent discussions preparatory to the Marrakesh ministerial signing of the Uruguay Round agreements in the *Final Act* resulted in agreement to affiliate countries in the process of acceding to the GATT; consequently, the number of participants in the Marrakesh ministerial rose to 125.

[2] During the December 1993 meeting, the starting date was set for July 1, 1993, but in the negotiations preparatory to the Marrakesh Ministerial, the date was advanced to January 1, 1995.

[3] The tariff cutting negotiations held since the establishment of the multilateral trading system in 1947 have been (1) Geneva, 1947; (2) Annecy, 1949; (3) Torquay, 1950-51; (4) Geneva, 1955-56; (5) Dillon Round, 1960-61; (6) Kennedy Round, 1964-67; (7) Tokyo Round, 1973-79; and (8) Uruguay Round, 1986-93. GATT and others, "A Brief History of the GATT," *Trade Policies for a Better Future - The 'Leutwiler Report', the GATT and the Uruguay Round*, Martinus Nijhoff Publishers, Boston, 1987, pp. 160-169.

[4] Office of the U.S. Trade Representative (USTR), Executive Office of the President, *Uruguay Round: Final Texts of the GATT Uruguay Round Agreements Including the Agreement Establishing the World Trade Organization as Signed on April 15, 1994*, Washington, DC. Subsequent endnotes in this chapter refer to the *Final Act Embodying the Uruguay Round of Multilateral Trade Negotiations (version of 15 December 1993)*, Washington, DC., Apr. 15, 1994.

[5] USTR, unclassified briefing on results of the Uruguay Round by individual negotiators, White House Conference Center, Jan. 14, 1994.

[6] Art. XVI:4. Although this provision was inserted at the insistence of the EU in an attempt to constrain the unilateral use of U.S. trade law, the EU itself appears to find it rather constraining as a "self-executing" law under EU rules.

[7] That is, by the GATT Contracting Parties acting collectively.

[8] For additional detail, see the section on the WTO at the end of this chapter.

[9] For further background, see U.S. International Trade Commission, *Operation of the Trade Agreements Program, 42nd Report, 1990*, USITC publication 2403, ch. 1, and *Operation of the Trade Agreements Program, 44th Report, 1992*, USITC publication 2640, chs. 2 and 4.

[10] The G-7 members are Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. The "quadrilateral" members are Canada, the European Union, Japan, and the United States.

[11] USTR, "Report on the Uruguay Round," press release, July 7, 1993.

[12] Agreement was reached on distilled "brown" spirits, such as whiskey and brandy. Negotiations on distilled "white" spirits, such as gin and vodka, continued into 1994, seeking to reach agreement in time for the April 15, 1994, signing of the *Final Act*, but were not successful.

[13] Harmonization of tariffs was agreed by developed and major developing countries in the chemical sector at very low rates: 6.5 percent in general, 5.5 percent in other chemical product groups, and zero in some others. White House, *Executive Summary - Results of the GATT Uruguay Round of Multilateral Trade Negotiations*, Dec. 15, 1993, p. 2.

[14] See chapter 2 section on APEC ministerial meeting for further details.

[15] Ibid.

[16] USTR, unclassified briefing on results of the Uruguay Round by individual negotiators, Government Services Administration auditorium, Dec. 21, 1993.

[17] The quad countries submitted their market-access offers at the end of February 1994. Although March 31, 1994, was the official deadline for final market-access offers, March 25, 1994, was the effective date to ensure final printing of these offers in time for mid-April signing.

[18] The Japanese refined-copper tariffs applicable currently to GATT members depend on customs value and are referred to as "temporary," despite their application for many years. These rates are 15 yen per kilogram for a customs value of no more than 485 yen/kg, 500 yen/kg minus the customs value per kilogram for the value under 500 yen/kg but above 485 yen/kg, and free entry for a customs value at or greater than 500 yen/kg. Historically, the recent price of copper has remained consistently below 485 yen/kg. Japan's existing GATT-bound rate for refined copper is 21 yen/kg for all customs values.

[19] USTR negotiator for market access, telephone conversation with USITC staff, Mar. 31, 1994.

[20] For a full discussion of all the Blair House agreement, see USITC, *Operation of the Trade Agreements Program, 44th Report*, 1992, USITC publication 2640, pp. 18-20 and pp. 47-49.

[21] The statement reads in part:

> ". . . We will not reopen the Blair House agreement, either directly or indirectly. Interpretation or clarification of Blair House cannot be a guise for modifying the terms of the agreement achieved in November, 1992. The Blair House agreement, reached nearly 10 months ago, reflected a difficult compromise which the United States accepted in its entirety. The Blair House agreement was minimally acceptable to the United States and to the European Community's other trading partners. . . ." See USTR, "Statement by

Ambassador Mickey Kantor," press release, 93-61, Sep. 21, 1993.

[22] In particular, such nontariff border measures as quantitative import restrictions and bans, variable import levies, minimum import prices, discretionary import licensing, nontariff measures exercised through state trading bodies, and voluntary export restraints. For example, section 22 import quotas under the U.S. Agricultural Adjustment Act of 1935 are included, as is the EU variable-levy import regime. White House, *Executive Summary - Results of the GATT Uruguay Round of Multilateral Trade Negotiations*, Dec. 15, 1993, p. 4.

[23] For example, see Office of the United States Trade Representative, *Results of the Uruguay Round Market Access Negotiations - GATT Schedule XX - United States of America*, 3 vols. Washington DC, 1994.

[24] GATT, "The Final Act of the Uruguay Round," *News of the Uruguay Round*, No. 80, Dec. 14, 1993, pp. 8-9.

[25] The agricultural safeguard mechanism depends on the extent of import penetration in the importing market. A safeguard action is triggered more easily by import surges when imports already occupy a large proportion of the market and less easily when imports are less available on the market. The safeguard mechanism triggered by import prices operates when the price of imports falls below a reference price, with applicable duties increasing as the import price becomes lower.

[26] Developing countries are to reduce support by 13.3 percent, as measured by the Aggregate Measurement of Support (AMS) mechanism constructed for these negotiations. Least-developed countries need not reduce their support, but must bind or "cap" their levels of support.

[27] Such as research; pest and disease control; infrastructural services; training, extension, inspection, and marketing; food security; and food aid.

[28] These direct program payments cover "decoupled" programs (that is, decoupled from production), such as disaster and other insurance, structural adjustment aid, and payments under environmental programs and under regional aid programs.

[29] Five percent for industrial countries, 10 percent for developing countries.

[30] For the United States, the 20-percent reduction commitment has already been met through legislation passed in the 1985 and 1990 farm bills. White House, *Executive Summary - Results of the GATT Uruguay Round of Multilateral Trade Negotiations*, Dec. 15, 1993, p. 5.

[31] Specific commodity groups, such as wheat and wheat flour, coarse grains, oilseeds, skim milk power, sugar, and so forth.

[32] White House, *Executive Summary - Results of the GATT Uruguay Round of Multilateral Trade Negotiations*, Dec. 15, 1993, p. 4.

[33] GATT, "The Final Act of the Uruguay Round," *News of the Uruguay Round*, No. 80, Dec. 14, 1993, p. 10.

[34] That is, "nullification and impairment" of trade concessions received under previous GATT negotiations. Countries anticipate certain benefits to accrue to their economies from such concessions, which are received in exchange for certain trade concessions given. If these expected benefits are "impaired," attenuated, or otherwise substantially less than anticipated when negotiated—or if the benefits are "nullified," that is, eliminated entirely—because of policy action by the other government involved, the country losing its benefits may seek to redress the balance of concessions initially negotiated. If impairment of benefits arises from a breech in the agreement by the other party, the nullification and impairment proceedings under the GATT dispute-settlement system are based on violation of a trade agreement. However, if policy action by the other government impairs or nullifies the expected benefits by indirect action that does not violate directly the original exchange of concessions between countries but, nonetheless, reduces the value of these benefits, then dispute proceedings are based on nonviolation grounds.

An example of nonviolation grounds is the 1962 concession from the EU to the United States for a zero-tariff rate duty to be levied on oilseed imports. Benefits to the United States were expected in the form of exports of oilseeds, such as soybeans, to the EU. An EU policy to subsidize domestic production of oilseeds and subsidize consumption of domestically produced oilseeds did not violate the initial agreement to levy a zero tariff duty on oilseed imports but did, nonetheless, impinge on and impair the benefits expected to derive from the zero-tariff duty by reducing EU demand for imported oilseeds.

[35] The first three topics included under the agriculture talks were internal support, import access, and export competition.

[36] When scientific evidence is sufficient, a member may provisionally adopt sanitary and phytosanitary measures on the basis of available pertinent information.

[37] The agreement states that the GATT Dispute Settlement Body may authorize an adjustment to the accelerated quota growth in stages 2 or 3 with respect to any member country found not to be complying with its obligations under the Agreement.

[38] Quotas set by unilateral action must be at a level no lower than the actual level of imports during the 12-month period, ending 2 months before the month in which consultations were called.

[39] Testing and certification were covered by the 1979 Code.

[40] One example is a previous U.S. complaint against the EU's hormone ban regarding meat imports, which foundered because of the 1979 Code's limited coverage of such regulations and because of the difficulties of resolving the dispute under the then-applicable consensus basis of dispute settlement.

[41] White House, *Executive Summary - Results of the GATT Uruguay Round of Multilateral Trade Negotiations*, Dec. 15, 1993, p. 17.

[42] Ibid., p. 18.

[43] Where imported inputs are contingent in some way on exports.

[44] Where a foreign investor must procure a certain amount of business locally to be permitted to invest locally.

[45] Where access to foreign exchange is contingent on foreign exchange earnings from exports.

[46] Less-than-normal-value is typically defined as prices lower than those prevailing in the exporter's home market.

[47] Specifically, by clarifying when producers may be considered related to exporters or importers for purposes of excluded them from the interpretation of the term "domestic industry." MTN/FA II-A1A-8, p. 6, art. 4.1 (Definition of Domestic Industry).

[48] Ibid., art. 5.4. The required proportions of domestic production of the like product are either (1) more than 50 percent of that portion of the domestic industry expressing an opinion, or (2) at least 25 percent of the total production of the like product in question.

[49] MTN/FA II-A1A-8, pp. 8 to 9, art. 5.8 (Initiation and Subsequent Investigation).

[50] Known during negotiations as the "sunset" clause.

[51] MTN/FA II-A1A-8, pp. 21 to 22, art. 17.6 (Consultation and Dispute Settlement).

[52] MTN/FA III-11(a).

[53] Formally, the Agreement on Implementation of Article VII.

[54] "Decision regarding cases where customs administrations have reasons to doubt the truth or accuracy of the declared value," MTN/FA III-4(a).

[55] "Texts relating to minimum values and imports by sole agents, sole distributors and sole concessionaires," MTN/FA III-4(b).

[56] The PSI and exporter representatives would be the International Federation of Inspection Agencies and the International Chamber of Commerce, respectively. White House, *Executive Summary - Results of the GATT Uruguay Round of Multilateral Trade Negotiations*, Dec. 15, 1993, pp. 15-16.

[57] Ibid., p. 17.

[58] Ibid.

[59] This "traffic-light" analogy drew the additional distinction between "yellow light" subsidies that could be challenged for causing "serious prejudice" to another member's exports and "amber" or "deep yellow light" subsidies that could be challenged for causing "presumptive serious prejudice" where injury is presumed.

[60] Countervailing duty action offsets or countervails the effect of subsidies embodied in an imported good.

[61] This threshold does not apply to civil aircraft; such products are expected to be subject to their own specific multilateral rules.

[62] Countries such as Bolivia, Cameroon, Congo, Cote d'Ivoire, Dominican Republic, Egypt, Ghana, Guatemala, Guyana, India, Indonesia, Kenya, Morocco, Nicaragua, Nigeria, Pakistan, Philippines, Senegal, Sri Lanka, and Zimbabwe, based on the most recent data from the World Bank.

[63] Least developed countries must phase out their export subsidies over 8 years; developing countries, over 2 years when their subsidized sector reaches 3.25 percent of world trade for 2 consecutive years.

[64] Variously called voluntary export restraints, voluntary restraint agreements or arrangements (VRA), voluntary export agreements, orderly marketing arrangements, and so forth.

[65] Thus, while the 4-year VRA phaseout limit would end VRAs by January 1, 1999—given a January 1, 1995, beginning of the WTO—all members will be allowed one "grandfathered" VRA to extend to the end of 1999, the most notable likely one being the EU-Japan automobile VRA whose terms were already set to expire at end 1999.

[66] White House, *Executive Summary - Results of the GATT Uruguay Round of Multilateral Trade Negotiations*, Dec. 15, 1993, p. 21.

[67] The understanding contains obligations on market access for financial services when parties resort to prudential actions, with further rules regarding monopoly rights; financial services purchased by public entities; cross-border trade of certain insurance and re-insurance underwriting as well as financial data processing and transfer; the right to establish or expand the commercial presence of financial service firms, including new financial services; and the temporary entry of personnel. The national treatment provisions of this understanding treat access to public-sector payment and clearing systems and to official funding and refinancing facilities available as part of ordinary business. Participation in self-regulatory bodies, exchanges, markets, clearing houses, or similar agencies, organizations, or associations necessary to carry out business is also to be permitted on an equal national-treatment basis. "Understanding on Commitments in Financial Services," *Draft Final Act*, MTN.TNC/W/FA, Dec. 20, 1991, pp. 51-55.

[68] "Decision on Negotiations on Basic Telecommunications," *Final Act* MTN/FA III-7(d), p. 1.

[69] As of December 1993, such governments include Australia, Canada, Chile, the European Union and member States, Finland, Hong Kong, Hungary, Japan, Korea, Mexico, New Zealand, Norway, the Slovak Republic, Sweden, Switzerland, Turkey, and the United States.

[70] "Annex on Negotiations on Maritime Transport Services," MTN/FA/Add. 1; is intended for incorporation under GATS art. XXIX (Annexes), beginning at MTN/FA II-A1B, p. 28. The group is open to governments that wish to participate and that have signed the *Final Act*. As of December 1993, those governments are Argentina, Canada, the European Union and member States, Finland, Iceland, Indonesia, Korea, Malaysia, Mexico, Poland, New Zealand, Norway, the Philippines, Romania, Singapore, Sweden, Thailand, Turkey, and the United States.

[71] "General Interpretative Note to Annex 1A," MTN/FA II, p. 13.

[72] USTR, "European Union - Broadcast Directive and Motion Picture Quotas," *1994 National Trade Estimate Report on Foreign Trade Barriers*, pp. 74-75.

[73] The aerospace or aircraft industry is the foremost U.S. export industry in value terms.

[74] The EU Broadcast Directive was legislated in large part because of member states, such as France, that seek a "cultural exemption" to reserve a portion of national broadcasting time for audiovisual productions considered part of this reserve. Opponents to cultural exemptions consider them trade barriers in the form of quota restrictions preventing consumers from demanding programs that are often productions exported from other countries. Such opponents also argue that the country of origin of multinational productions is often difficult or impossible to determine.

[75] The intellectual property covered by the agreement is copyrights, patents, trademarks, industrial designs, trade secrets, integrated circuits (semiconductor chips), and geographical indications.

[76] These include (1) the Berne Convention for the Protection of Literary and Artistic Works and the Paris Act of the Berne Convention signed July 24, 1971, and cited as the Berne Convention (1971); (2) the Paris Convention for the Protection of Industrial Property and the Stockholm Act of the Paris Convention signed July 14, 1967, and cited as the Paris Convention (1967); (3) the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, adopted in Rome on October 26, 1961, and known as the Rome Convention; and (4) the Treaty on Intellectual Property in Respect of Integrated Circuits (IPIC Treaty), adopted in Washington DC on May 26, 1989, and also known as the Washington Treaty.

[77] GATT, "The Final Act of the Uruguay Round," *News of the Uruguay Round*, No. 80, Dec. 14, 1993, p. 25.

[78] Art. 6 bis, the Berne Convention. As noted previously, although reproduction rights are commonly inalienable in Europe, the United States allows these rights to be bought and sold, and thus they are typically the property of publishing houses or production studios.

[79] Art. 10 bis, Paris Convention (1967).

[80] White House, *Executive Summary - Results of the GATT Uruguay Round of Multilateral Trade Negotiations*, Dec. 15, 1993, p. 23.

[81] However, plant varieties must either be patentable or have their own system of protection, such as the Union for the Protection of New Varieties of Plants (UPOV) Convention that sets down breeders' rights.

[82] These include compulsory licensing considered on the individual merits of each case; reasonable efforts taken to acquire authorization commercially; use primarily for the domestic markets; and adequate remuneration paid to the rights holder. However, certain provisions may not apply in cases where compulsory licensing remedies anticompetitive practices.

[83] USTR, *The Uruguay Round of Multilateral Trade Negotiations Source Book*, Washington DC, Feb. 1994, p. C-7.

[84] Including utilities that are regulated such that they are *de facto* public entities or monopolies despite being privately owned.

[85] GATT, "Focus on the Government Procurement Code," *Focus*, No. 102, Oct. 1993, p. 6.

[86] Special Drawing Rights (SDRs) are a form of currency created by the IMF that is composed of major national currencies in various proportions.

[87] Small and minority preference programs were specifically excluded from Federal-level procurement coverage in the United States.

[88] However, mass transit and highway projects receiving Federal funding were specifically excluded from procurement coverage in the United States.

[89] "Decision on Implementation of Article XXIV:2 of the Agreement on Government Procurement," *Final Act* MTN/FA III-8, p. 1. This decision is incorporated under the Uruguay Round, as distinct from the government procurement negotiations taking place outside—although in tandem with—the Round aimed at revising the agreement.

[90] GATT, "The Final Act of the Uruguay Round," *News of the Uruguay Round*, No. 80, Dec. 14, 1993, p. 31-32.

[91] USTR, "Statement by Ambassador Mickey Kantor - April 21, 1993," press release 93-26, Apr. 21, 1993. The agreement reached required ratification by the EU Council of Ministers by May 10, 1993. See USTR, "U.S.-EC Government Procurement Agreement Approved by EC Council of Ministers," press release 93-33, May 10, 1993.

[92] On April 13, 1994, the United States and the European Union did reach a partial agreement on government procurement that is expected to be expanded to other members of the GATT Agreement on Government Procurement. The U.S.-EU agreement covers central and subcentral government procurement, as well as procurement by government-controlled entities, to begin on January 1, 1996. The U.S.-EU Memorandum of Understanding on Government Procurement of May 25, 1993, will be extended until that time. U.S. Department of State, "Information on April 13 U.S.-EU Agreement on Government Procurement," telegram, message reference No. 105482, prepared by U.S. Department of State, Washington, DC, Apr. 21, 1994.

[93] USTR, *The Uruguay Round of Multilateral Trade Negotiations Source Book*, Washington DC, Feb. 1994, p. C-7.

[94] USTR, *1994 Trade Policy Agenda and 1993 Annual Report*, Washington DC, Mar. 8, 1994, p. 40.

[95] USTR, "Statement by U.S. Trade Representative Mickey Kantor - December 14, 1993," press release, Dec. 14, 1993, p. 2.

[96] The U.S.-EU accord is the Agreement Concerning the Application of the GATT Agreement on Trade in Civil Aircraft. For a full discussion of the U.S.-EU bilateral agreement on trade in civil aircraft, see USITC, *Year in Trade: OTAP, 44th Report, 1992,* publication 2640, pp. 50-51.

[97] USTR, *1994 Trade Policy Agenda and 1993 Annual Report*, Washington DC, Mar. 8, 1994, p. 72.

[98] GATT, *GATT Activities 1992*, Geneva, June 1993, pp. 73-74.

[99] Ibid.,p. 75.

[100] The charter came to be known as the Havana Charter.

[101] Kenneth W. Dam, *The GATT - Law and International Economic Organization* (Chicago: University of Chicago Press, 1970), pp. 10-11.

[102] White House, *Executive Summary - Results of the GATT Uruguay Round of Multilateral Trade Negotiations*, Dec. 15, 1993, p. 26.

[103] Sec. 1101, 19 U.S.C. 2901, Public Law 100-418.

[104] The World Trade Organization was originally entitled the Multilateral Trade Organization (MTO) during the Round. Discussions in the Negotiating Group on Functioning of the GATT System (FOGS) named this institutional structure the World Trade Organization, as originally proposed by Canada in April 1990. During further negotiations, the name changed to the Multilateral Trade Organization, after a proposal presented by EU negotiators. At the conclusion of the Uruguay Round, the United States proposed to reinstate the name World Trade Organization to promote the idea of the broadest possible membership in contrast to the more limited or "plurilateral" membership inference that might be drawn from the word multilateral.

[105] These can be found in the table of contents listed in figure D. They are the Understanding on the Interpretation of Article II:1(b), on the Interpretation of Article XVII, on Balance-of-Payments Provisions, on the Interpretation of Article XXIV, on the Interpretation of Article XXV, on the Interpretation of Article XXVIII, and on the Interpretation of Article XXXV.

[106] GATT 1994 includes as well a protocol adopted at the Marrakesh signing of the WTO Agreement in April 1994. Facsimile communication from USTR Office of the General Counsel, May 18, 1994.

[107] That is, if no member present at the meeting where the decision is taken formally objects to the proposed decision.

[108] USTR, unclassified briefing on results of the Uruguay Round by individual negotiators, White House Conference Center, Jan. 14, 1994. See also, letter from Ambassador Michael Kantor to all members of Congress on April 29, 1994, on the Uruguay Round agreements and the creation of a World Trade Organization. Professor John H. Jackson supported this view in testimony delivered before the Senate Finance Committee on March 23, 1994.

[109] Art. I of the GATT 1994, art. II:1 of the General Agreement on Trade in Services, and art. IV of the Agreement on Trade-Related Intellectual Property. The WTO's decisionmaking (art. IX) and amendment (art. X) rules also cannot be changed unless all WTO members agree, nor can tariff bindings under the GATT 1994.

[110] The right of current GATT Contracting Parties to not apply the WTO agreements to other Contracting Parties will be limited to those cases where the countries concerned do not apply the GATT to each other at the time the WTO Agreement enters into force for them.

[111] Following the Round's conclusion, key participants such as the EU and the GATT Director-General, Peter Sutherland, pressed to advance the implementation date by 6 months from July 1, 1995 to January 1, 1995, in an attempt to invigorate the sluggish world economic environment. These efforts were successful by the end of March 1994, when countries agreed to make January 1, 1995 the target date to inaugurate the WTO and the Uruguay Round agreements it will oversee, provided that sufficient legislative approval can be won in time. This advancement proved possible following removal of a stumbling block when Japan agreed to call a special session of its legislature in the fall of 1994 to consider earlier implementation.

[112] The DSU is formally the "Understanding on Rules and Procedures Governing the Settlement of Disputes," MTN/FA II-A2.

[113] The expedited dispute-settlement rules agreed to at the Montreal Mid-Term Review in April 1989 will be extended until the entry into force of the WTO. Their principal features are (1) specific time limits on consultation procedures; (2) arbitration as an alternative to panel rulings; (3) speedy establishment of panels by the GATT Council meeting following the one at which the initial panel request was made; (4) strict time limits for reaching agreement on terms of reference, panel composition, and panel reports; (5) delay of report adoption to be avoided; (6) overall time period from request for consultations to report decision not to exceed 15 months; legal advice for developing countries in disputes; and (8) implementation of panel reports to be considered by the Council within 6 months following report adoption.

[114] Alternate means of settling disputes will include employing the good offices of the GATT Secretariat, namely, conciliation, mediation, and arbitration.

[115] All decisions by the DSB must be by consensus.

[116] The standard terms of reference are "To examine, in the light of the relevant provisions in (name of the covered agreement/s cited by the parties to the dispute), the matter referred to the DSB by (name of party) in document DS/ . . . and to make such findings as will assist the DSB in making the recommendations or in giving the rulings provided for in that/those agreement/s."

[117] Three months in cases of urgency.

[118] White House, *Executive Summary - Results of the GATT Uruguay Round of Multilateral Trade Negotiations*, Dec. 15, 1993, p. 25.

[119] See, for example, John H. Jackson, written testimony submitted to the U.S. Senate Finance Committee, Mar. 23, 1994.

[120] Ibid.

[121] GATT, "The Final Act of the Uruguay Round," *News of the Uruguay Round*, No. 80, Dec. 14, 1993, p. 30.

[122] A recent example of this "nullification and impairment" of benefits concept involved the concession for a zero tariff binding on imports of oilseeds granted by the European Union to the United States in 1962. Increases in EU subsidies paid to EU oilseed producers beginning in the late 1970s, although not a direct violation of the trade concession relating to oilseed imports, significantly undermined imports of U.S. oilseeds by nullifying and impairing the benefits expected from the 1962 concession. This conclusion was reached by several panels formed to examine the issue, but, after the EU blocked formal adoption of the panel report, the United States resorted to unilateral retaliation. Under the former rules, retaliation could only be authorized after a panel report was adopted by consensus.

[123] See "Dispute Settlement Understanding," art. 26, MTN/FA II-A2, p. 18.

[124] See "Dispute Settlement Understanding," art. 23, MTN/FA II-A2, p. 18.

[125] White House, *Executive Summary - Results of the GATT Uruguay Round of Multilateral Trade Negotiations*, Dec. 15, 1993, p. 25.

[126] GATT, "Uruguay Round Negotiations Conclude Successfully," *News of the Uruguay Round*, No. 81, Dec. 21, 1993, p. 5.

[127] Australia, Botswana, Burundi, India, Japan, and Korea also did not sign the WTO Agreement at Marrakesh for this reason. GATT, "Results of the Uruguay Round Signing Ceremony on April 15th, 1994 in Marrakesh, Morocco," *News of the Uruguay Round* No. 086, Apr. 18, 1994.

[128] MTN.TNC/MIN(94)/1/Rev.1, Apr. 11, 1994, p. 9.

[129] Sec. 1101(14) of the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 2901, Public Law 100-410) includes among the U.S. negotiating objectives for reciprocal trade agreements "securing a review of the relationship of worker rights to GATT articles, objectives, and related instruments with a view to ensuring that the benefits of the trading system are available to all workers."

[130] "Ministers affirm that the establishment of the World Trade Organization (WTO) ushers in a new era of global economic cooperation, reflecting the widespread desire to operate in a fairer and more open multilateral trading system for the benefit and welfare of their peoples." GATT, "Marrakesh Declaration of 15 April 1994," MTN.TNC/W/143, Mar. 29, 1994, par. 2.

[131] *GATT Marrakesh Declaration*, Apr. 15, 1994. Ministers also undertook "to strive for greater coherence of policies in the fields of trade, money and finance" and expressed "determination to resist protectionist pressures of all kinds."

[132] The Committee's terms of reference derive from the TNC Decision on Trade and Environment of December 15, 1993, that seeks to promote sustainable development by identifying the relation between trade and environmental measures and to make recommendations on whether and how to modify a nondiscriminatory multilateral trading system as related to (1) the special needs of developing countries regarding the relation between trade and environment, (2) avoidance of protectionist trade measures, and (3) surveillance of trade measures used for environmental purposes.

[133] They are Albania, Algeria, Armenia, Belarus, Bulgaria, China, Croatia, Ecuador, Estonia, Jordan, Latvia, Lithuania, Moldova, Mongolia, Nepal, Panama, Russia, Saudi Arabia, Slovenia, Taiwan (Chinese Taipei), and Ukraine.

[134] USTR, *1994 Trade Policy Agenda and 1993 Annual Report*, Washington DC, 1994, p. 35.

[135] GATT, "Panel on EC Banana Regime," *Focus*, No. 97, Mar. 1993, p. 2.

[136] Colombia, Costa Rica, Nicaragua, and Venezuela. Guatemala had not accepted the agreement as of March 30, 1994, because it considers that it would not benefit greatly from the proposed increase in the EU tariff-rate quota.

[137] GATT, "EC Seeks Panel on US Car Taxes," *Focus*, No. 98, Apr. 1993, p. 5; GATT, "Panel Established on US Car Taxes," *Focus*, No. 99, May-June 1993, p. 2.

[138] U.S. Omnibus Budget Reconciliation Act of 1993, sec. 1106.

[139] GATT, "US Tobacco Measure Under Fire," *Focus*, No. 102, Oct. 1993, p. 4.

[140] GATT, "Other Business," *Focus*, No. 102, Oct. 1993, p. 5.

[141] These various aspects include market access for goods from developing countries that pertain to environmental concerns; monitoring and data collection; the relevance of current GATT rules pertaining to developing countries, sustainable development, environment, and trade; and the possible future role of the committee in these three areas. GATT, "GATT Starts Follow-up of Earth Summit Results," *Focus*, No. 101, Aug.-Sep. 1993, p. 10.

[142] GATT, "GATT Trade and Environment Group," *Trade and the Environment*, TE 004, Nov. 26, 1993, Geneva, p. 2.

[143] USTR, *1994 Trade Policy Agenda and 1993 Annual Report*, Washington DC, Mar. 8, 1994, p. 39.

[144] Ibid.

[145] MERCOSUR members are Argentina, Brazil, Paraguay, and Uruguay.

[146] Formerly called the Separate Customs Territory of Taiwan, Penghu, Kenmin, and Matsu.

[147] The Antidumping Code, the Agreement on Subsidies and Countervailing Measures, the Agreement on Technical Barriers to Trade or "Standards Code," the Agreement on Customs Valuation, and the Agreement on Import Licensing.

[148] The Agreement on Government Procurement, Agreement on Trade in Civil Aircraft, Arrangement on Trade in Bovine Meat, and Arrangement on Dairy Products.

[149] Formally, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade. GATT, "Anti-dumping, Subsidies Committees Consider New Panel Reports," *Focus*, No. 98, Apr. 1993, p. 8.

[150] Art. 2:4.

[151] Ibid., 2:6.

[152] GATT, "Anti-dumping, Subsidies Committees Consider New Panel Reports," *Focus*, No. 98, Apr. 1993, p. 8.

[153] Formally, the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade. GATT, "Anti-dumping, Subsidies Committees Consider New Panel Reports," *Focus*, No. 98, Apr. 1993, p. 8.

[154] Ibid.

[155] Formally, the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade and Protocol.

[156] USTR, *1994 Trade Policy Agenda and 1993 Annual Report*, Washington DC, Mar. 8, 1994, p. 39.

[157] Ibid., p. 40.

[158] Ibid., p. 39.

[159] The panel was formed in July 1991 at the request of the EU concerning U.S. procurement of a multibeam sonar mapping system for use in the Antarctic. The procurement was part of a contract to provide logistical and other support services for a vessel conducting Antarctic research and, because the 1979 Code does not cover service contracts, was subject to preferential treatment under U.S. "Buy America" legislation. The panel concluded in 1992 that products, such as the mapping system, were nonetheless covered by the agreement whether or not part of a procurement contract for services. In May 1992, the United States requested time to consider the report, and the committee agreed to revert to the report at its next meeting in June 1993. GATT, "Sonar Mapping System," *Focus*, No. 90, May-June 1992, p. 8.

[160] Signatories to the Arrangement are Argentina, Australia, Austria, Belize, Brazil, Bulgaria, Canada, Colombia, the EC, Egypt, Finland, Guatemala, Hungary, Japan, New Zealand, Nigeria, Norway, Paraguay, Poland, Romania, South Africa, Sweden, Switzerland, Tunisia, the United States, Uruguay, and Yugoslavia.

[161] Signatories to the Dairy Arrangement are Argentina, Australia, Bulgaria, Egypt, the EU, Finland, Hungary, Japan, New Zealand, Norway, Poland, Romania, South Africa, Sweden, Switzerland, and Uruguay.

[162] GATT, "Meat Markets," *Focus*, No. 100, July 1993, p. 11.

[163] USTR, *1986 National Trade Estimate Report on Foreign Trade Barriers*, Washington DC, p. 100.

[164] Government support, export credits, and aircraft marketing.

[165] Formally, the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade, also referred to as the GATT Agreement on Subsidies and Countervailing Measures.

[166] France, the United Kingdom, and West Germany. Spain has since become the fourth consortium member. USTR, *1986 National Trade Estimate Report on Foreign Trade Barriers*, Washington DC, p. 101.

[167] Ibid., p. 79.

[168] Ibid., p. 83.

[169] Adoption of the panel report was blocked by the EU, however.

[170] USTR, *1994 Trade Policy Agenda and 1993 Annual Report*, Washington DC, Mar. 8, 1994, p. 72.

[171] Raymond J. Waldmann, "Statement of Raymond J. Waldmann on Behalf of Aerospace Industries Association of America, Inc. Before the House Committee on Ways and Means Subcommittee on Trade," Feb. 22, 1994, p. 6.

[172] USTR, "Statement by U.S. Trade Representative Mickey Kantor - December 14, 1993," Brussels, p. 2.

CHAPTER 2
Regional Trade Activities

The United States pursued two key regional initiatives in 1993: the North American Free Trade Agreement (NAFTA) and expanded cooperation with its economic partners in the Asia-Pacific region. Both of these efforts and developments within the Association of Southeast Asian Nations (ASEAN) are chronicled below.

The North American Free-Trade Agreement

Introduction

On December 8, 1993, President Clinton signed into law the North American Free-Trade Agreement Implementation Act.[1] The U.S. enactment was a key step toward NAFTA's entry into force on January 1, 1994. It also marked the culmination of a long, and at times, fractious domestic debate about the desirability of pursuing expanded trade ties within North America.[2]

During the 1992 Presidential election campaign, candidate Clinton promised that, if elected, he would support NAFTA if accompanied with stronger provisions on labor and environment.[3] As President, he continued such an approach.[4] Negotiations towards that end began in March and were completed in mid-August.

Meanwhile, a diverse coalition of opponents argued against the accord, citing continued economic uncertainty and concerns about additional job losses to Mexico, given wide disparities in wages and labor and environmental protection. While labor unions were almost uniformly against NAFTA's passage and put heavy pressure on Congress to reject the accord, the various environmental organizations split ranks. Many said they favored closer ties with Mexico, but felt more should be done to mitigate their fundamental concerns with the NAFTA as signed on December 17, 1992.

Proponents emphasized that the United States would be better off with NAFTA than without it. Not only would U.S. market access to the growing Mexican market improve, thereby helping U.S. workers, they said the accord would also cement and give credit for the extensive economic reforms undertaken by Mexico over the past decade and set a positive tone for future relations with the rest of Latin America. Moreover, they suggested that the unprecedented cooperation on environmental, labor, and illegal immigration matters NAFTA spawned would surely be better than the *status quo*. Meanwhile, Mexican President Salinas de Gortari publicly stated that the NAFTA would not be reopened and urged Congress not to spurn a "once-in-a-generation opportunity" to stabilize U.S.-Mexican trade relations.

Differences over NAFTA likewise came to symbolize a larger debate about America's future direction. Some critics, concerned about a perceived emphasis on foreign over domestic economic concerns and incremental diminution in U.S. autonomy over such matters as environmental protection, urged a more cautious approach to international economic engagements.[5] President Clinton was among those casting NAFTA as emblematic of the unbroken bipartisan postwar consensus in favor of liberalized trade and as representative of the confidence and constructive engagement that should characterize U.S. trade policy in the future.[6] NAFTA was not an alternative to a domestic economic strategy, President Clinton assured, but part and parcel of a larger plan for economic revival by expanding access to lucrative foreign markets.[7]

On November 9, Vice President Gore and Presidential candidate Ross Perot debated NAFTA's merits on national television. Formal debates in the House and Senate followed shortly thereafter. Lost jobs and attendant damage to families and communities, head-to-head competition with lower wage, less-protected Mexican workers with little ability to effect democratic change, loss of U.S. sovereignty, and the role and cost of NAFTA-related bureaucracies and tribunals were among the concerns raised by various Congressional representatives.[8] A sense of historic opportunity, the need for American economic

leadership in global and hemispheric affairs, the chance to expand trade with Mexico and enhance competitiveness vis-a-vis Japan and Europe, the beneficial effects on U.S. interests of improvements in Mexican living standards and conditions, and the need to harness and benefit from inevitable economic change were among the reasons cited by various other members for supporting the accord.[9]

The Implementing Bill

Congress ultimately approved the NAFTA legislative package on November 20, just 16 days after it was submitted by President Clinton for its consideration. The legislative package consisted of the final text of the NAFTA, an implementing bill, and a Statement of Administrative Action (SAA). The implementing bill had been developed by the Administration in cooperation with appropriate Congressional committees.[10]

Under "fast track" procedures, the bill, once introduced, could not be amended. Passage by both houses of Congress was required.[11] Thus, a majority of either house could have disapproved the bill and effectively killed the agreement. The House vote on November 17 was seen as key: the final count was 234 in favor and 200 opposed. The U.S. Senate approved the bill by 61 to 38 on November 20.

The implementing legislation is divided into six titles, as follows:

Title I:

- approves NAFTA and the Statement of Administrative Action submitted by the President to Congress on November 4;
- authorizes the President to exchange notes with Canada and Mexico to put NAFTA into effect when several conditions are met;
- states that NAFTA will result in no change to Federal law other than those made by the bill or to State law other than as a result of Federal action to help make consistent or invalidate inconsistent State laws;
- bars private suits to enforce NAFTA;
- calls for issuance of the regulations required or appropriate to implement NAFTA within 1 year after entry into force (rules of origin regulations must be issued by Jan. 1, 1994);
- authorizes establishment of and appropriations for the United States Section of the Secretariat established by Chapter 20 of NAFTA;
- suspends portions of the United States-Canada Free-Trade Implementation Act of 1988;
- requires Congressional approval before other countries may join NAFTA, states Congressional intent regarding future accessions,[12] and requires reports to Congress on potential candidates for free-trade area negotiations.

Title II:

- concerns customs: tariffs, rules of origin, duty drawback, country of origin marking, and administrative and enforcement issues;
- authorizes the President to proclaim changes in the U.S. tariff schedule;
- legislates NAFTA's rules of origin.

Title III:

- implements NAFTA's safeguard, intellectual property, temporary entry, standards, and government procurement provisions;
- establishes special monitoring regimes for various agricultural goods.[13]

Title IV:

- pertains to antidumping and countervailing duty laws;[14]
- extends to Mexico the right to binational panel review of final AD/CVD orders;
- establishes objectives for future subsidy negotiations with NAFTA countries.[15]

Title V:

- establishes a transitional adjustment assistance program;
- requires the President to submit to Congress a comprehensive study on NAFTA's operation and effects by January 1, 1997;
- authorizes establishment of commissions related to agreements on labor and environment;

- contains revenue-raising measures designed to offset NAFTA-related expenses.

Title VI:

- enacts the Customs Modernization and Informed Compliance Act,[16] making improvements in Customs' enforcement capabilities generally and regulatory audit procedures;

- authorizes the National Customs Automation Program, permitting electronic filing of customs forms, payment of duties, and fees.

The Statement of Administrative Action describes the NAFTA and the bill, and indicates the regulations needed to implement them. It also elaborates on such matters as environmental, health, and safety standards in response to concerns raised about the implications of the pact for federal-state relations and the limitations NAFTA might place on Federal regulatory authority.

Supplemental Agreements

The NAFTA implementing bill was accompanied by several supplementary agreements and reports that represented the fulfillment of pledges made by the then-candidate Clinton in endorsing the accord. Chief among them were supplemental agreements with Canada and Mexico on environmental and labor cooperation and on emergency action. Accords on the three matters were announced on August 13, 1993 (figure M). Presidents Clinton and Salinas and Prime Minister Campbell signed the agreements in their respective capitals on September 14.

All three of these accords were executive agreements, and did not require domestic legislation or formal approval by Congress. However, the implementing bill made NAFTA's entry into force contingent on the exchange of diplomatic notes with Canada and Mexico providing for the entry into force of the supplemental agreements on labor and environment.[17] The bill also provided authority for the establishment of the requisite multilateral and bilateral commissions and administrative offices.[18]

Labor and Environmental Cooperation

The supplemental agreements on labor and environmental cooperation are regarded as the most ambitious of the three and are fairly similar in format. They are applicable throughout the territories of the United States and Mexico. The agreements bind Canada with respect to all matters subject to Canadian federal control. Canada committed itself to take measures necessary to bring its Provinces into conformity with the supplemental agreements and is limited in its ability to avail itself of the supplmental agreements' dispute-settlement procedures according to the extent of its Provincial participation.

These two agreements have broad objectives. The labor agreement's aims include improving working conditions and living standards, promoting principles, such as freedom of association, and fostering compliance with and effective enforcement of labor laws. Key goals of the environmental agreement are fostering the conservation, protection and improvement of the environment, promoting sustainable development, and increasing cooperation on and enhanced enforcement of environmental laws and policies.[19]

In each agreement, the parties commit to ensuring that their laws and regulations provide for high levels of protection and that domestic procedures will be available to sanction or remedy violations,[20] and to enforcing effectively their laws and regulations through appropriate governmental action.[21] The parties commit that they will promptly publish and promote public awareness of their laws and regulations and assure fair, open, and impartial administrative and judicial procedures.[22]

Both supplemental agreements establish commissions made up of councils of ministers, coordinating secretariats, and advisory bodies to foster cooperation among the three parties on a broad range of issues and to monitor relevant laws and their enforcement. The structure and functions of these bodies are slightly different for each agreement.

The Environmental Council is authorized to consider and develop recommendations on a range of environmental issues.[23] It is also charged with cooperating with the Free-Trade Commission created by NAFTA on such matters as consultations under NAFTA article 1114 on whether a country has waived or derogated from environmental measures in order to attract investors. It is also tasked with "considering on an ongoing basis the environmental effects of the NAFTA."[24] Subject to the Council's direction, the Environmental Secretariat is empowered to develop annual monitoring and fact-finding reports.[25] It may also consider submissions from non-governmental organizations regarding failure by a party to enforce its

Figure M
NAFTA-related developments in 1993

JANUARY	
Jan. 19	United States and Canada agree that CFTA will be suspended upon NAFTA's entry into force, but CFTA art. 708 will continue its application.
FEBRUARY	
Feb. 5	In his first official comments on NAFTA since being sworn in, President Clinton reiterates his intention "to move forward with NAFTA while establishing a process to provide adequate protection to workers, to farmers, and to the environment."
MARCH	
Mar. 5	More than a dozen environmental groups urge Present Clinton to seek stronger enforcement mechanisms to accompany the NAFTA, including the creation of a three-country commission to investigate and punish violations of pollution-control laws.
Mar. 17-18	First round of supplemental negotiations on the environment, labor, and import surges held in Washington, D.C. Additional rounds held April 13-15, May 19-22, June 8, July 8-9, July 19-23, and July 29-30.
APRIL	
Apr. 22	Former Presidential candidate Ross Perot makes clear his opposition to NAFTA in testimony before the Senate Banking Committee; announces that he plans a major public campaign on the accord; and releases a book co-authored with Pat Choate deriding NAFTA.
Apr. 23	United States, Canada, and Mexico agree to rectify the December 17, 1992 NAFTA text by exchanging diplomatic notes.
MAY	
May 27	Canadian House of Commons passes NAFTA bill by a vote of 140 to 124.
JUNE	
June 17	Canadian Senate approves the NAFTA bill.
June 30	Judge Charles Richey rules that the NAFTA is subject to the National Environmental Policy Act, a finding which would have required the Administration to prepare a detailed formal environmental impact statement on it.
AUGUST	
Aug. 13	Supplemental agreements regarding environmental and labor cooperation and an understanding on emergency action (import surges) are announced.
Aug. 16	The National Governors' Association approves a resolution affirming its support for NAFTA.
Aug. 19	President Clinton names Chicago banker Richard M. Daley to spearhead his campaign for NAFTA passage.
Aug. 26	Conservative critic Pat Buchanan announces that he is forming a group to oppose NAFTA, citing concerns about a loss in U.S. sovereignty and the cost to U.S. taxpayers for environmental clean-up in Mexico.
Aug. 28	Democratic Whip David E. Bonoir (D-MI.) announces that, rather than mobilizing support for NAFTA, he will actively oppose the accord's passage.

Figure M—Continued
NAFTA-related developments in 1993

SEPTEMBER	
Sept. 3	President Clinton recruits Republican and former Congressman Bill Frenzel to head effort to win Congressional support for NAFTA.
Sept. 14	Presidents Clinton and Salinas and Prime Minister Campbell sign supplemental agreements on labor and environment in respective capitals. Presidents Bush, Ford, and Carter attend the Washington signing ceremony and join Presidents Reagan and Nixon in endorsing the accord.
Sept. 15	Leaders of six environmental groups announce support for NAFTA.
Sept. 22	House Majority Leader Richard Gephardt (D-MO) finally announces his position on NAFTA: opposed.
Sept. 24	Court of Appeals for the District of Columbia Circuit unanimously decides that the National Environmental Policy Act does not require the Administration to prepare an environmental impact statement for NAFTA.
OCTOBER	
Oct. 3	Jesse Jackson leads a rally in Canada condemning NAFTA. Union leaders, meeting in San Francisco, uniformly denounce the accord.
Oct. 4	A written statement by Mexican President Carlos Salinas published in the *Washington Post* states that neither renegotiating NAFTA nor rescheduling NAFTA's entry into force "are real options at this stage."
Oct. 19	President Salinas calls NAFTA a test of U.S. relations with Latin America and warns that the region would "feel cheated" if the agreement was jettisoned.
Oct. 27	Following defeat of the Conservative Party in Canada's general elections, Prime Minister-designate Jean Chretien announces that Canada may not implement NAFTA without changes to preserve Canadian energy reserves and to rewrite unfair trade rules.
NOVEMBER	
Nov. 4	Ad referendum agreement reached on creation of a Border Environmental Cooperation Commission (BECC) and a North American Development Bank (NADBank).
Nov. 4	President Clinton submits NAFTA and implementing legislation to Congress, along with a statement explaining the administrative measures that are needed to bring the agreement into force.
Nov. 9	Vice President Gore and Ross Perot debate NAFTA's merits in a nationally televised debate moderated by Larry King. A USA Today/CNN/Gallup poll shows marked increase in support for NAFTA after the debate, with those previously having "no opinion" swayed most.
Nov. 17	U.S. House of Representatives approves NAFTA implementing legislation by a 234 to 200 vote.
Nov. 20	U.S. Senate approves NAFTA implementing legislation by 61 to 38 vote.
Nov. 22	Mexican Senate ratifies the NAFTA as a treaty by a vote of 56-2.

Figure M—Continued
NAFTA-related developments in 1993

DECEMBER	
Dec. 2	Prime Minister Chretien announces intention to proclaim the NAFTA after agreement reached to establish Working Groups on dumping/antidumping and subsidies/countervailing duties; Canada issues statement on energy security and water rights.
Dec. 8	President Clinton signs NAFTA implementing bill into law.
Dec. 20	Presidential Proclamation published in the *Federal Register* to put into effect the revised U.S. tariff schedule, remove Mexico from GSP eligibility.
Dec. 27	President Clinton determines that Canada and Mexico had completed the necessary steps to implement the NAFTA and supplemental accords and transmits the required report to Congress.
Dec. 30	Canada proclaims (enacts) NAFTA implementing legislation.
Dec. 30	United States exchanges diplomatic notes with Canada and Mexico to bring NAFTA and the supplemental accords into effect on Jan. 1, 1994. Canada and the United States suspend the CFTA while NAFTA is in effect and make transitional arrangements for ongoing disputes.

Source: Compiled by staff of the U.S. International Trade Commission.

environmental rules, and, under certain circumstances, to develop a factual record regarding such matters.[26]

The Labor Council is charged with promoting cooperative activities between the Parties regarding occupational safety and health, human resource development, labor statistics, and worker benefits and compensation. The staff of the Labor Secretariat will initially be limited to 15 positions.[27] It is charged with the preparation of periodic reports on such topics as labor law and administration, labor market conditions, and human resource development. It may also prepare studies on any matter at the Council's request.[28]

Each agreement provides vehicles for the provision of public advice and recourse to trilateral dispute settlement mechanisms to consider complaints about failure to enforce domestic laws.[29] When disputes are not satisfactorily resolved within a reasonable time, both agreements also permit ultimate recourse to fines or trade sanctions,[30] if well-founded complaints are demonstrably linked to goods or services that are traded among the parties or that compete with goods or services of the complaining party.[31] Such penalties would be the last step in a process designed to encourage early and amicable resolution of the problem at hand.

Understanding Concerning Emergency Action

Reflecting President Clinton's concern that NAFTA should be accompanied by additional mechanisms to deal with import surges, the United States, Canada, and Mexico reached an understanding regarding chapter 8 of the NAFTA, Emergency Action.[32] They agreed to establish a working group to consider any issue related to emergency actions taken or contemplated under the GATT article XIX or under NAFTA chapter 8. The working group will also serve as a forum for examining trade, productivity, employment, and other economic factors with respect to any good. Such examinations will take place upon request of any party and with the concurrence of two of the three parties.

Border Environmental Infrastructure Agreements

On November 3, 1993, the United States signed an ad referendum agreement with Mexico to establish a Border Environmental Cooperation Commission (BECC) and a North American Development Bank (NADBank). The two agencies are to coordinate, oversee, and help fund environmental infrastructure

projects along the U.S.-Mexico border. The NADBAnk was specifically created to serve the BECC as a source of financing. Up to 10 percent of its capital shares will be available for purposes other than environmental infrastructure, including the promotion of community adjustment and investment. The United States and Mexico will each provide $225 million in paid-in capital to NADBank, which is expected to offer up to $2.0 billion in loans and partial guarantees. An additional $2.0 billion in World Bank and the Inter-American Development Bank funding is expected to support U.S.-Mexico border environmental activities.[33]

"Paying" for NAFTA

As required by the "pay-as-you-go" provisions of the Budget Enforcement Act of 1990 and the 1993 Omnibus Budget Reconciliation Act, the North American Free-Trade Agreement Implementation Act provided funding for all of the lost tariff revenue, along with the incremental appropriations associated with the implementation of the NAFTA and associated agreements.[34] Funding came in the form of (a) a projected reduction in Commodity Credit Corporation outlays because of improvements in commodity markets after NAFTA goes into effect; (b) a projected increase in governmental efficiency resulting from the implementation of an electronic fund transfer system for business withholding and other tax deposits; (c) a temporary increase in the air and sea passenger-processing fees, a temporary lifting of current statutory exemptions from such fees,[35] and an extension of the time period such passenger- and merchandise-processing fees will be in effect (through fiscal year 2003); and (d) an improved enforcement of tariff laws and detection of fraud by the U.S. Customs Service as a result of increased access to certain tax information.

Accompanying Report on Environmental Issues

The President transmitted a report on environmental issues to Congress along with the legislative package. The report addressed such topics as Mexico's pollution control regime and the potential environmental effects of the NAFTA. Its issuance reflected a continued willingness by the Administration to address the relationship of trade agreements to environmental objectives, even in the absence of a requirement to do so.[36] Indeed, in expressing satisfaction with a unanimous decision by the Court of Appeals of the District of Columbia affirming the Administration's contention that a formal environmental impact assessment was not required for the NAFTA, the Administration expressed its continued commitment to insuring that environmental issues arising in connection with NAFTA are "seriously considered" and "effectively addressed."[37] Six leading environmental groups — the World Wildlife Fund, National Wildlife Federation, the Environmental Defense Fund, Conservation International, the Natural Resources Defense Council, and the Audubon Society — ultimately endorsed NAFTA.

"Side" Agreements with Mexico

The package transmitted by President Clinton to the Congress on November 4 included three freshly-initialed agreements with Mexico about NAFTA itself. Two of the exchanges of letters — dealing with sugar and with frozen concentrated orange juice (FCOJ) — will cause substantive changes in the way NAFTA is implemented. However, trade in those products is still slated to be fully liberalized in the 15th year after NAFTA's entry into force. The third one represented Mexico's commitment to engage in early negotiations toward the acceleration of tariff reductions.

Sugar

In the case of sugar, the two countries agreed to modify the basis for determining the quantity of sugar that must be accorded duty-free entry. NAFTA ties the determination of the quantity of sugar which is entitled to duty-free entry to each Party's net production surplus. In the understanding reached on November 3, 1993, the definition to determine whether a country is a net sugar producer was explicitly expanded to include consumption of high fructose corn syrup. Moreover, the annual fixed ceiling on the amount of sugar entitled to duty-free entry will be changed in the years 2000 to 2007 to the smaller of the Party's net surplus production, or 250,000 metric tons. Previously, absolute ceilings would have ceased to apply if a country was or was projected to be a net surplus producer for two consecutive years. These changes came as a result of U.S. concern that Mexico could divert sugar into the export market by substituting high fructose corn syrup for sugar in the manufacturing of such products as soft drinks.

Frozen Concentrated Orange Juice

For frozen concentrated orange juice,[38] the two countries agreed to establish a tariff snap-back mechanism that would be applicable during NAFTA's first 14 years of operation.[39] The United States is permitted to impose a tariff up to the then-applicable most-favored-nation rate on frozen concentrated orange juice imported from Mexico if frozen concentrated orange juice futures prices drop below a trigger level equal to the average price of the past 5 years for the month in question, and if annual imports have exceeded a specified quantity (70 million gallons single strength equivalent from 1994 through 2002, or 90 million gallons in years 2003 through 2007). The duty snap-back will cease to apply if the futures price is above the historical price for 5 consecutive days. NAFTA already provided for a tariff-rate quota with a higher duty rate on imports above 40 million gallons, but that tariff was slated to decline by 15 percent from the applicable MFN rate during the first 6 years of NAFTA's operation.

Tariff Acceleration

Reflecting concerns expressed by particular industries throughout 1993 about the pace of Mexican tariff elimination under NAFTA, Ambassador Kantor sought a commitment from Mexico to engage in negotiations toward an acceleration of that schedule. Such negotiations were envisioned in article 302.3 of the NAFTA and authorized in section 201(b) of the implementing bill. Ambassador Kantor requested that these negotiations be conducted on an expedited basis, and expressed particular sympathy for the requests made by producers of wine and brandy, flat glass, home appliances and bedding components. Mexico agreed to be available for such talks.[40] In its November 4 Statement of Administrative Action, the Administration pledged to give priority to reducing imbalances in duty treatment among the three NAFTA partners and reducing Mexican and Canadian tariffs that are considerably higher than U.S. tariffs (mentioning the above-cited items and dry beans, cream cheese, and potatoes).[41]

The United States published a request for petitions for accelerated tariff elimination in the *Federal Register* of December 23, 1993.[42] On December 29, the Office of the United States Trade Representative (USTR) announced that Canada would also participate in the exercise, expected to be conducted in two stages.[43] An expedited round of consultations would deal with priority items and be completed as soon as practicable in 1994; the remaining items would be considered thereafter.

Presidential Determination; Canadian and Mexican Implementation

The President's authority to bring the NAFTA into force was contingent upon several steps. Among them was a Presidential determination that Canada and Mexico had completed the necessary steps to implement the NAFTA and the uniform regulations called for in article 511 of the agreement, and the issuance of a report to Congress explaining the steps Mexico had taken to implement the commitments contained in chapter 19 regarding binational panel review and in Annex 1904.15 of the NAFTA regarding the operation of its antidumping and countervailing duty laws.[44]

Canada's House of Commons passed NAFTA implementing legislation on May 27, and its Senate approved the bill June 17. The legislation was proclaimed (enacted) by the Canadian Government on December 30, after newly elected Prime Minister Jean Chretien had fulfilled a campaign pledge by securing a commitment from the United States and Mexico to engage in future work on dumping and subsidies. Two trilateral working groups were charged with completing this effort by December 31, 1995.[45]

The Mexican Senate ratified NAFTA as a treaty on November 22. Under Mexican law, treaties thus ratified have the force of law and take precedence over conflicting domestic legislation. Mexico had already passed a revised Foreign Trade Law to conform with many NAFTA obligations in June 1993 (discussed in the "Mexico" section in chapter 4 of this report); regulations on how the dumping and countervailing duty portions of the law would be administered were published in the official gazette in late December.

On December 27, President Clinton determined that Canada and Mexico had completed the necessary steps to implement the NAFTA and supplemental accords, transmitted the required report to Congress, and directed the Secretary of State to exchange diplomatic notes with Canada and Mexico to bring NAFTA into effect. Diplomatic notes were exchanged with Mexico and Canada on December 30.

Canada and the United States had earlier agreed that the U.S.-Canada Free Trade Agreement would be suspended while NAFTA was in effect.[46] Certain portions of the CFTA are adopted by reference in the NAFTA—notably the schedules of tariff concessions previously accorded by the United States and

Canada[47]—or, by mutual agreement, remain in effect irrespective of their non-inclusion in the NAFTA itself.[48] Interim arrangements for the handling of ongoing disputes under CFTA dispute-settlement procedures were also made.[49]

U.S. Implementation

By early 1994, the United States was well on its way to implementing most of the important regulations and other administrative actions needed to implement NAFTA. On December 15, 1993, President Clinton issued a proclamation putting into effect the U.S. tariff concessions, terminating Mexico's status as a beneficiary of the U.S. Generalized System of Preferences (GSP) in accordance with the NAFTA implementing bill, and making other changes in customs procedures and treatment required by NAFTA (for example, waiving fees imposed under section 22 of the Agricultural Adjustment Act).[50] On December 27, President Clinton signed an executive order to effect certain administrative actions, such as waiving Buy America and requiring agencies to provide 75 days notice before imposing new technical requirements needed to bring NAFTA into force.[51] The National Administrative Office for the North American Agreement on Labor Cooperation was established effective January 3, 1994, through a notice published in the December 30 *Federal Register*.[52] Interim rules of origin regulations,[53] proposed country-of-origin marking rules,[54] and interim rules on other customs matters have also been published,[55] as have a variety of standards- and services-related notices.[56]

Next Steps

NAFTA's operation will be overseen by the Free-Trade Commission, composed of the parties' three trade ministers.[57] The inaugural meeting of the Commission was held on January 14, 1994. The meeting focused on early implementation of the agreement and formally launched the process of consultation and further liberalization envisioned by the NAFTA. NAFTA itself creates some 22 committees and working groups to accomplish these aims.[58] Subsequent agreements call for the establishment of 12 more.[59] The Committees began meeting in early 1994 to establish longer term work plans.

Moreover, the implementing legislation and Statement of Administrative Action impose numerous requirements upon the Administration to pursue matters with NAFTA partners or to take domestic action not strictly required by NAFTA itself. For example, the Administration agreed to pursue the inclusion of additional international environmental agreements in article 104 of the NAFTA, thereby giving them precedence over the NAFTA if conflicts arise.[60] The implementing bill also mandated the establishment of an end-use certificate program for wheat and barley within 120 days after enactment[61] and the identification by the end of April 1994 of any new Canadian act, policy or practice affecting cultural industries that is actionable under "Special 301" provisions.[62] In addition, the President promised to request the U.S. International Trade Commission to conduct investigations under Section 22 of the Agricultural Adjustment Act regarding wheat and peanut butter imports.[63] Both investigations are now under way.[64]

Some of the steps expected to have been completed by January 1, 1994, are still not completed. At this writing, none of the rosters for the various dispute-settlement panels called for in the agreement has been finalized, nor have the rules of procedure for general dispute settlement called for in NAFTA article 2012. Although lists of State and Provincial measures that do not conform with the requirements of NAFTA chapter 14 and will be "grandfathered" were exchanged on January 14, 1994, the three parties agreed that, for certain types of measures, the deadline for finalizing reservations would be extended until June 30, 1994. Country-of-origin-marking rules and the terms of reference for newly created working groups on subsidies and dumping also remain under discussion and review.

Efforts to establish the institutions that will carry out the NAFTA and the supplemental agreements on environment and labor continued into 1994. Agreement on the desirability of creating an International Coordinating Secretariat (ICS) for the NAFTA to be housed in Mexico City was announced at the January 14, 1994, NAFTA Ministerial. While locations for the other two secretariats have recently been announced — the Labor Secretariat will be located in Dallas and the Environmental Secretariat will be located in Montreal, Canada — the directors have yet to be selected and other issues remain unresolved.

Several paths toward the eventual goal of free trade in the Western Hemisphere are being explored by the United States in conjunction with its NAFTA partners, including permitting other countries to accede to NAFTA. The U.S. Congress, meanwhile, included a requirement for several reports related to possible future free-trade agreements. On May 1, 1994, the U.S. Trade Representative submitted a report listing the countries that are the best prospects for free-trade

agreements with the United States. The President is directed by the NAFTA implementing bill to make proposals to Congress for the initiation of free-trade negotiations with one or more countries by July 1, 1994.

Economic Cooperation in The Asian Pacific Region

Introduction

Several foreign and domestic developments sparked an increased interest by the United States in the Asian Pacific region during 1993. U.S. companies have grown increasingly interested in the potential investment and trade opportunities in the region. The Asian-Pacific region contains some of the fastest growing economies of the world, accounting for over one-half of global GNP. In 1992, for example, real GNP growth ranged from highs of 12.8 percent in China, 8.0 percent in Malaysia and 7.5 percent in Thailand to lows of 1.5 percent in Japan, 0.9 percent in Canada and 0.6 percent in the Philippines.[65] Average real GNP growth for the 15 economies of the Asia-Pacific Economic Cooperation (APEC) was 2.6 percent in 1992 compared with 1.0 percent for the European Community. The APEC countries accounted for more than half of global GNP in 1990, or $11 trillion.[66] In terms of trade, U.S. exports to the Asian-Pacific region were higher than to either Europe or Latin America, totalling $132 billion in 1993. However, the United States ran a trade deficit with the region of $98 billion, mostly accounted for by Japan and China.

On July 7, in a speech delivered at Waseda University in Tokyo, President Clinton called for the creation of a "new Pacific community,"[67] including Japan, the United States, and other economies of the region. While the concept of community was not explicitly defined in the speech, the most likely vehicle for further pursuit of the goal was the Asia-Pacific Economic Cooperation forum, the only governmental organization with membership on both sides of the Pacific. The United States has been a supporter of APEC since its initiation in 1989.[68] During 1993, the United States was the host for the first meeting of leaders from member economies and for the annual Ministerial meeting.

The Asian countries also took steps toward closer trade and economic ties among themselves. Apprehensions about the prospects for a successful conclusion of the Uruguay Round and moves towards regional integration in the EU and NAFTA resulted in more interest in fostering trade among Asian countries. The lowering of tariff and nontariff barriers by individual countries and a growing recognition of the need to attract foreign investment contributed to this trend. In the past, countries of the region viewed the Association of Southeast Asian Nations (ASEAN) largely as a vehicle for conducting a dialogue on security interests. Only recently have these economies turned more toward ASEAN as a focal point for furthering their economic interests through the Asian Free Trade Area (AFTA). In 1993, steps were taken towards rescheduling the phase-out of tariffs among member countries, beginning on January 1, 1994. The following section provides background information and a summary of 1993 developments in APEC and ASEAN.

APEC

Background

APEC was established in 1989 as an informal consultative forum at a Ministerial Conference in Canberra, Australia. The 12 original members of APEC included the 6 ASEAN economies, the United States, Korea, Japan, Canada, Australia, and New Zealand.[69] The founding purpose of the organization was to promote official economic cooperation in the region.[70] The members of APEC recognized the need for an effective means of strengthening the multilateral trading system, providing an opportunity to assess trade and investment in the Asian Pacific region and to identify common economic interests. The "Three Chinas"—China, Taiwan and Hong Kong—joined APEC in 1991, bringing the total membership in APEC to 15 countries.[71]

The chairmanship of APEC is rotated annually among members. The United States chaired the organization during 1993.[72] The Chair is responsible for hosting annual meetings of foreign and economic ministers in the region. Since 1989, five annual ministerial meetings have been held in Canberra, Singapore, Seoul, Bangkok, and Seattle.[73] Preparations for each Ministerial are carried out by lower level working groups and Senior Officials Meetings (SOMs) held throughout the year. During 1993, five Senior Officials meetings were held in preparation for the Seattle ministerial hosted by the United States in November.[74] The Senior Officials oversee 10 working groups, created during the 1990 ministerial, covering broad issue areas. The working groups include trade and investment data, trade promotion, investment and industrial science and

technology, human resources development, regional energy cooperation, marine resources conservation, telecommunications, transportation, tourism and fisheries.

All APEC decisions are based on the principle of unanimous consent. This means that just one member can block a decision. Some observers have noted that such procedures could eventually frustrate progress on certain issues given the disparity of political systems and levels of economic development represented in the organization.

Developments During 1993

Leaders' Meeting

There were several main accomplishments by APEC during 1993. Probably the most significant event was the first meeting of leaders from the APEC economies on November 20, 1993, at Blake Island, near Seattle, Washington.[75]

The Leaders' Meeting occurred immediately following the fifth Senior Officials Meeting and Ministerial held November 17 through 19. In a Vision Statement issued following their day-long meeting, the leaders reaffirmed their commitment to the reduction of trade and investment barriers in the region and to the "development of APEC as a forum for producing tangible economic benefits to the region".[76] They also called for a meeting of APEC finance ministers to consult on broad economic issues, including macroeconomic developments and capital flows. This was a departure from the position taken earlier by ministers who had opposed holding such a meeting for fear that a meeting of finance ministers could become a forum for negotiations on trade or economic policies.

The APEC leaders pledged their "utmost efforts to bring the Uruguay Round to a successful conclusion by December 15." Just one day before the Leaders Meeting, the APEC ministers had adopted a strong statement calling for concrete steps to be taken during the Round on market access for industrial goods, agriculture, and services, and on a strengthened system of rules and disciplines. Each APEC economy participating in the Round offered specific sectoral commitments for improving market access, building on the package of initiatives that had been announced by the United States, Japan, the EU, and Canada in July. The Ministerial Meeting Joint Statement challenged other Uruguay Round participants and the European Union specifically to improve their own offers in Geneva.[77] From the United States viewpoint, which had stressed the need to send a strong and clear message to the EU, adoption of the ministerial statement was an important step in moving toward the conclusion of the Round. Other APEC members had agreed that APEC should adopt a leadership role in attempting to jumpstart the Uruguay Round talks.

Trade and Investment Framework

Before the Leaders' Meeting, Ministers had agreed to the adoption of a "Declaration on the APEC Trade and Investment Framework," which outlines guidelines for future APEC policies on trade and investment in the region. The Framework establishes principles for future cooperation on economic issues, including APEC's intention to work toward development through "open regionalism," and reaffirms its commitments to strengthening the multilateral trading system under GATT.

The ministers established a Committee on Trade and Investment (CTI) to implement the Framework with the objective of creating a "coherent APEC perspective and voice on global trade and investment issues and increase cooperation among members on key issues."[78] The CTI is expected to build upon the work of the Informal Group on Regional Trade Liberalization. The 1994 work program for the committee includes reviewing the results of the Uruguay Round and its implications for the region, pursuing efforts to simplify and harmonize customs procedures in the region, examining the investment environment and means to enhance investment in APEC, and identifying APEC's possible role in the area of standards and conformance. Korea will chair the CTI during 1994. The United States and Australia will serve as co-vice chairs.

Other Issues

Throughout 1993, APEC discussions at the Senior Officials and Ministerial level centered on several other major issues, including future directions for APEC, the pace and scope of institutionalization, membership, the APEC work program, and organizational issues. While APEC ministers made decisions relating to various aspects of these topics at the November Ministerial, additional issues were left to be addressed by APEC Senior Officials and Ministers over the long term.

APEC has been moving gradually towards institutionalization, with the establishment of a Secretariat in 1992. However, there is considerable debate within the organization about the pace and extent to which this should occur. In general, members prefer that APEC remain a loose, consultative forum

and that it avoid the EU's more bureaucratic approach to handling regional economic issues.

One of the most controversial issues addressed by APEC in 1993 was consideration of a recommendation by the Eminent Persons Group (EPG) for the creation of an Asia Pacific Economic Community by 1996.[79] The Bangkok Ministerial in 1992 had recommended the establishment of a group of "persons with high calibre and international repute within the region" to be nominated by member APEC countries to "develop a vision of trade in the Asia Pacific region to the year 2000." The vision was to include "trends in economic growth, trade and investment, and the regional and global trade policy environment; a policy for advancing APEC's development through strengthened economic and trade linkages; identification of the main barriers to expanding trade in the region and ways to reduce these barriers; and identification of priorities in future multilateral trade negotiations and the evolution of GATT." In 1993 the EPG, chaired by C. Fred Bergsten, comprising 11 distinguished academics, former government officials and businessmen, was established. The EPG met three times in 1993 to develop its vision for APEC.

The EPG report, presented at the November 1993 Ministerial, recommended that APEC take specific initiatives in the areas of trade liberalization, trade facilitation, technical cooperation, and institutionalization in order to move toward a goal of free trade and investment within the region. In making its recommendations, the EPG called on APEC to respond to three perceived threats to the continued vitality of the Asian Pacific region: 1) the erosion of the global trading system; 2) the evolution of inward looking regionalism; and 3) the risk of fragmentation within the Asia/Pacific region.[80]

The EPG report's recommendations generated considerable debate at both the Senior Officials and Ministerial level, reflecting differences in views between ASEAN members and the developed countries over how fast APEC should move toward institutionalization. The United States, in particular, had hoped that APEC would endorse the EPG's concept of creating a free trade area or grouping. However, some members objected to the use of the term "community" to describe the ultimate goal for APEC and felt that it was premature for APEC to adopt all of the EPG's recommendations. Following numerous discussions, the reference to forming a community was left out of the Joint Statement of Ministers. Instead, the ministers declared that they "warmly welcomed" the EPG report's "broad thrust and direction," noting that its vision served as an "important foundation and catalyst for future regional cooperation."[81] The Ministers, reflecting APEC members' preference for consultation and consensus, and viewing the document as a vehicle for discussion rather than a mandate, directed the APEC Secretariat to give broad distribution to the EPG report within the region.

With regard to addressing specific EPG recommendations, the ministers agreed to group them into three categories: (1) recommendations closely related to APEC's ongoing work that would be implemented promptly, (2) recommendations related to the outcome of the Uruguay Round that would require additional consideration, and, (3) recommendations relating to long-term trade liberalization, that is, moving toward a free trade area that would require further elaboration by the EPG. The EPG, upon the advice of Senior Officials, was directed to provide ministers with more specific proposals on how to realize its long-term vision at their next Ministerial to be held in Indonesia in 1994.

Organization and Structure

At the November 1992 Ministerial in Bangkok, APEC agreed to establish a Secretariat in Singapore.[82] The Secretariat began functioning in 1993 with an Executive Director and 11 staff members. The majority of APEC members strongly favor a small Secretariat with a limited budget and have stated that they want to ensure that a UN or EU-like bureaucracy is not created. In November 1993, ministers voted the FY 1994 budget to remain at the FY 1993 level of $2 million. During 1993, there was discussion at the Senior Officials Meetings and Ministerial about how to address the increasing numbers of overlapping committees and projects within APEC. Proposals to rationalize APEC's structure were developed, and ministers directed Senior Officials to provide recommendations on restructuring APEC at the 1994 Ministerial.[83]

Membership and Non-member Participation

During 1993, there were consultations in APEC regarding the admission of Mexico, Papua New Guinea, and Chile as members. Following informal discussions at the November Ministerial, Mexico and Papua New Guinea were admitted immediately to APEC as members, while it was decided that Chile would be admitted at the 1994 Ministerial. In the interim, however, Chile was encouraged to participate in the activities of the Working Groups. Additional

membership decisions were deferred for 3 years during which time the Senior officials will develop policies and recommendations on membership. Guidelines for nonmember participation were also adopted by the ministers. Although they are not APEC members, groups such as ASEAN, the Pacific Economic Cooperation Council (PECC) and the South Pacific Forum, have attended APEC meetings as observers and contributed to APEC's work. The EU has requested observer status in APEC, but no action was taken in 1993 to address the request.

Other Actions

Other actions taken at the 1993 Ministerial included endorsing the work of the ad Hoc Group on Economic Trends and Issues with regard to exchanging key economic statistics, carrying out studies on trade and investment issues, and discussing economic developments in the region. The Ministers also endorsed and approved the vision and policy statements of the 10 working groups. They recognized the importance of the private sector in APEC activities by directing Working Groups to expand their outreach to the private sector and pledging to find additional ways to broaden private sector participation in APEC, particularly through the CTI committee. In addition, the Ministers praised the work of the Secretariat while reiterating the desire of members to keep its staff and budget lean in order to avoid the "Brussels" syndrome.

ASEAN and AFTA

ASEAN

ASEAN was established in 1967 in Bangkok and succeeded the Association of Southeast Asia. The original signatories to the Bangkok Declaration were Indonesia, Malaysia, the Philippines, Thailand, and Singapore. Brunei joined ASEAN in 1984. ASEAN holds annual meetings of ministerial-level representatives from member countries. The permanent secretariat for ASEAN was established in 1976 and located in Jakarta, Indonesia.[84] The ASEAN economic ministers oversee five permanent committees, each hosted by a different member state, that were established to implement ASEAN's economic goals.[85]

The major purposes of ASEAN, as stated in the Bangkok Declaration, are to promote economic growth, expand trade, promote regional peace and stability, and improve transport and communications. Throughout the 1970s and particularly after the fall of South Vietnam, ASEAN's focus was on preserving peace and countering Communism in the region.[86] In 1976, following the signing of the Declaration of ASEAN Accord, ASEAN's emphasis began to shift from politics to economics. Members decided to focus on expanding productivity through establishing regional manufacturing facilities, cooperating on basic commodities and production processes, enacting preferential trading arrangements, and harmonizing trade and investment policies.[87]

ASEAN also holds regular dialogue meetings with the United States, the European Union, Australia, Canada, Japan, New Zealand, and the United Nations Development Programme to encourage investment, trade, and economic growth. These postministerial conferences among ASEAN foreign ministers have become important in facilitating communication between ASEAN and its major developed trading partners.[88]

Several market-sharing or production-cooperation schemes have been attempted under ASEAN, including the Preferential Trading Arrangements (PTAs), the ASEAN Industrial Joint Venture (AIJV), the ASEAN Industrial Complementation (AIC), and the ASEAN Industrial Projects (AIP).[89] In general, these programs have been difficult to implement because member countries have sought exemptions and because nontariff barriers have diminished the effects of tariff cuts.

AFTA

In July 1991, at the annual postministerial conference, ASEAN foreign ministers issued a communiqué endorsing a proposal that had been put forth by Thailand to create an ASEAN free-trade area and set up a working group to submit recommendations at the annual summit in January 1992.[90] At the annual meeting of ASEAN ministers in October 1991, the Prime Minister of Thailand Anan Panyarachun further encouraged the establishment of an ASEAN Free-Trade Area (AFTA) by the year 2000.[91] In explaining the reasons for his proposal, Prime Minister Anan said: "ASEAN countries had no other choice but to integrate or become a small player in a large playing field."[92]

At the fourth annual ASEAN summit held in January 1992, the six ASEAN countries signed the Singapore Declaration or framework agreement to further economic cooperation and the Common Effective Preferential Tariffs (CEPT)[93] agreement that would lead toward the AFTA.[94] The AFTA would reduce tariffs on manufactured and capital goods and processed agricultural products to between 0 and 5 percent over a period of 15 years, or by 2008. Fifteen types of manufactured goods were to be subject to tariff reductions immediately. The tariff reductions

were to occur in two stages, with the first beginning on January 1, 1993. The more advanced economies of Thailand, Malaysia, Brunei, and Singapore had favored a faster schedule for the elimination of tariffs, while Indonesia and the Philippines wanted to move more slowly.[95] Because of the inability of members to agree on a common list of products to be covered, the initial tariff cuts were delayed.

On October 8, 1993, in conjunction with the 35th annual meeting of ASEAN economic ministers, the AFTA Council attempted to reinvigorate AFTA by announcing that AFTA would be relaunched on January 1, 1994. During their meetings, the ministers agreed to a list and schedule for tariff reductions on 32,000 items beginning in January 1994 (except Brunei, which would initiate the cuts in June 1994). Agricultural products are excluded from the list. AFTA local content requirements were set at 40 percent; however, details on how this would be calculated had not been decided. In reaching the agreement, one leader noted that ASEAN was moving forward with its plans for a free trade area because the developed world appeared to be moving toward protectionism and that ASEAN countries were concerned about the then-stalled Uruguay Round talks.[96]

United States' Relationship with ASEAN

ASEAN has served as an important organization for the U.S. Government for discussing security matters and economic matters with ASEAN members.[97] In 1989, the ASEAN-U.S. Initiative (AUI) proposed a number of ways in which trade, investment, and economic relations could be enhanced, including the negotiation of bilateral investment treaties with individual countries. In 1990, ASEAN agreed that implementation of the AUI would be contingent upon the conclusion of the Uruguay Round and that, in the meantime, the U.S. dialogue would take place annually before the ASEAN ministerial meeting.

On December 21, 1990, the United States signed a Memorandum on Trade and Investment with ASEAN, which established a Trade and Investment Cooperation Committee (TICC) to monitor trade and investment relations and to identify trade and investment opportunities. On October 11, 1991, the United States signed a Trade and Investment Framework Agreement (TIFA) with Singapore in accordance with the memorandum.[98] The United States is expected to eventually sign TIFAs with other ASEAN countries, furthering free trade in the region.

On November 20, 1993, the United States initiated a new commercial program with ASEAN entitled the "ASEAN-U.S. Alliance for Mutual Growth" (AMG). The purpose of the program is to expand trade and stimulate economic growth between the United States and ASEAN. The program will initially focus on the following areas: (1) infrastructure development, including transportation, telecommunications, electric power, manufactures, and environmental technology; (2) trade and commercial development, including informational and promotional activities by various U.S. government agencies; (3) investment and technology, including mechanisms for sharing technology and protection of intellectual property rights; (4) small and medium enterprise development; (5) financing, including interagency coordination with the private sector; and (6) policy development, including establishing a policy dialogue to discuss intellectual property rights and standards issues. Senior Officials from the United States and ASEAN were scheduled to hold their first meeting on implementing the AMG in early 1994.[99]

Figure N
Regional institutions and arrangements

AFTA (ASEAN Free Trade Area)	Agreement reached in January 1992 among the six ASEAN members to phase out tariffs on selected items over a 15-year period.
APEC (Asia-Pacific Economic Cooperation)	A regional forum established in 1989 aimed at promoting economic cooperation among the economies of the Asia-Pacific. Membership as of January 1, 1994 included– Australia, Brunei, Canada, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Taiwan, Thailand, the United States, Mexico, and Papua New Guinea.
ASEAN (Association of Southeast Asian Nations)	A regional political and economic organization established in 1967. Its founding purpose was to promote economic growth, trade, regional peace and stability. Membership includes Brunei, Indonesia, Malaysia, the Philippines, Singapore, and . Thailand
EAEC (East Asian Economic Caucus)	A regional consultative grouping (formally known as the East Asian Economic Grouping) proposed by Malaysia in 1990. In 1993, ASEAN agreed to incorporate the concept in some form under APEC.

ENDNOTES

[1] Public Law 103-108.

[2] For a discussion, see, U.S. General Accounting Office, *North American Free Trade Agreement: Assessment of Major Issues*, GAO/GGD-93-137, Sept. 1993 and Office of Technology Assessment, *U.S.-Mexico Trade: Pulling Together or Pulling Apart?*, ITE-545, Oct. 1992.

[3] Most prominently, his October 4, 1992, campaign speech in Raleigh, North Carolina.

[4] See, for example, remarks made February 5. "The President's News Conference with Prime Minister Brian Mulroney," *Weekly Compilation of Presidential Documents*, Feb. 8, 1993, pp. 147-149.

[5] See, for example, remarks of Patrick J. Buchanan, *New York Times*, Aug. 27, 1993, p. D-2.

[6] See, for example, letter from President Clinton to the Congress of the United States in which he transmitted legislation to implement the NAFTA, Nov. 4, 1993.

[7] See, for example, "Presidential Statement on North American Free Trade Agreement Supplemental Accords," Aug. 13, 1993, reprinted in *Weekly Compilation of Presidential Documents: Administration of William J. Clinton, 1993*, pp. 1613-4.

[8] See, for example, remarks of Representatives Derrick, Soloman, and Sanders, *Congressional Record*, Vol. 139, No. 160, Pt. II (Nov. 17, 1993).

[9] See, for example, remarks of Representatives Rostenkowski, Gingrich, Beilenson and Fish, *Congressional Record*, Vol. 139, No. 160, Pt. II (Nov. 17, 1993), and of Senators Mitchell, Dole, Gramm, Harkin, and Wyden, *Congressional Record*, Vol. 139, No. 163 (Nov. 20, 1993).

[10] The Committees on Ways and Means, Agriculture, Banking, Finance and Urban Affairs, Energy and Commerce, Foreign Affairs, Government Operations, the Judiciary, and Public Works and Transportation.

[11] These procedures are established in section 1103 of the Omnibus Trade and Competitiveness Act of 1988 (Public Law 100-418).

[12] Including the pursuit of "greater market access for United States exports of goods and services and opportunities for export-related investment by United States persons," through bilateral or multilateral agreements that are "consistent with, and complementary to, existing international obligations of the United Sates and ongoing multilateral efforts to open markets." Sec. 108 (b).

[13] Including cut flowers, peanuts, tomatoes and peppers, and frozen concentrated orange juice.

[14] Chapter 19 of the NAFTA requires Mexico to make a number of changes in its antidumping and countervailing duty laws, primarily related to the process for conducting such investigations. Section 402 of the NAFTA implementing bill establishes a process in the United States for preparing the roster of individuals eligible to serve on panels and committees and for selecting panelists and committee members for particular disputes. USTR was required to submit lists of candidates to the House Committee on Ways and Means and to the Senate Finance Committee; a list of the judges included on such rosters will be provided to the Senate and House Judiciary Committees. Section 402(h) of the bill also requires biannual reports by USTR on the steps it is taking to include candidates with judicial experience in rosters and panels.

[15] Section 406 of the bill states that the objectives of the United States in future subsidy negotiations with NAFTA partners shall include increased discipline over domestic and export subsidies and maintenance of effective remedies against subsidized imports.

[16] The Act's passage was considered desirable rather than necessary to implement NAFTA. (See *Statement of Administrative Action*, p. 2.) It had been approved by Congress earlier, but was vetoed by then-President Bush.

[17] NAFTA Implementation Act, sec. 101(b)(2).

[18] Ibid., secs. 531-544.

[19] Such laws and policies do not include those directly related to worker safety or health or those whose primary purpose is managing the commercial harvest or exploitation of natural resources. Environmental Agreement, art. 45.2 (a) and (b).

[20] Environmental Agreement, arts. 3, 2, and 5. Labor Agreement, arts. 2 and 3.

[21] The dispute settlement process covers key labor areas such as health and safety, child labor, and minimum wages. However, industrial relations, including the right to organize and bargain collectively, are not subject to the labor agreement's dispute settlement procedure.

[22] Environmental Agreement, arts. 4 and 7. Labor Agreement, arts. 6, 7, 4, and 5.

[23] Environmental Agreement, art. 10.

[24] Ibid., art. 10.6.

[25] Ibid., arts. 12 and 13.

[26] Ibid., arts. 14 and 15. The Commission is not permitted to pursue matters subject to pending judicial or administrative proceedings or to develop a factual record on any matter without the Council's expressed instruction based on a two-thirds vote.

[27] Labor Agreement, art. 12.2.

[28] Ibid., art. 14.

[29] Environmental Agreement, arts. 14, 16, and 17; Labor Agreement, art. 17.

[30] Environmental Agreement, arts. 34 to 36; Labor Agreement, arts. 39 to 41. In lieu of trade sanctions against its products, Canada agreed to make panel-ordered remedies directly enforceable in Canadian courts, but the United States and Mexico were unwilling to give automatic force to decisions by an international tribunal. Environmental Agreement, annex 36A; Labor Agreement, annex 41A.

[31] Environmental Agreement, art. 24; Labor Agreement, art. 23.

[32] *Understanding Between the Parties to the North American Free Trade Agreement Concerning Chapter 8 - Emergency Action*, Sept. 13, 1993.

[33] U.S. Department of Treasury Fact Sheet, *Border Environmental Clean-Up: Sources of Financing*, telex, Nov. 9, 1993.

[34] The offsets were provided for in sections 521 through 523 of the NAFTA implementing bill. Some NAFTA-related spending is authorized only in the bill and thus remains subject to appropriations. Funding for the first installment ($56.25 million) of the $225 million in paid-in capital the United States has committed to provide for the North American Development Bank in fiscal years 1994-1998 has been provided, but, the remaining $168.75 million in paid-in capital, that the United States committed has not been provided. U.S. Department of Treasury Fact Sheet, *NADBank Funding*, telex, Nov. 9, 1993.

[35] The fees will be raised by $1.50 per international passenger arriving by air or sea (from $5.00 per passenger to $6.50) through fiscal year 1997. Air and sea passengers arriving from Mexico, Canada, the Caribbean, and the U.S. territories will no longer be exempted from the fee until fiscal year 1998, at which time their previously granted exemptions will resume.

[36] The Administration's position that the National Environmental Policy Act did not require it to prepare a formal environmental impact statement in connection with NAFTA was upheld in a unanimous decision by the Court of Appeals for the District of Columbia Circuit in *Public Citizen et al. v. USTR*, issued September 24, 1993. The Court agreed with the Administration's argument that the NEPA and the EIS requirement applied to actions of Federal agencies, but not to actions of the President himself. The Court of Appeals decision reversed a June 30 ruling by District Court Judge Charles Richey that had created uncertainty about the United States' ability to proceed with NAFTA and cast a pall over future trade liberalization initiatives. A similar suit regarding the GATT Uruguay Round was filed in late February 1994.

[37] USTR, *Statement of Ambassador Kantor on the Court of Appeals Decision in Public Citizen et al. v. USTR*, press release, No. 93-64, Sept. 24, 1993.

[38] All goods provided for in the Harmonized System subheading 2009.11.

[39] U.S. Trade Representative Michael Kantor, letter to the Honorable Jaime Serra Puche, Secretary of Commerce and Industrial Development (Mexico) regarding frozen concentrated orange juice, Nov. 3, 1993. The Honorable Jaime Serra Puche, letter to U.S. Trade Representative Michael Kantor, Nov. 3, 1993, reprinted in *North American Free Trade Agreement Supplemental Agreements and Additional Documents*, House Document 103-160, pp. 94-97.

[40] U.S. Trade Representative Michael Kantor, letter to the Honorable Jaime Serra Puche, Secretary of Commerce and Industrial Development (Mexico) regarding tariff acceleration, Nov. 3, 1993. The Honorable Jaime Serra Puche, letter to U.S. Trade Representative Michael Kantor, Nov. 3, 1993, reprinted in *North American Free Trade Agreement Supplemental Agreements and Additional Documents*, House Document 103-160, pp. 140-142.

[41] SAA, p. 31.

[42] 58 *Federal Register* 68186.

[43] USTR, *USTR Announces Initiation of Tariff Acceleration Round*, press release, No. 93-79, Dec. 29, 1993.

[44] NAFTA Implementation Act, sec. 101(b)(1) and (2).

[45] USTR, *Canada Announces Intention to Proclaim NAFTA: U.S., Canada, and Mexico Release Joint Statements on NAFTA*, press release 93-72, Dec. 2, 1993, and the accompanying, *Statement by the Governments of Canada, Mexico, and the United States Regarding Future Work on Antidumping Duties, Subsidies, and Countervail.*

[46] This was accomplished via a January 19, 1993, exchange of diplomatic notes.

[47] See NAFTA, annex 302.2.

[48] For example, Canada and the United States agreed that they would continue to abide by certain provisions of article 708 of the CFTA not incorporated in the NAFTA, that bilateral technical working groups and the Joint Monitoring Committee established under CFTA article 708.4 would continue to meet and work toward implementation of the goals enumerated therein, and that issues arising out of implementation of article 708 are deemed matters that might affect the operation of NAFTA in respect to which Canada and the United States may have recourse to dispute settlement procedures provided under chapter 20 of the NAFTA. This agreement was reached via a January 15, 1993, exchange of letters among the three NAFTA parties.

[49] Twenty of the 48 binational panel reviews of dumping and countervailing duty rulings remained active at yearend 1993 under CFTA, chapter 19, including those involving imports of steel, softwood lumber, and magnesium from Canada and gypsum board, steel, pipe, and carpeting from the United States. These will remain subject to chapter 19 of the CFTA until the last Notice of Completion of Panel Review is published in the *Federal Register* or the *Canada Gazette*, at which time chapter 19 will be suspended. Matters that had been subject to dispute settlement under CFTA, chapter 18, were deemed by mutual agreement effected through a December 30, 1993, exchange of letters to be matters "that might affect the operation of this agreement" under article 2006 of the NAFTA for which the United States or Canada will have recourse to further dispute settlement under NAFTA, chapter 20. These matters include salmon and herring, UHT milk, durum wheat, sugar blends, wines and spirits, and provincial sales taxes.

[50] Presidential Proclamation 6641, Dec. 15, 1993, reprinted in 58 F.R. 66867, Dec. 20, 1993.

[51] Executive Order 12889, Dec. 27, 1993, reprinted in 58 F.R. 69681, Dec. 30, 1993.

[52] 58 *Federal Register* 69410, Dec. 30, 1993.

[53] Ibid., 69460, Dec. 30, 1993.

[54] 59 *Federal Register* 110, Jan. 3, 1994.

[55] 58 *Federal Register* 69460, Jan. 3, 1994.

[56] A complete listing of the United States' NAFTA-related regulations is maintained by the United States Section to the NAFTA Secretariat, which was established via EO 12889 of December 27, 1993 (reprinted in 58 F.R. 69681, Dec. 30, 1993), and is housed in the Department of Commerce. The U.S. Secretary is James Holbein.

[57] NAFTA, art. 2001.

58 These are listed in NAFTA, annex 2001.2, along with citations to the NAFTA provisions that create them and describe their functions.

[59] The three parties agreed via a January 19, 1993, exchange of letters to continue eight working groups and a joint monitoring committee that had been established under article 708 of the CFTA (dealing with agricultural standards). On August 13, 1993, the three agreed to establish a working group on emergency action. In a December 2, 1993, joint statement, the three agreed to establish a working group on subsidies and countervailing duties and a working group on dumping and antidumping duties. At their January 14, 1994, ministerial, the NAFTA Commission agreed to set up two more working groups: one dealing with government procurement and another with investment and services.

[60] SAA, p. 4.

[61] Sec. 321 (f). The U.S. Department of Agriculture gave notice of its proposed rulemaking for end-use certificates on Apr. 13, 1994 (59 FR 17495). Wheat and barley are among the issues still under active negotiation between the United States and Canada.

[62] NAFTA Implementation Act, sec. 513. New Canadian restrictions on advertising revenues that are aimed at foreign-affiliated magazine publishers were not cited in the report itself, but were mentioned by Ambassador Kantor in his press statement accompanying the report.

[63] Letter from President William Clinton to Congressman John English, Nov. 15, 1993.

[64] The President requested the Commission to undertake investigations on wheat and peanut butter via a letter dated Nov. 15, 1993. The Commission instituted investigation nos. 22-54 (wheat) and 22-55 (peanut butter) on Jan. 18, 1994.

[65] "Vision for the Economy of the Asia-Pacific Region in the Year 2000 and Tasks Ahead," Follow-up of the APEC Report, *Report of the Fifth Senior Officials Meeting and Recommendations for Ministers,* Nov. 1993, pp. 33-34.

[66] Ibid.

[67] President Clinton, "Building a New Pacific Community," an address at Waseda University, *Dispatch*, U.S. Department of State, Bureau of Public Affairs, vol. 4, No. 28, pp. 1-5.

[68] "Fact Sheet: U.S. Economic Relations With East Asia and the Pacific," *Dispatch*, U.S. Department of State, Bureau of Public Affairs, Aug. 2, 1993, Vol. 4, No. 31, p. 554.

[69] ASEAN members include Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

[70] Other regional cooperative fora, such as the Pacific Basin Economic Council and Pacific Economic Cooperation Council, are private organizations.

[71] "Expanded Regional Economic Cooperation Planned," *FBIS*, Oct. 18, 1991, p. 25.

[72] In January 1994, Indonesia assumed the Chair and will host the sixth Ministerial in November. Japan will host the 1995 Ministerial.

[73] U.S. Department of State, Bureau of Public Affairs, "Asia-Pacific Economic Cooperation (APEC), *Fact Sheet*, Office of Communication, Sept. 14, 1993.

[74] Delegations from Australia, Brunei Darussalam, Canada, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Republic of the Philippines, Singapore, Chinese Taipei, Thailand and the United States participated in the meetings. Representatives of the ASEAN Secretariat, the PECC, and the South Pacific Forum (SPF) attended as observers. The APEC Secretariat was also represented at the meeting.

[75] President Clinton had invited all APEC heads of state to a summit during a speech at Waseda University in Tokyo on July 7, 1993. Malaysian Prime Minister Mahathir did not attend the November meeting, indicating that the decision to invite leaders should have been made by APEC as a group. In the past, Mahathir has voiced concerns about domination of the APEC agenda by the United States and has attempted to garner support for the East Asian Economic Caucus (EAEC) which would include only Asian countries. In 1993, ASEAN representatives agreed to fold the EAEC into APEC, but its structure and operations remained unclear at yearend.

[76] "APEC Leaders Economic Vision Statement," Seattle, Washington, Nov. 20, 1993.

[77] "Declaration of APEC Ministers on the Uruguay Round" and "Statement by APEC Members Participating in the Uruguay Round," Nov. 1993.

[78] "Declaration on an APEC Trade and Investment Framework," Annex 1, Joint Statement of APEC Ministers, Nov. 20, 1993.

[79] "A Vision for APEC," APEC report of the Eminent Persons Group to APEC Ministers, Oct. 1993, pp. 8-12 and 15-19.

[80] Ibid.

[81] "Asia-Pacific Economic Cooperation Ministerial Meeting," Joint Statement, Seattle, Washington, Nov. 17-19, 1993, p. 2.

[82] Ambassador William Bodde, Jr. was appointed as the first Executive Director of the Secretariat.

[83] "Asia-Pacific Economic Cooperation Ministerial Meeting," Seattle, Washington, Nov. 17-19, 1993, p. 9.

[84] United States National Committee for Pacific Economic Cooperation, "Directory of Pacific Basin Institutions," Oct. 1988.

[85] Robert L. Curry, "Regional Economic Co-operation in Southern Africa and Southeast Asia, *ASEAN Economic Bulletin*, vol. 8, No. 1 (July 1991), p. 21.

[86] Ibid., p. 18.

[87] "Spotlight Is on the ASEAN Countries as Tenth ASEAN-U.S. Dialogue Begins," *Business America*, June 17, 1991, pp. 16-21.

[88] Curry, p. 26.

[89] PTAs provide for trade financing at preferential interest rates, preferences in government procurement, and the liberalization of nontariff measures. AIC provides for the coproduction of final products and components that complement other production within and among ASEAN countries. Under AIP, large-scale regional companies, in which member countries share 40 percent of the equity, may be established. The output of these regional industries is permitted to enter other member countries duty free. The AIJV program grants preferential tariff rates to intra-ASEAN trade from joint ventures involving two or more ASEAN countries and their foreign partner. The non-ASEAN partner may not hold more than 60 percent ownership in the joint venture. Curry, pp. 21-26.

[90] "ASEAN Talks Turn to Tighter Economic Security Ties," *Japan Economic Institute Report*, Aug. 2, 1991, pp. 9-11.

[91] "Anan Confident on Establishing Free Trade Area," *FBIS*, Oct. 1, 1991, p. 51.

[92] Ibid.

[93] The CEPT scheme was proposed by Indonesia as a method for reducing tariffs on manufactured goods, at first, to between 0 and 5 percent.

[94] "Fourth ASEAN Summit Opens in Singapore 27 Jan," *FBIS*, Jan. 28, 1992, p. 1.

[95] Mark Magnier, "Asian Free-Trade Compromise Proposed," *Journal of Commerce*, Jan. 23, 1992, p. 5A.

[96] United Press International, "ASEAN Ministers Create Product List for Tariff Cuts," Oct. 8, 1993; and "ASEAN to Forward Tariff Cuts by One Year," *Bangkok Post*, in *Daily Report: Inter-Asian Affairs*, Oct. 7, 1993, pp. 1-2.

[97] See, for example, "Fact Sheet: Association of Southeast Asian Nations (ASEAN)," *Dispatch*, U.S. Department of State, Bureau of Public Affairs, Vol. 4, No. 31, Aug. 2, 1993, p. 552.

[98] "Southeast Asia Trade Opening Up," *The Globe and Mail*, Oct. 14, 1991, p. B13.

[99] U.S. Department of State, "U.S./ASEAN Announce Alliance for Mutual Growth," telegram, message reference No. 365821, prepared by U.S. embassy, Tokyo, Dec. 4, 1993.

CHAPTER 3
Other Multilateral Trade Agreement Activities

The Organization for Economic Cooperation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) both provide a forum for consultation and policy coordination on economic issues of interest to their members. Bodies associated with UNCTAD, such as the international commodity organizations, provide a basis for coordinating and regulating certain aspects of international trade. The work of these organizations generally complements the work done in the GATT. The following sections detail activity by these organizations in 1993.

Organization For Economic Cooperation and Development

Introduction

Since its founding in 1960, the OECD has provided a forum for discussion and cooperative action among the 24 industrialized countries. The primary goal of the OECD is to foster sustainable economic growth among its members. In the ministerial communique issued annually at their mid-year meeting, OECD economics ministers focus on ways to carry out the structural reform of their economies necessary to promote growth and create jobs.

Communique Focus

At their 1993 meeting on June 2-3, ministers focused on the pressing need to conclude the Uruguay Round. They underscored the importance of strengthening multilateral trade policy rules, reforming agriculture to reduce the fiscal burden on national governments that reduces world savings, curbing the economic distortions caused by industrial subsidies,[1] and liberalizing international investment and services rules. They viewed reform in these areas as likely to eventually require changes in national policy in such areas as labor markets, human resources, migration, and the environment.

Trade Issues of the 1990s

The OECD often serves as a forum for discussing emerging economic topics, preparatory to their negotiation in the GATT or elsewhere. In looking beyond the Uruguay Round, the OECD ministers decided in 1991 to embark on new work in order to explore the trade issues of the 1990s. In light of the increasing globalization of business and the world economy, this work involves examining the links and interactions of trade policy with other areas considered largely domestic in nature. The issues to be pursued initially, as reaffirmed in the 1993 communique, include trade policy and its connection to (1) environmental policies, (2) investment policy, and (3) competition/antitrust policy. The OECD's work on new trade issues is being carried out by the Trade Committee in cooperation with other relevant OECD committees.

Trade and Environment

Work on trade and the environment is the most advanced of the new OECD agenda items. The aim is to study the interrelation between trade and environment policy, including how to better integrate the two to ensure the compatibility of trade and environmental policies and thereby contribute to the achievement of sustainable development. The goal is also to ensure that trade policy does not unwittingly undermine legitimate environmental goals.

The Joint Experts Group on Trade and Environment, established jointly by the Trade Committee and the Environment Committee in 1991, presented the Procedural Guidelines for Integrating Trade and Environment Policies to the OECD ministers at their June 1993 conference.[2] OECD

ministers endorsed the guidelines, which include a call for greater transparency and for consultation with interested parties during the development of trade or environment policy when one is likely to affect the other field significantly. They also called for examination of policies and agreements in each field to assess their impact on the other area and identify possible alternatives that could address concerns.[3] These guidelines for policy behavior by member countries are intended as a first step in the OECD that will include further analytical work on 10 issues, although negotiation of trade and environment issues are likely to continue.[4]

The joint experts group took up examination of each of the 10 subjects at their July and September 1993 meetings:

(1) Criteria and methodology for conducting examinations, reviews, and followup of trade and environmental policies and agreements;

(2) Effects of trade liberalization on the environment;

(3) Processes and production methods (PPMs);

(4) Trade and environmental principles and concepts;

(5) Dispute settlement and economic instruments;

(6) Environmental subsidies and trade;

(7) Use of trade measures for environmental purposes;

(8) Life-cycle management and trade;

(9) Harmonization of environmental standards;

(10) Environmental policies, investment, and trade.[5]

In December, the OECD Environmental Policy Committee held a ministerial session over 2 days to discuss many of the issues involved in integrating environmental concerns into trade policies, particularly in the interim leading up to the signing of the GATT Uruguay Round in Marrakesh, Morocco, during April 12-15, 1994.[6] The high-level group discussed trade and the environment from different viewpoints, such as industry, labor, nonprofit bodies, and policymakers. Among the issues discussed were the use of trade instruments to achieve environmental goals; trade liberalization and the environment, focusing largely on developing country concerns; and the future role of GATT in taking up environmental issues as part of trade policy decisionmaking.

Most delegates agreed that the GATT is the key forum for negotiation of trade and environment issues, and expressed support for the effort to create a GATT Committee on the Environment to serve this role. A key concern raised was how to constructively engage developing countries in discussions of trade and environment issues. The developing countries tend to view environmental protection as less pressing than other development objectives and fear that developed countries are using environmental objections to impose requirements that are detrimental to these other objectives.

Trade and Investment

Recent OECD work on investment policy has focused on preventing distortion of investment flows. This issue has been made increasingly important by the globalization and strategic alliances of business worldwide.[7]

Discussions have focused on the feasibility of a Wider Investment Instrument (WII). A WII could improve the 1990's economic environment by providing agreed common investment standards for the treatment of investors and by ensuring that the benefits and responsibilities of a liberal investment regime are equitably shared.[8] The Trade Committee, in conjunction with the OECD Committee on Capital Movements and Invisible Transactions (CMIT) and the Committee on Investment and Multinational Enterprises (CIME), had launched joint work in support of this aim. Discussions in 1993 yielded substantial progress on identifying the possible contents of a WII, raising the possibility of a negotiating mandate being extended at the 1994 ministerial meeting to pursue a WII when the group's feasibility findings are presented.

The group has explored different elements considered likely to be part of a WII including liberalization, investment protection, dispute settlement provisions, and a balance of commitments. Various members consider different components more or less desireable, but most anticipate combining into one instrument the OECD codes of liberalization[9] with additional elements added over time. A broader approach encompasses an expanded definition of investment under the liberalization component, with binding or strong commitments from subnational entities, commitments both before and after a WII is reached, and strict standstill requirements on investment restrictions (for instance, exceptions only for national security and public order). Under the investment protection or dispute settlement element, some members want investor access to arbitration and

more generally, are considering whether social policy or environmental issues should be included.[10] Many members expected that a WII, once established, could be open to non-OECD countries.

Trade and Competition Policy

The Trade Committee and the Competition Law and Policy Committee continued their joint effort to address the overlap between trade and competition policy. Progress during 1993 continued to be slow because of difficulty in developing agreed goals and objectives for joint work. Trade officials are attempting to ensure that foreign firms seeking market access abroad do not face artificial barriers, whereas competition policy experts are as yet unclear as to the specific barriers that must be addressed.[11]

Specific objectives from a trade perspective that might be incorporated into the joint group's work include (1) establishing better international cooperation and coordination between trade and competition officials, (2) realizing the full benefits of trade liberalization through appropriate competition policy, (3) eliminating trade advantages resulting from lax competition rules or enforcement, (4) abolishing institutional barriers for market entry, such as distribution system barriers, and (5) developing a multilateral framework for integrating competition into trade rules, possibly along the lines of that suggested in the 1947 Havana Charter seeking to establish an International Trade Organization.[12]

The following types of restrictive conduct by enterprises have been selected as priority areas from both the competition and trade policy perspectives that are thought to merit further examination: vertical restraints, distribution systems, abuse of monopoly power, and horizontal agreements among industries in different countries. Indepth analysis of particular examples of these generic issues has been undertaken and has already provided a basis from which to compare policy goals, concepts, different analytical methods, as well as institutional processes in both the trade and competition areas. The aim of this work is to uncover a common framework from which to analyze further trade and competition policy issues that overlap during future negotiations.[13]

In December, the OECD Committee on Competition Law and Policy (CLP) held a week-long session to discuss trade and competition linkages, vertical restraints, international agreements, and other topics. In discussions, international cooperation or bilateral antitrust agreements were raised as two possible means by which to deal with international cartels or other horizontal agreements, and with other problems such as jurisdictional limits. Delegates discussing a multilateral antitrust code, such as envisioned under the 1947 Havana Charter, considered an international antitrust code unlikely in the near future. Many members also considered the GATT as a less likely forum for international antitrust work, preferring the smaller OECD forum.[14]

At the session's conclusion, the group agreed to refine their work program to find language that would avoid prejudging the work program's conclusion. It also agreed to explore ways to improve notification of merger investigations, under the 1986 OECD Council recommendation concerning merger investigations,[15] and ways to better share confidential information among investigators.[16]

United Nations Conference on Trade and Development

The United Nations Conference on Trade and Development (UNCTAD) was created by the United Nations (UN) in 1964. Its purpose is to promote international trade as a means of accelerating the economic advancement of developing countries. UNCTAD is composed of 187 member states, including the 184 members of the United Nations plus Monaco, Switzerland, and Vatican City. UNCTAD convenes at the ministerial level approximately once every 4 years. UNCTAD VIII, the most recent ministerial conference, was held in February 1992.[17]

UNCTAD is the main forum for the General Assembly to deliberate on issues of international trade and economic cooperation. UNCTAD also provides a platform for countries at different stages of economic development, or with different economic systems, to exchange views on trade and aid programs. UNCTAD oversees the Generalized System of Preferences (GSP) and monitors and initiates international commodity agreements.

Negotiation and Operation of International Commodity Arrangements

UNCTAD is the primary organization within the UN system responsible for international commodity policy and commodity trade. In this role, UNCTAD promotes the negotiation of international commodity agreements among producing and consuming countries to stabilize market conditions for a wide range of primary products of vital economic importance to developing countries.

At the end of 1993, the United States was a member of 4 international commodity agreements covering jute and jute products, natural rubber, tropical timber, and wheat. In September 1993, the United States announced that it was ending its participation under the coffee agreement and it did not accede to a one-year extension of the agreement. The United States participated in negotiations for agreements covering cocoa and sugar, but did not sign them. These agreements are described in earlier reports in this series.[18] Table 3-1 and the following sections summarize significant developments related to the agreements during 1993.

Cocoa

After four sessions of negotiating conferences over the past year failed to conclude a new International Cocoa Agreement (ICCA), a special meeting of the Cocoa Council was held June 8-11, 1993, in London. A new agreement was formulated and later adopted at the July 1993 cocoa negotiating conference in Geneva. This new agreement replaced the old ICCA, which expired September 30, 1993. The new ICCA will last for 5 years, with provisions for two yearly extensions. Previously, a buffer stock scheme was utilized to influence global market prices. The new pact will focus on production management and consumption promotion. To minimize depression of market prices, the 230,000-ton buffer stock remaining from the old ICCA will be liquidated over the next 4-1/2 years (in monthly installments), at a rate of 51,000 tons per year.

The United States was not a signatory to any previous ICCA, nor is it expected to be a signatory to the new pact. Two major producers, Malaysia and Indonesia, share this position. In order for the new ICCA to become operative, five exporting countries, representing at least 80 percent of exports, and consuming countries, representing at least 60 percent of total imports, must participate.

Coffee

In June 1993, after a series of failures to negotiate a new International Coffee Agreement (ICA), the International Coffee Organization (ICO) agreed to extend the current ICA for another year to September 30, 1994. The ICA will continue to exist as a forum for international cooperation on coffee matters, and allow time for the negotiation of a new agreement.

On September 27, 1993, the United States notified the ICO that it could no longer justify participation in the ICA. Thus, it would not accede to the 1-year extension. Funding for continued participation was denied by lack of Congressional support and the U.S. coffee industry's strong preference for a "free coffee market." The United States has been an active member of the ICO since its inception more than 30 years ago.

In early July, a group of several Latin American coffee-producing countries signed an agreement establishing a confederation of coffee producing countries. In efforts to increase world coffee prices, Brazil, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua agreed to a "coffee retention scheme" whereby members would withhold 20 percent of their exportable production from the market, beginning October 1, 1993. African producers later agreed to join with Latin American producers in establishing a joint-retention scheme that would account for nearly 90 percent of global coffee exports. Meetings were held in late September to officially inaugurate the Pact, which was implemented on October 1, 1993.

The retention scheme is based on target price ranges of the 20-day moving average of the ICO composite coffee price for "Other Milds & Robustas." The formula to retain or release exports is as follows:

1) prices below 75 cents per pound: 20 percent retention;

2) prices between 75 and 80 cents for 20 days: 10 percent retention;

3) prices between 80 and 85 cents for 10 days: 0 retention; and

4) prices above 85 cents: a controlled release of stocks.

Members who export less than 400,000 bags annually would be exempt from retention.

The new "Association of Coffee Producers" (ACP) has 28 members and is headquartered in Brazil. The Association will focus on coordinating the production and marketing policies of producing countries, promoting coffee consumption, and supporting programs that would increase international market prices for coffee. Documents on controls relating to the retention plans will be centralized in the New York office of the National Federation of Coffee Growers of Colombia.

Jute and Jute Products

The International Jute Agreement (IJA), which is administered by the International Jute Organization (IJO) assisted by the International Jute Council (IJC),

Table 3-1
Summary of international commodity agreements, 1993

Commodity	Agreement	Organization	Location	U.S. Signatory	Control Mechanism		
					Type	Used in 1993	Total Members
Cocoa	International Coca Agreement	International Cocoa Organization	London, England	No	Buffer stock arrangement which includes a scheme for withholding supplies of coca beans from the market.	(2)	40
Coffee	International Coffee Agreement	International Coffee Organization	London, England	No	None	(2)	54
Sugar	International Sugar Agreement	International Sugar Organization	London, England	Yes[1]	None	(2)	31
Wheat	International Wheat Agreement	International Wheat Organization	London, England	Yes	None	(2)	36
Tropical timber	International Tropical Timber Agreement	International Tropical Timber Organization	Yokohama, Japan	Yes	None	(2)	51
Jute and jute products	International Jute Agreement	International Jute Organization	Dhaka, Bangladesh	Yes	None	(2)	29
Natural Rubber	International Natural Rubber Agreement	International Natural Rubber Organization	Kuala Lumpur, Malaysia	Yes	Buffer stock arrangement	Yes	38

[1] The United States did not sign the 1993 ISA because of the lack of a transparent formula for determining members' contributions to the ISO budget.
[2] Not applicable.

has been in operation since January 9, 1984. The IJA operates without the use of export quotas, buffer stocks, or price stabilization measures. The IJA is scheduled to expire in January 1996.

In 1993, the IJC held two meetings. These meetings, held during April and November in Dhaka, Bangladesh, focused on administrative and financial matters, review of the jute situation and policies affecting jute production and trade.

Natural Rubber

The International Natural Rubber Agreement (INRA II) was set to expire on December 28, 1993, but the International Natural Rubber Council extended the 1987 agreement for one year to allow time to negotiate a new agreement. A United Nations Conference on Natural Rubber is to be held under the auspices of UNCTAD during April 5-15, 1994, to negotiate the successor agreement.[19] Until November 1993, a decision on renegotiation was at an impasse mainly because producing and consuming members disagreed on revisions to the lower Reference Price.[20] This disagreement began in February 1993 when the International Natural Rubber Organization Council postponed a decision to lower the Reference Price because of opposition by the producing member countries.[21] However, according to the provisions of the agreement, the lowering of the Reference Price when the Daily Market Indicator Price (DMIP)[22] falls below the Lower Intervention Price[23] for a period of 6 months prior to review is supposed to be automatic.

Sugar

Although the United States participated in the 1992 negotiations for a new International Sugar Agreement (ISA), it is not a signatory of the 1992 ISA. The United States was a signatory to the previous 1987 International Sugar Agreement. The 1987 ISA operated for its initial 3-year term and through two 1-year extensions. Sixteen countries undertook action pertaining to the new 1992 ISA in 1993. These actions dealt with either notification of provisional application of the Agreement, ratification of the Agreement, accession to the Agreement, or approval of the Agreement.

By December 31, 1993, the ISA had 31 members, including 9 new members gained during calendar year 1993, based on the official communications received by the ISA from the Office of Legal Affairs of the United Nations. The ISA has not contained economic provisions to control prices since 1984.

Tropical Timber

The International Tropical Timber Council (ITTC) met three times in 1993 and in January 1994 in Geneva, Switzerland. These rounds of ITTC discussions resulted in the expansion of the 1983 agreement. By the year 2000, the tropical timber-producing countries agreed that the internationally-traded tropical timber must be harvested under a sustainable yield program. In addition, the member countries of the northern hemisphere agreed that they must strive to obtain sustainable yields on their temperate and boreal forest by the year 2000. The International Tropical Timber Agreement is scheduled to expire March 31, 1994.

Wheat

The International Wheat Council (IWC) in November 1992 extended the International Wheat Agreement (IWA) until June 30, 1995. A new executive director of the IWC was appointed from the United States in August 1992 despite the fact that the United States was then in arrears in its financial obligations to the IWC. Technically, under the provisions of the agreement, the United States had lost its vote. The U.S. account has been current since November 1992.

ENDNOTES

[1] In particular sectors such as shipbuilding, steel, and large civil aircraft.

[2] OECD, *Trade and Environment*, June 1993, OECD/GD(93)99. OECD, "Procedural Guidelines Set for Integrating Policies on Environment and Trade," *OECD Letter*, No. 2/6, July 1993, p. 4.

[3] OECD, "Procedural Guidelines," *OECD Letter.*

[4] U.S. Department of State, "OECD: Trade Committee, February 24-25, 1993," telegram, message reference No. 05215, Mar. 3, 1994, prepared by U.S. Embassy, Paris.

[5] U.S. Department of State, "OECD: Meeting of the Joint Trade and Environment Experts, July 1-2, 1993," telegram, message reference No. 17674, prepared by U.S. Embassy, Paris, July 7, 1993, par. 7.

[6] U.S. Department of State, "OECD: Environmental Policy Committee (EPOC) High-Level Session on Trade and Environment December 7-8, 1993," telegram, message reference No. 00504, prepared by U.S. Embassy, Paris, par. 1.

[7] The OECD codes of liberalization have provided investors with common investment guidelines since 1961, as well as a framework for discussion of problems and further liberalization. The codes were augmented in 1976 by the National Treatment Instrument (NTI) that obliged OECD member countries to grant national treatment to investments from other members for the establishment, operation, and disposition of investments.

[8] U.S. Department of State, "OECD: Joint Meeting on the Wider Investment Instrument (WII) - December, 1993," telegram, message reference No. 35012, prepared by U.S. Embassy, Paris, Dec. 29, 1993, par. 6.

[9] The committees that oversee the codes—Capital Movements and Invisible Transactions (CMIT) for the codes of liberalization and Committee on Investment and Multinational Enterprises (CIME) for the NTI—as well as the Committee on Financial Markets (CFM), could be combined to reflect this integration and extension of the codes into a WII. U.S. Department of State, "OECD: The Wider Investment Instrument," telegram, message reference No. 24623, prepared by U.S. Embassy, Paris, Sep. 16, 1993, par. 13.

[10] U.S. Department of State, "OECD: Joint Meeting on the Wider Investment Instrument (WII) - December, 1993," telegram, message reference No. 35012, prepared by U.S. Embassy, Paris, par. 3.

[11] U.S. Department of State, "OECD: Trade Committee, February 24-25, 1993," telegram, message reference No. 05215, prepared by U.S. Embassy, Paris, Mar. 2, 1993, par. 22.

[12] Ibid., par. 21.

[13] USTR, *1994 Trade Policy Agenda and 1993 Annual Report*, Washington DC, 1994, p. 44.

[14] U.S. Department of State, "OECD: Competition Law and Policy Meeting, December 6-10, 1993, Paris," telegram, message reference No. 34364, prepared by U.S. Embassy, Paris, Dec. 21, 1993, pars. 9-10.

[15] Possibilities included modification of the 1986 recommendation, imposition of a requirement on parties to a merger to notify "the fact of notifications" to other agencies, and better dissemination of information already in the public domain. Guidelines on confidentiality and a waiver system and model filing forms and harmonization of time periods will also be taken up as possible improvements.

[16] U.S. Department of State, "OECD: Competition Law and Policy Meeting, December 6-10, 1993, Paris," telegram, message reference No. 34364, par. 9.

[17] For a detailed discussion of UNCTAD VIII, see USITC, *The Year in Trade: OTAP*, 1992, USITC publication 2640, July 1993, pp. 39-40.

[18] Ibid., pp. 40-43.

[19] U.S. Department of State, "United Nations Conference on Natural Rubber," telegram, message reference No. 00667, prepared by U.S. Embassy, Kuala Lumpur, Jan. 26, 1994; and U.S. Department of State, "UNCTAD: Dates Set for U.N. Conference on Natural Rubber," telegram, message reference No. 00060, prepared by U.S. Embassy, Geneva, Jan. 4, 1994.

[20] The Reference Price is a midrange price level that is used to guide buffer stock operations (the principal price stabilization mechanism of the agreement).

[21] Producing member countries reportedly want the agreement to support and stabilize prices. Economist Intelligence Unit, *Rubber Trends*, London, Mar. 1993, p. 18.

[22] The Daily Market Indicator Price is a composite, weighted average of daily official current-month prices of selected grades of rubber in the Kuala Lumpur, London, New York, and Singapore markets.

[23] The Lower Intervention Price is set 15 percent lower than the Reference Price.

CHAPTER 4
U.S. Relations With Major Trading Partners

This chapter reviews trade relations and principal bilateral trade issues with seven major U.S. trading partners in 1993: the European Union (EU),[1] Canada, Japan, Mexico, China, Taiwan, and the Republic of Korea (Korea). An analysis of U.S. trade flows with these partners was provided in the introduction to this report.

The European Union

During the first half of 1993, the U.S.-EU bilateral trade relationship was marked by a dispute over EU implementation of discriminatory public procurement rules. Issues related to finalizing the Uruguay Round dominated the U.S.-EU trade relationship during the second half of 1993. Throughout 1993, the United States monitored the EU's full agenda on integration and enlargement to ensure that no new barriers to trade were created. Both the "1992" program and the Maastricht Treaty entered into effect. The EU also made significant progress in negotiating closer trade relationships with its European neighbors; for example, the European Economic Area agreement entered into force on January 1, 1994, and the EU nearly completed membership negotiations with four countries, which are expected to join the Union on January 1, 1995.

Public Procurement

The long-running U.S.-EU dispute over public procurement intensified on February 1, 1993, when the new U.S. Trade Representative Mickey Kantor announced that the Clinton administration intended to impose sanctions on the EU under Title VII of the Omnibus Trade and Competitiveness Act of 1988.[2] These sanctions came in response to EU implementation on January 1 of the so-called Utilities Directive, which the United States contends discriminates against foreign firms bidding on EU public utility contracts.[3]

The EU's Utilities Directive opens up procurement practices to EU-wide competition in the water, energy, transport, and telecommunications sectors.[4] Within the EU, the directive has a market-liberalizing effect, as these sectors comprise primarily state-owned utilities, which had previously tended to give preference to national suppliers. However, article 29 of the directive allows procuring entities to exclude offers from consideration when less than half of the value of the tender is of EU origin. Article 29 also mandates a 3-percent price preference to EU bids over equivalent non-EU-origin offers.

Title VII of the 1988 Omnibus Trade and Competitiveness Act requires the administration to annually submit to Congress a report identifying foreign countries that discriminate against U.S. products or services in government procurement according to certain criteria. Title VII provides for consultations with these identified countries and for appropriate Presidential action (possibly including sanctions) to follow if the discrimination is not addressed within a specified time frame. In its first two Title VII reviews in 1990 and 1991, the U.S. administration took note of discriminatory procurement practices by the EU and its member states in the areas of telecommunications and heavy electrical equipment, but did not formally identify them under the statute. In January 1992, the administration conducted an "early review" of the EU's procurement practices, leading to a February 22 identification of the European Union as discriminating against U.S. businesses in procurement by its state-owned telecommunications and power generating utilities. In April 1992, President Bush announced that sanctions under Title VII would not take effect until January 1993 to allow ample time for U.S. and EU negotiators to complete the GATT Government Procurement Code negotiations, enabling the EU to eliminate the discriminatory provisions of its Utilities Directive

before its scheduled implementation date of January 1, 1993.[5]

Because the Utilities Directive (including article 29) was implemented unchanged on January 1, 1993, the Clinton administration announced that sanctions on the European Union would commence on March 22.[6] The sanctions would prohibit awards of contracts by Federal agencies for products and services from some or all members of the EU. In order to allow further time for negotiations to resolve the issue, the Office of the U.S. Trade Representative (USTR) twice postponed the deadline for imposition of sanctions.[7]

On April 21, the United States and European Union reached an agreement on procurement of heavy electrical equipment.[8] Under the terms of the agreement, the EU would remove the discrimination against U.S. suppliers of heavy electrical equipment called for by the Utilities Directive and the United States would remove the "Buy American" preferences of the Tennessee Valley Authority and the five Federal power administrations of the Department of Energy.[9] The USTR estimated that this agreement would open a $20 billion market in the EU to U.S. firms. With respect to ongoing negotiations to improve the GATT Government Procurement Code, the United States and EU agreed to extend Code coverage to federal government procurement of services and previously uncovered goods. Both sides also agreed to explore the possibility of subfederal participation in the final GATT Code agreement. In addition, the two parties agreed to jointly sponsor an independent study of the procurement opportunities arising from their GATT Code proposals. No agreement on telecommunications was reached during the discussions. As a result, the United States announced that it would proceed with Title VII sanctions, adjusting them to reflect the remaining discrimination in the EU market.[10]

On May 28 the United States imposed sanctions on EU access to U.S. Government telecommunications and other services contracts worth approximately $20 million annually.[11] Nine of the twelve member states were affected; Portugal, Spain, and Greece were exempted from the sanctions since they have not yet applied the Utilities Directive. Angered by the U.S. decision to impose sanctions despite their recent negotiating success, Sir Leon Brittan, European Commissioner for External Economic Affairs, warned "...the US cannot expect us to ignore wholly unjustified action of this kind."[12] Indeed, on June 8, the EU voted to impose $15 million in counter-sanctions.[13]

On June 10, two days after the EU counter-sanctions were agreed upon, the U.S. Trade Representative announced that a bilateral agreement with Germany over the procurement issue had been reached.[14] Under the agreement, Germany agreed not to apply Article 29 of the Utilities Directive against U.S. bids. In return, the United States agreed not to impose on Germany the sanctions that were applied to other EU member states, and Germany would not impose on the United States the counter-sanctions agreed by the EU on June 8. The European Commission was surprised by the German move, warning that "any bilateral agreement of such a kind would be illegal under Community law" and that failure by a member state to transpose an agreed EU directive into national law "would render it liable to infringement proceedings."[15] Defending their actions, German officials cited a 1954 Friendship, Commerce, and Navigation (FCN) treaty with the United States obligating them to guarantee nondiscriminatory market access to U.S-owned firms. According to these officials, the 1954 treaty takes precedence over the Treaty of Rome which established the European Community in 1957.

The European Commission disagreed with the German interpretation of the law, pointing out that Article 234 of the Treaty of Rome calls upon member states to take appropriate action to eliminate incompatibilities between their preexisting bilateral agreements and EU laws.[16] On July 14, the European Commission announced that it would propose to exclude the U.S.-German treaty and six other bilateral FCN treaties between the United States and EU member states from its annual rollover of treaties considered to be compatible with the EU's common commercial policy.[17]

Because Germany failed to provide a written guarantee to provide U.S. firms nondiscriminatory access to Germany's market, U.S. sanctions over telecommunications procurement remained in effect against Germany through the end of 1993.[18] Resolution of the U.S.-EU telecommunications procurement dispute remains linked to the ongoing negotiations to expand and improve the GATT Government Procurement Code.

EU Integration and Enlargement

The "1992" Program

January 1, 1993 marked the formal establishment of the EU's single internal market. With most of the 1992 or single market program's legislation adopted at the Union level, in 1993 the European Commission's attention turned to member-state implementation and

the development of measures to encourage the effective functioning of the internal market.[19]

The European Commission's White Paper, which launched the 1992 program in 1985, listed some 282 measures considered necessary to achieve a frontier-free market among the member states. As of February 15, 1994, the EU Council had adopted over 94 percent, or 266, of the 282 measures.[20] Still awaiting adoption are measures mainly in the areas of company law, taxation, and intellectual property rights. As of mid-December 1993, 262 measures had entered into force, of which 219 required national implementing legislation. According to the European Commission, member states had transposed into national laws 87 percent of these 219 measures.[21]

To ensure the full economic potential of the internal market, in December the European Commission issued a "strategic program."[22] The program outlines both legislative and nonlegislative initiatives. First, the plan proposes more effective management of the internal market to ensure that EU laws are properly and evenly applied and enforced across member states and that new needs can be met as circumstances change. Accordingly, the European Commission plans to propose measures that would increase cooperation between the EU and member states, improve communication with businesses and consumers, and improve access to justice. Also, the European Commission recognizes the need to adopt the remaining White Paper proposals as well as related measures that establish the basic legal framework for the internal market. The plan proposes to enact more legislation to enhance the business environment, including developing a more favorable tax system for companies and creating cross-border European networks in the transport, energy, and telecommunications fields. Finally, the European Commission proposes to strengthen the internal market by linking more closely other EU policies, in particular competition policy, consumer policy, and policy in favor of small- and medium-sized enterprises. The European Commission intends to publish annual reports on the internal market that will review progress toward the objectives of the strategic program and recommend changes.

The United States has supported the completion of the EU single-market program and has actively monitored its policies to ensure that U.S. interests are protected. Of particular concern to the United States in 1993 were issues related to public procurement procedures in the Utilities Directive (see above); the Broadcast Directive; standards, testing, and certification; and intellectual property rights.

Since 1989 the Broadcast Directive has required EU member states to guarantee "where practicable" that broadcasters reserve a majority proportion of their entertainment transmission time for European operations. By the end of 1993, all member states had transposed the directive into their national laws. Some member states reportedly have not implemented broadcast quotas, such as Great Britain, Germany, and the Netherlands.[23] Other member states, such as France, had previously instituted quotas stricter than required under the Broadcast Directive. The United States believes that these quotas violate the GATT and has held consultations with the EU under GATT article XXII. In addition, broadcasting was addressed in the Uruguay Round, which resulted in coverage of the EU audio-visual sector under the General Agreement on Trade in Services (GATS). Although the Europeans refused to liberalize trade in this sector, the GATS provides for future negotiations aimed at liberalization.[24]

The U.S. Government continues to raise a variety of issues with EU officials related to standards, testing, and certification. Concerns include the lag time in the development of EU standards, inconsistent application and interpretation by member states of internal market rules, the current policy that requires third-party testing and certification of regulated products take place in the EU, and the increasingly widespread use of the quality management standard ISO 9000, which can impose a costly certification process on U.S. exporters. In the area of intellectual property rights (IPR), some proposed EU directives establish rights based on reciprocity rather than national treatment. Furthermore, U.S. companies have objected to an IPR licensing policy adopted by the European Telecommunications Standards Institute (ETSI), a quasi-private standards-setting organization.[25] The policy sharply circumscribes the ability of IPR owners to freely make licensing decisions. If U.S. companies choose not to adhere to the policy, they will be precluded from the ETSI standards-making process. As a result, ETSI standards will not address their technology and U.S. exports could be adversely affected.[26]

The Maastricht Treaty

The Treaty on European Union, also known as the Maastricht Treaty, entered into force on November 1, 1993, after a long ratification process. The treaty, which provides a framework for greater economic and political union within the EU, contains provisions for three "pillars" of cooperation in the Union: a common foreign and security policy, common action in home

and justice affairs, and a three-stage timetable for economic and monetary union (EMU).[27]

Stage 2 of EMU began January 1, 1994, with the establishment of the European Monetary Institute (EMI). The EMI will manage and coordinate member-state monetary policies through the second stage and will oversee preparations for the establishment of a single currency (the ecu) and the European Central Bank in the third stage. In preparation for stage 3 and the completion of EMU, member states are required to meet certain economic convergence criteria which include low public debts and budget deficits, low inflation and long-term interest rates, and currency stability for 2 years prior to a single currency. The Maastricht Treaty calls for monetary union by 1997 or 1999 at the latest, but poor economic conditions and monetary difficulties have threatened to cause delays. In particular, speculation against the currencies of the European exchange rate mechanism (ERM), designed to coordinate exchange rates among EU currencies as a precursor to a single currency, led EU finance ministers and central bankers on August 2 to abandon the 2.25-percent bands around central parities that held EU currencies in the ERM and replace them with 15-percent bands. This "temporary" measure remains in effect. Furthermore, mounting unemployment, recession, and growing public deficits threaten to derail progress toward EMU.

Other topics covered in the Maastricht Treaty include European citizenship, a social protocol, and institutional changes. With respect to the latter, the European Parliament will see its role expanded to include co-decision powers with the Council of Ministers in certain policy areas and the power to ratify all the EU's mainly political, economic, and financial agreements with non-EU countries.[28]

By yearend 1992, all but three EU member states—Denmark, the United Kingdom, and Germany—had ratified the Maastricht Treaty. These three countries eventually ratified the treaty in 1993, but not without considerable struggle. Having first rejected the treaty in a popular referendum held in June 1992, Denmark voted to accept Maastricht in a second referendum on May 18, 1993. The "Yes" to European union came after the other EU member states agreed at the Edinburgh Summit in December 1992 to allow Denmark to opt out of several provisions of the treaty, including those establishing the single currency, European citizenship, and common foreign and defense policies.[29] Encouraged by Danish ratification, but delayed by a Parliamentary dispute over an exemption from the social protocol and by a High Court challenge to British acceptance of the treaty without a popular referendum, the United Kingdom finally ratified the treaty on August 2, opting out of the social protocol, which guarantees employee rights throughout the EU.[30]

German ratification of the Maastricht Treaty followed a Constitutional Court challenge initiated by a former German EU official, private citizens, and several members of the German Parliament who claimed that the treaty was unconstitutional. They argued that the treaty lacks provisions for adequate democratic control of EU decision-making bodies and that a transfer of sovereign powers to them would be unconstitutional.[31] Article 20 of the German Basic Law, one of the cornerstones of Germany's constitutional order, provides for all state authority to come from the people, as members of a democratic and social federal state. On October 12, 1993, the Constitutional Court in Karlsruhe ruled that the Maastricht Treaty is compatible with the German constitution, including article 20, and on October 13 Germany deposited its instruments of ratification.[32] Despite confirming the constitutionality of the Maastricht Treaty, the court reserved the right to oversee future integration in Europe with regard to its compatibility with the German constitution and to intervene if ever the rights of German citizens are violated. The court also restricted the areas where the European Court of Justice will have overriding competence over the German Constitutional Court.[33]

With the Maastricht Treaty scheduled to go into force on November 1, 1993, the EU heads of state met in Brussels on October 29 to celebrate ratification of the agreement and to launch the implementation of its provisions. At the summit, EU leaders initiated a common foreign and security policy which, by agreement, will be developed gradually and will reflect the common interests of all member states to protect the political and economic stability of the EU and its neighbors.[34] In home and justice affairs, EU leaders agreed to move toward greater cooperation in the following areas: the creation of Europol (the European police agency); enforcement activities regarding illegal drug shipments; common action in the field of asylum law; the creation of a list of third countries whose nationals will require visas; judicial cooperation with particular reference to extradition; and the question of readmission of illegal immigrants.[35] EU heads of state decided on the location of new European agencies and reaffirmed their commitment to continue efforts toward the establishment of EMU within the timeframe specified in the treaty.[36]

Relations With European Neighbors and Prospects for Enlargement

The EU continued to strengthen its ties with countries outside of the EU throughout the year. The European Economic Area (EEA) agreement, which would create a free trade zone between the EU and five members of the European Free Trade Area (EFTA), had been targeted for entry into force on January 1, 1993, the same time as the EU internal market program.[37] However, several setbacks delayed its implementation. After a public referendum in Switzerland in December 1992 rejected the EEA, renegotiation of the treaty was required to accommodate Swiss non-participation. The revised agreement, reached in February 1993, called for the remaining EFTA members to make up part of Switzerland's expected financial contribution to the Cohesion Fund, which supports development of the poorer EU member states. It also rescheduled the start of the EEA and allowed Switzerland to join the EEA, if it so chooses in the future. Since the February renegotiation, delays in ratifying the agreement by several EU member-state parliaments further delayed its implementation, frustrating EFTA members who view the EEA as an important economic stimulus.[38]

On January 1, 1994, the EEA entered into force. It extends the four EU single-market freedoms—free movement of goods,[39] capital, services, and people—as well as certain horizontal policies, such as state aids and research and development to the EFTA member countries of Austria, Finland, Sweden, Iceland, and Norway. Although Liechtenstein is a contracting party to the EEA, it must renegotiate its customs union with Switzerland before it can participate.

Some EFTA nations view EEA membership as an important transition to full EU membership;[40] indeed, four EFTA countries began membership negotiations in 1993. Negotiations with Sweden, Finland, and Austria began on February 1, 1993, and negotiations with Norway started April 5, with a view to simultaneous accession by all four countries on January 1, 1995. Membership requires each applicant to accept in full the *acquis communautaire*, the body of primary and secondary legislation making up the EU legislative and policy framework, subject to possible transition periods or temporary derogations.[41] The political neutrality of Austria, Sweden, and Finland had been viewed as a major stumbling block to accession, but these countries declared their commitment to the common foreign and security policy.[42] The most difficult negotiations focused on agriculture, regional policy (aid to poorer regions), state monopolies (for instance, on alcohol distribution), and the environment. After a slower pace, the European Council at its October 29 meeting in Brussels urged acceleration of the enlargement negotiations to enable completion by March 1, 1994.[43] Once accession is successfully negotiated, the European Parliament and the parliaments of the EU member states and applicant countries must ratify the membership.

In addition to those countries whose accession is currently being negotiated, four other countries—Switzerland, Turkey, Cyprus, and Malta—have applied for full EU membership. Switzerland's application for EU membership, presented in May 1992, was suspended following its rejection of the EEA in December of that year. However, the Swiss Government plans to reactivate its membership application sometime after 1995, when the other four EFTA nations are expected to accede.[44] In the meantime, concern about the impact of remaining outside the EEA and the EU has prompted Switzerland to strengthen its relationship with the EU through bilateral negotiations on a wide variety of topics, including technical barriers to trade, public procurement, intellectual property, and market access for agricultural products.[45]

Turkey saw some progress in its move toward Union membership on November 8, when EU and Turkish Foreign Ministers confirmed their commitment to complete a customs union by 1995.[46] Turkey has been an associate member of the EU since 1964, but received a negative opinion from the European Commission on its formal membership application in 1989 because of both political and economic reasons. Cyprus and Malta, which applied for membership in July 1990, received positive opinions from the European Commission on their applications in 1993. However, neither country is expected to join before 1995. In Cyprus, the main obstacle is political. The EU hopes that the Greek Cypriot Government and Turkish armed forces, who govern the northern part of the island, can reach agreement under the U.N.-sponsored peace plan before negotiations for membership begin, although the situation will be reassessed in January 1995 regardless. In the case of Malta, the EU has called for structural reforms of its protectionist economy, which is characterized by high taxes, high customs tariffs, and quantitative restrictions.[47]

Recognizing the significant effort put forth by the countries of Eastern and Central Europe to modernize their economies after decades of central planning, the European Council at the June 21-22 summit meeting in

Copenhagen announced a far-reaching package of trade and political liberalization measures for those countries with whom the EU has concluded association agreements ("associated countries").[48] (The EU has signed association agreements with Hungary, Poland, the Czech and Slovak republics, Romania, and Bulgaria.) EU leaders agreed that "the associated countries in Central and Eastern Europe that so desire shall become members of the European Union" as soon as they satisfy specified economic and political conditions.[49] "Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressures and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations for membership including adherence to the aims of political, economic and monetary union."[50]

Further, EU leaders agreed that "future cooperation with the associated countries shall be geared to the objective of membership."[51] To this end, they called for a multilateral framework for discussions on matters of common interest,[52] and announced steps to accelerate the process of trade liberalization called for in the association agreements.[53] Among other things, the EU agreed to hasten from 4 years to 2 years the reduction of customs duties on EU imports of industrial products and to increase quotas for certain products more rapidly than agreed in the association accords. Although less significant, improved access for sensitive sectors, like steel, textiles, and agricultural products, were likewise agreed. The Union also reiterated its willingness to support the development of infrastructure networks in Central and Eastern Europe, as decided at the Edinburgh Summit of December 1992.[54]

Negotiations between the EU and the Russian Federation toward a Partnership and Cooperation Agreement continued in 1993, but were not concluded by yearend.[55] Political turmoil in Russia served as a stumbling block to these discussions, but also prompted the EU in the spring 1993 to amend its negotiating mandate to support the reform process. The new mandate authorized negotiations that could lead to the incorporation of an "evolutionary clause" in the agreement, providing for the eventual creation of a free trade area between the EU and Russia.[56] The negotiating mandate was amended a second time in the fall in response to Russia's concern that the EU was treating it as a state-trading economy, rather than a market economy. The new mandate calls for the EU to instead treat Russia as an "economy in transition." Under these circumstances, any antidumping or safeguard measures imposed by the EU would be significantly more liberal than if Russia were treated as a state-trading economy.[57]

Other Issues

With the United States and the EU playing major roles in the Uruguay Round, much of the U.S.-EU trade relationship in 1993, particularly in the second half, focused on resolving outstanding Uruguay Round issues. These issues are discussed in chapter 1. However, several bilateral agricultural disputes were also resolved on the sidelines of the Uruguay Round negotiations. In particular, the 1992 Blair House agreement, which cleared the way for progress in multilateral agriculture negotiations, tentatively settled longstanding bilateral disputes over EU oilseeds subsidies, market access for corn gluten feed, and Spanish imports of corn and sorghum.

During 1993, France tried to overturn the Blair House memorandum of understanding on oilseeds, but lifted its opposition when the EU agreed to grant several concessions to France. The Blair House agreement on oilseeds calls for the EU to penalize producers for planting oilseeds in excess of a maximum area and requires producers to take a specified percentage of land out of production each year. There is no limit on production. The EU Council approved the U.S.-EU oilseeds agreement in June and adopted implementing measures in December.[58]

The United States has seen less success on corn gluten feed. This dispute resulted when the EU denied U.S. corn gluten feed duty-free access to the Union on the grounds that the U.S. product did not meet the required technical specifications.[59] Although an accord that restored duty-free status has been in effect since 1992, the Blair House agreement resolved remaining problems of product definition. However, by yearend 1993 the EU was unable to implement the Blair House memorandum of understanding on corn gluten feed. Member states, led by France, have claimed the corn gluten feed agreement is incompatible with reform of the Common Agricultural Policy (CAP), among other things. Instead, the accord has been extended several times, the latest through June 30, 1994, and member states have been directed to treat corn gluten feed imports as if the Blair House agreement were in effect. Although trade continues, the United States remains unsatisfied until the agreement is permanently implemented.[60]

The Uruguay Round makes permanent an earlier agreement that Blair House extended for the year 1993. This agreement permits the entry of 2.0 million metric

tons of corn and 300,000 metric tons of sorghum into Spain annually. In addition, the EU reduced tariffs on about 25 products. The agreement compensates the United States for sales lost when Spain joined the EU in 1986 and was required to change its agricultural regime to conform with the EU's CAP.[61]

Other old issues continued unresolved as permanent resolutions remained elusive. The EU's Broadcast Directive, which permits broadcast quotas in each member state, continued to be a source of concern to the United States (see above). An EU ban on growth hormones in livestock production, as well as one on bovine somatotropin (BST), a genetically engineered natural hormone that boosts milk production in dairy cows, remained in effect throughout 1993.[62] The BST moratorium was scheduled to expire at yearend, but under a compromise agreement, the EU Agriculture Council approved a 1-year extension through 1994. The extra year will provide time to examine the implications of the ban, the consequences on trade, and the experience of countries, including the United States.[63] Although the EU has determined that BST is safe, the ban continues for non-scientific socioeconomic reasons. For example, EU officials argue that the use of BST, which increases milk production, would contradict the EU's policy under the CAP to control production through quotas. Its use would also tend to favor large over small producers because of the extra expense, care, and sophistication required to use the product.[64]

According to the terms of the 1992 bilateral Airbus agreement, U.S. and EU officials met twice in 1993 to monitor its implementation. Although both sides traded charges, they also reaffirmed their commitment to the agreement. In addition, the meetings were used to discuss efforts to multilateralize the bilateral agreement through renegotiation of the GATT Agreement on Civil Aircraft.[65]

Canada

Most bilateral efforts during 1993 were focused on cementing the North American Free Trade Agreement (NAFTA). For the U.S.-Canada bilateral relationship, the transition from the United States-Canada Free Trade Agreement (CFTA) to NAFTA was relatively free of discord since the new pact generally incorporated the elements of the former accord.

A national election in Canada and the change in government that resulted were the focal points of the last quarter of the year in Canada. The new Canadian Government called into question certain elements of the recently negotiated NAFTA.[66] The issues were subsequently clarified and handled to the satisfaction of both sides. Canada "declared," or enacted, NAFTA after securing a commitment to launch further work on dumping and subsidies. It also issued statements regarding NAFTA's relationship to Canadian energy security, and water policies.[67]

Nevertheless, the inevitable disagreements that mark any large two-way trading relationship continued to be present. U.S.-Canada trade frictions involving wheat, lumber, and steel dominated the list of products that were the subject of negotiations or trade actions in 1993. Other bilateral issues also received considerable attention during the year, including beer, provincial liquor boards, plywood, and pharmaceuticals. They reflect a growing trend towards managing U.S.-Canadian trade disputes under the formal dispute settlement mechanisms that were first set in place by the CFTA and have now been carried over into NAFTA.

Wheat

Agricultural issues have continually contributed to bilateral challenges. Wheat rose to a more prominent position on the agricultural agenda in 1992, a status that continued throughout 1993. Canadian shipments of durum wheat to the United States and shipments of all types of wheat to Mexico initiated widespread complaints during the year from U.S. farmers and their representatives in Congress. These complaints rested on two bases: displeasure voiced by wheat producers over a perceived lack of transparency of Canadian Wheat Board (CWB) pricing procedures and displeasure about the Canadian system of Western Grain Transportation Act (WGTA) subsidies.[68] U.S. wheat growers, particularly those in northern states, such as Montana and North Dakota, complained that Canadian transportation subsidies paid under the WGTA and nontransparent pricing systems enabled Canadian wheat farmers to gain an unfair advantage over U.S. producers.[69] These concerns entered into the autumn congressional debate on NAFTA, but they remained unresolved at the end of the year.

Early in 1993, U.S. wheat producers continued their 1992 claim that Canada was unfairly subsidizing its wheat industry. U.S. Wheat Associates, an agricultural trade association, stated on February 2, 1993, that the CWB unfairly undercut the prices of U.S. wheat exporters in foreign markets.[70]

In addition, U.S. wheat producers have complaints about the WGTA. The WGTA is seen by U.S. farmers as an export subsidy, whereas Canada claims that it is strictly a domestic subsidy. U.S. wheat producers allege that subsidies paid by the WGTA are

responsible, in part, for an increase in Canadian world wheat exports at the expense of U.S. producers. In a May 19 letter to Agriculture Secretary Mike Espy, 25 House members claimed that export subsidies in the form of Canadian government transportation subsidies paid under the WGTA helped to reduce the U.S. share of the Mexican wheat market from an estimated 75 percent a few years ago to 14 percent in 1992. Canada's share of the Mexican market reached 66 percent in 1992.[71] The members urged the use of the Agriculture Department's Export Enhancement Program (EEP), which was designed to increase U.S. competitiveness in world agricultural markets and to counter unfair foreign practices that interfere with price support programs of the United States. In an attempt to offset the loss of market share in the United States and in Mexico, the USDA targeted Canadian wheat for the first time under the EEP, announcing on June 24 that it would sell 1.4 million metric tons of subsidized U.S. wheat to Mexico in the 1993-94 marketing year.[72]

At the same time, a special USDA task force was established to study the rising level of U.S. wheat imports from Canada. The task force concluded in September that imports from Canada were "materially interfering with our income price support program" for wheat, having raised the cost of the deficiency payment program by approximately $600 million since the CFTA was implemented in 1989. This finding prompted a recommendation that the President consider an emergency proclamation under section 22 establishing quotas on the import of Canadian wheat.[73] The task force also recommended that the U.S. International Trade Commission (USITC) be asked to conduct an investigation of Canadian wheat export practices.

The recommendation for unilateral action against imports from Canada was submitted at the end of September, when Congress was beginning its consideration of NAFTA implementation legislation. Several grain-state legislators threatened to withhold their support for NAFTA if the administration did not take appropriate action to resolve the concerns of northern wheat farmers. In letters submitted during September and in a later resolution before the House of Representatives, these legislators called on the Clinton administration to (1) re-initiate Section 22 trade action to limit U.S. imports of Canadian wheat, (2) include a provision in the NAFTA implementing legislation to create a system of end-use certificates for imported Canadian wheat in order to ensure that Canadian wheat would not be mixed with U.S. wheat and re-exported under the EEP, (3) exchange letters with Mexico agreeing to take action against unfair export subsidies such as Canadian transportation subsidies, and (4) set up a permanent NAFTA working group on North American wheat trade to periodically review price-setting policies.[74]

In response to the threat of import quotas and accusations of unfair trade practices, Canadian officials defended their domestic support programs and maintained that WGTA subsidies are not export subsidies, pointing to a February 1993 CFTA binational dispute settlement panel report under chapter 18 of the CFTA in the matter of durum wheat exports. The panel determined that WGTA subsidies should be excluded from the calculation of what constitutes a fair price of Canadian commodities.[75]

U.S. pasta producers, located primarily in the midwest, have argued against restraints on imports of Canadian wheat.[76] As the primary users of durum wheat in the United States, pasta manufacturers are concerned about the adverse effects of limiting imports of durum wheat from Canada. They claim that durum wheat stocks are already tight, and limits on imports from Canada could further restrict supplies and raise consumer prices. Legislative backers of their position called on the administration to follow the normal course of action under U.S. unfair trade laws in seeking remedy for domestic wheat farmers, instead of imposing emergency quotas.[77]

Just before the NAFTA vote in the House of Representatives, the Clinton administration announced its official plan for dealing with the alleged unfair wheat imports from Canada.[78] On November 16, 1993, the President directed the USITC to undertake an investigation, pursuant to section 22 of the Agricultural Adjustment Act, to determine if imports of wheat, wheat flour, and semolina are being or are practically certain to be imported so as to materially interfere with the USDA program for wheat.[79] Under the plan, the USITC would, after 60 days, begin an investigation into allegations of Canadian subsidization of wheat shipments, unless agriculture officials from the two nations are able to work out their differences. At yearend both governments were engaged in discussions on the issue to try and forestall the USITC's initiation of a Section 22 investigation.[80]

In the meantime, Canada decided to challenge the U.S. decision earlier last year to subsidize wheat sales to Mexico to offset Canadian transportation subsidies.[81] Canadian spokesmen insist that the increased market share that Canadian firms enjoy in Mexico is a result of extensive market development there.[82] Canada claimed that U.S. EEP sales to Mexico violate section 701.4 of the U.S.-Canada Free Trade Agreement, which requires the two sides to take

each others' interests into account when extending export subsidies.[83] A bilateral dispute settlement panel has been established to review the case.[84]

By yearend efforts to resolve the bilateral dispute over wheat had been linked to other agricultural issues. Following conclusion of the Uruguay Round talks in mid-December, Canada announced plans to replace quotas on certain products (in the dairy, egg, and poultry sectors) with tariffs. The United States asserted that Canada had an obligation under the CFTA to completely eliminate all tariffs on such products imported from the United States by 1998. Other agricultural products at issue included sugar and peanut butter and paste. Bilateral discussions on the entire range of agricultural issues continued into 1994.

Lumber

The U.S.-Canada trade dispute on lumber is one of the longest running disagreements in the bilateral relationship, its origins going back to 1982.[85] As 1993 began, two reviews of 1992 decisions by both the U.S. Department of Commerce and the USITC in the self-initiated countervailing duty (CVD) case involving softwood lumber were pending before separate panels established under the dispute resolution mechanism of the CFTA.[86] Events during the year illustrate how the mechanism established under the CFTA to handle challenges to domestic determinations of dumping and countervailing duties operates.

A 1992 decision by the International Trade Administration (ITA) of the U.S. Department of Commerce found Canadian subsidies on softwood lumber of 6.51 percent ad valorem.[87] This was followed by a USITC decision that the U.S. industry was materially injured by reason of the imports that Commerce had determined to be subsidized.[88] Canada formally requested a binational panel review of both the Commerce and the USITC determinations in June and July 1992, respectively. It was these binational panel proceedings that were pending in early 1993.

ITA Determination

On May 6, 1993, the binational panel established to review the Commerce determination of the existence and the amount of Canadian subsidies rendered its decision.[89] It affirmed, in part, and remanded, in part, the Department of Commerce final CVD determination with two partial dissents.[90] The original Commerce decision found that both provincial stumpage programs and log export restrictions constituted countervailable subsidies. The panel ordered the agency to reconsider specific aspects of its decision,[91] concluding that Commerce's determination that the programs were subsidies was not supported by the facts of record, and was not in accordance with U.S. law.[92] The ruling also entailed the recalculation of the amount of any subsidy Commerce found on remand. The ITA was given 90 days within which to provide its remand determination. While the determination on remand was due on August 4, the withdrawal of a Canadian member of the panel and the selection of a replacement suspended the application of deadlines in the case.

The ITA responded to the panel's order on September 17. Commerce again found that the provincial programs at issue constituted countervailable subsidies. In its recalculation of the rate of subsidization in the case, it determined that the rate of subsidization was 11.54 percent.[93]

The panel issued its second decision, on review of Commerce's remand determination, on December 17, 1993. In a majority ruling the five-member panel held that the evidence was insufficient to support Commerce's finding that Canadian subsidies were market distorting. The panel thus remanded the case again, with specific instructions. The ITA was given 20 days within which to respond to the panel's decision.[94] The decision was somewhat unusual in that the panel split along national lines for the first time in the history of the CFTA. The three Canadian panelists were in the majority, ordering a further remand, while the two Americans disagreed.[95] While binational panels cannot make the determinations required of domestic agencies—they can only review the decisions of those agencies and issue guidance for further action—the majority was unusually proscriptive in its second decision.[96]

USITC Determination

In July 1993, the panel established to review the USITC injury determination rendered its decision. On July 26, the panel unanimously remanded the agency's determination for further action.[97] The panel found that the USITC must reconsider its affirmative injury determination in the case of subsidized Canadian softwood lumber imported into the United States.[98] The panel concluded that the USITC's "determination of material injury by reason of subsidized Canadian imports is not supported by substantial evidence on the record."[99] As in the previous panel decision remanding ITA's determination, the agency was given 90 days to respond to the panel's ruling.

October 25th was the deadline date for the determination on remand. On October 18, the USITC again made an affirmative determination by the same

4-2 vote.[100] In conducting its remand, the Commission reopened the record on the issue of the price effects of subsidized imports in the U.S. market. According to the Rules of Procedure for binational panel reviews, the panel had 90 days, or until January 24, 1994, either to uphold the USITC's remand determination or remand the case to the Commission again.[101]

Thus as the year ended, the lumber subsidies case, having been remanded during 1993 to both U.S. agencies responsible for the original decisions, was still unresolved. The ongoing binational panel reviews in the softwood lumber case have been closely scrutinized by trade practitioners on both sides of the border interested in how the CFTA procedures are working in practice.

Steel

Following the institution of a number of antidumping and countervailing duty cases in 1992, tensions in the steel sector, already pronounced at the beginning of 1993, continued for most of the year. The U.S. and Canadian markets, closely integrated in the automotive sector, were subjected to a series of cross-border dumping duties on steel. All of this bilateral activity took place in the context of much larger complaints that had spawned discussions toward an international commodity agreement on steel.

Strains between the United States and Canada grew in late January and early February as both countries issued antidumping rulings against one another's steel producers. These rulings concluded several months of investigations. The dispute began on June 30, 1992, when 12 U.S. producers of flat-rolled carbon steel products filed petitions with the USITC and the U.S. Department of Commerce that initiated 48 antidumping and 36 countervailing-duty (subsidy) cases against foreign steel makers. The petitions against Canada alleged dumping by Canadian firms, but contained no allegations of Canadian subsidization. The petitioners included such steel giants as LTV, Bethlehem, and U.S. Steel, and the accused Canadian firms included Stelco Inc., Dofasco Inc., and Algoma Steel Corp.[102]

The U.S. steel petitioners also alleged that foreign producers were "massively subsidized" over the last 12 years by at least $100 billion. The U.S. producers claimed that they had invested heavily over the past decade, while downsizing by over 50 percent, in a successful effort to become competitive and that only subsidies allowed foreign firms to underprice them. The U.S. firms filed their petitions after the expiration of voluntary restraint agreements (VRAs) governing certain steel exports to the United States. The VRAs were negotiated with most major steel exporters in 1984 and expired in March 1992.[103] The VRAs did not apply to Canada. After the VRAs ended, the steel makers were advised by the Bush administration to use U.S. trade law provisions against unfair foreign actions.

The U.S. steel makers who filed the petitions claimed that there was a global structural crisis in steel, characterized by a massive overcapacity due to foreign subsidies. They included Canadian producers in their list of offending firms.[104]

Following the U.S. action, the Canadian firms initiated antidumping actions against the United States and others in both September and November of 1992. The Canadian petitioners claimed that the U.S. firms were pricing below cost and causing material injury to Canadian firms. A statement by Revenue Canada, Customs and Excise, the Government agency that investigates dumping petitions, announced antidumping investigations on as many as 110 firms, including several American steel makers. The alleged average dumping margins on steel plate exported to Canada by U.S. firms was about 13 percent.

Both countries' preliminary actions were decided in late January 1993. On January 26, the U.S. Commerce Department issued its ruling that steel firms from 19 nations were dumping in the U.S. market.[105] The duties on Canada ranged from less than 1 percent to as high as 68 percent (on certain steel from Stelco). The decision required the Canadian producers to post a cash deposit with U.S. Customs while they waited for the USITC to rule on whether the dumping was causing injury to U.S. firms.

Canadian Minister of International Trade Michael Wilson spoke out against "the counterproductive nature of both countries taking antidumping action against imports from each other."[106] Meanwhile, members of Canada's Liberal opposition party used the dispute to criticize the CFTA, as well as the proposed NAFTA. Prime Minister Mulroney defended the CFTA, claiming that Canada was the only nation named in the U.S. action that had the right to petition a binational panel composed of both Canadians and Americans. Canadian Trade Minister Wilson repeated this sentiment, but stated that Canada's final remedy was a change in U.S. trade laws with respect to antidumping investigations, especially through approval of the Dunkel Text of the Uruguay Round. This text addressed such topics as requirements for the initiation of proceedings, "sunset" rules dealing with the phasing

out of dumping duties, and the methodology used to determine dumping margins.

Many in the Canadian steel industry wanted both sides to drop the antidumping actions against one another because of the "unique integration" they claimed exists between the U.S. and Canadian steel markets. Total steel trade between the United States and Canada was over $3 billion in 1991, and the two countries also share a common market in the biggest steel-consuming sector, automobiles. Thus, the Canadian firms wanted both countries to negotiate a bilateral steel pact similar to that in the automobile industry. This proposed agreement, the North American Steel Sector Agreement (NASSA), would include the appointment of a panel of high-level steel executives who would examine the trade laws of both countries, recognizing the integration of the two steel markets. The Canadian Government endorsed this idea and proposed negotiations on such a pact to both the Bush and Clinton administrations.[107] Although the U.S. producers did not reject the Canadian approach out of hand, they favored pursuing the antidumping investigations.

The United States also renewed calls for a multilateral steel agreement (MSA). Previous MSA talks have included discussion about the discipline of national subsidies for steel firms, the elimination of steel tariffs, and a dispute settlement procedure. Negotiations, however, have remained at an impasse over the restraining of state subsidies and, in the view of foreign steel producers, over U.S. reluctance to include antidumping practices in the matters to be negotiated. A round of talks held immediately after the 1992 expiration of the U.S. VRAs failed to resolve differences. Negotiations continued throughout 1993.

In addition to the above-cited investigation on carbon steel plate products, the 1993 Canadian cases covered separate investigations into hot-rolled steel sheet, cold-rolled sheet, and galvanized steel. These four Canadian cases, although initiated over a period of 15 months, mirrored the decision-making process that was taking place in the United States, where the major types of steel were all included in the single spate of cases. On May 6 the Canadian International Trade Tribunal (CITT) decided that there was no injury as a result of the alleged dumping of steel plate by U.S. firms, but that injury to Canadian producers had resulted from dumping by eight other countries.[108] In an unusual move, the Canadian petitioners (Algoma, Stelco, and Ipsco) announced that they would appeal the CITT decision to a binational panel.[109] On May 31 the CITT determined that there was similarly no injury to Canadian producers of hot-rolled sheet as a result of imports from the United States, Germany, France, Italy, New Zealand, and the United Kingdom.[110]

The two "no-injury" findings of the CITT resulted in expressions of concern by the Canadian steel industry. As a result, the Canadian Government announced the formation of an Import Surveillance Committee to monitor "prices and levels of [third-country] imports and their possible impact on the Canadian market."[111] Canadian steel spokesmen maintained that U.S. actions could divert foreign steel out of the U.S. market and into Canada. Canada has authority to impose a temporary, immediate surtax if it determines that imports are causing or threatening serious injury to Canadian industry. The surtax could be imposed for up to 5 years once injury was officially determined by the CITT. The announced Canadian action also included a study into the differences between U.S. and Canadian trade remedy laws. Canadian steel representatives have charged that Canadian laws are less stringent than those of the United States.[112]

The final USITC determination on the question of injury was announced on July 27. The massive determination—72 cases, involving 20 countries and representing over 90 percent of U.S. steel imports of flat-rolled products—resulted in mixed decisions. The Commission found injury in the cases involving 16 of the countries and no injury for the 4 other countries. The affirmative decision resulted in the dumping duties against two of the four Canadian steel products under investigation becoming permanent. Injury determinations affected carbon steel plate and galvanized steel from Canada. The U.S. industry producing hot- and cold-rolled steel sheet was found not to be materially injured by reason of the imports from Canada. Canadian reaction to the USITC determinations was basically positive.[113]

The possibility of an international accord on steel remained uncertain after the USITC decision. On July 28, 1993, the CITT made the last of the three major steel determinations in 1993.[114] It found that the Canadian industry was injured as a result of dumped imports of cold-rolled steel sheet from five countries—the United States, Italy, Germany, France, and the United Kingdom. The United States continued to press for the continuation of multilateral steel negotiations, and talks were held until the conclusion of the Uruguay Round agreements on December 15. Success was achieved on eliminating tariffs in the steel sector as part of the Round's results, but other objectives were not achieved.[115] As a result, a decision was reached to continue negotiations into 1994. Because of the differences over subsidies between the United States and other countries, it

remained unclear whether any settlement could be reached in the near future.[116]

Japan

During the first half of 1993, a review of U.S.-Japan trade policy was conducted leading up to the U.S.-Japan Framework agreement in July. For the remainder of the year, bilateral negotiations on numerous sectoral issues were conducted, and previous trade agreements were reviewed, under the aegis of the Framework.

Other important domestic and multilateral developments affecting Japan's trade relations with the United States occurred during the same time period. For example, throughout the year there was intense pressure on Japan to lift its ban on imports of rice in support of the Uruguay Round negotiations. During the fall, there was some movement when Japan was given a 6-year moratorium on implementing tariffication on rice in exchange for improved minimum access arrangements over those in the Uruguay Round draft text. On December 14, just hours before the deadline to complete the Uruguay Round negotiations, Japan agreed to import between 4 percent and 8 percent of its rice consumption during 1995-2000, at which time the market would be open, but a declining, high tariff would be imposed on imports of rice.[117]

U.S.-Japan Framework Agreement

Shortly after assuming office, the Clinton administration initiated a review of U.S.-Japan trade relations. The review was prompted by frustrations with the perceived lack of progress in gaining greater access to Japan's market, despite numerous agreements that focused primarily on changing procedures and rules. Interagency meetings were held during February through June, under the leadership of the National Economic Council, to debate potential policy options. Eventually a consensus was reached that the primary objectives of any agreement with Japan should be to demonstrate tangible progress in bringing down the trade deficit, to focus on results, and to include both structural and sectoral issues. At a summit meeting between President Clinton and Prime Minister Miyazawa on April 26, the two leaders agreed to establish a negotiating framework within 3 months and to hold semiannual leaders' meetings.

Following intensive bilateral discussions, on July 9, 1993, the United States and Japan reached agreement on a framework for a "new economic partnership."[118] The "Framework Agreement" provided a mechanism for conducting future negotiations on both structural and sectoral issues between the two countries. In terms of macroeconomic issues, Japan agreed to take measures to promote domestic demand-led growth and to increase access to its markets for competitive foreign goods and services. These measures were "intended to achieve over the medium term a highly significant decrease in its current account surplus. . ."[119] This clause became an immediate source of bilateral dispute. U.S. officials interpreted the clause to mean that Japan would reduce its global trade surplus to 1.5 to 2.0 percent of its GDP while Japanese officials disagreed, saying that no numerical target was set.

Regarding sectoral and structural issues, the initial major "basket" areas for negotiation, as described in the framework, included (1) government procurement, (2) regulatory reform and competitiveness, (3) other major sectors, (4) economic harmonization, and (5) implementation of existing arrangements and measures.[120] A final section of the framework agreement called for joint collaboration on global issues of mutual interest, such as environment, technology and human resources development, population growth, and AIDs.

According to the framework accord, agreements on government procurement,[121] insurance, and automotobiles and parts were to be reached by the time of the first meeting of heads of government in 1994 or within 6 months of the agreement. For other areas, "agreements on measures" were to be announced at the second meeting of heads of governments in July 1994. An assessment of progress under the framework agreement was to be reported during biannual meetings between the leaders of the two countries. The assessments were to be "based upon sets of objective criteria, either qualitative or quantitative, or both as appropriate."[122]

Negotiations were held in all five "basket" categories throughout the next few months. Differences in views between the two countries emerged on several issues, including the reason for holding the negotiations. The United States stressed that the basis for its proposals in each negotiating basket was to address the asymmetry represented by Japan's low level of manufactured imports and inward direct investment compared with that of other developed countries.[123] U.S. negotiators also frequently cited high third country market-share statistics and low market shares in Japan for particular industries to support its claims that U.S. firms are competitive worldwide, but unable to sell in Japan. The Japanese

disputed statistics regarding its purchasing record of foreign products and indicated that third country market shares were not a valid means of making comparisons about the competitiveness of different products or services.[124]

A main source of dispute between the two countries regarding many sectors was the type of criteria that was to be included in the agreements for measuring progress in increasing market access. The U.S. officials indicated that they favored some type of numerical targets or market shares as one indicator of access, but that they were willing to consider multiple indicators, depending on the sector. The Japanese opposed the use of market shares or sales figures, citing the semiconductor agreement as an example of how such numbers tend to "take on a life of their own" once they have been incorporated in agreements.[125] Finally, Japanese negotiators claimed that the talks were reciprocal, whereas the United States stressed that they were not. U.S. negotiators also indicated that the United States reserved its rights under section 301 with respect to any and all agreements entered into with Japan.

At year's end, the two countries remained "very far apart" in the negotiations and progress was characterized as "disappointing" by U.S. negotiators, particularly in insurance, automobiles and parts, and government procurement.[126] Despite the slow pace of negotiations, U.S. negotiators indicated that texts of agreements had been tabled for some areas, and it was hoped that agreements could be finalized by February 11, 1994, the date scheduled for a summit meeting between President Clinton and Prime Minister Hosokawa.[127] By late December, U.S. officials publicly countered charges by Japan that the United States was moving toward managed trade in the negotiations. At the same time, they insisted that there had been no softening of the U.S. negotiating position with regard to incorporating quantitative and qualitative indicators into agreements with Japan.[128]

Major Projects

During 1993, the United States continued to seek greater access to Japan's market for architectural, engineering and construction services. Specifically, U.S. negotiators sought amendments to the 1988 Major Projects Agreement (MPA), as modified in 1991.[129] Although U.S. firms have won some projects since the MPA was signed, according to the U.S. Department of Commerce, only $189 million worth of contracts out of an estimated $700 billion public and private sector market in Japan were won by U.S. firms in 1992. By comparison Japanese firms won $325 million in contracts in the United States during the same year.[130]

Specifically, U.S. negotiators requested that Japan abolish its designated bidder system which requires prequalification of companies based on their past experiences in Japan's market. The MPA was intended to allow U.S. firms to bid on certain projects wholly or partly owned by the Japanese Government based on the U.S. firms' home or overseas market experience (rather than in Japan), even though the designated bidder system continued to exist.[131] The United States also asked Japan to expand the MPA to cover all central and local government public works projects; to enforce its antitrust laws to prevent "dango," or bid-rigging; and to set up objective, quantitative indicators to measure foreign companies' participation in Japan's market.[132]

During bilateral negotiations held on March 17 and 18 to review the MPA, U.S. negotiators raised charges of Japanese violations of the MPA and suggested specific changes to the agreement. The two sides were unable to reach an agreement and a fourth set of talks was postponed.[133] On April 30, USTR identified Japan under Title VII of the Omnibus Trade and Competitiveness Act of 1988 as maintaining discriminatory practices in government procurement of construction, architectural and engineering services.[134] Under the law, Japan was given 60 days to satisfy U.S. concerns by addressing the discriminatory practices, entering into GATT dispute settlement procedures, or facing sanctions by the United States. On June 7, the United States transmitted a negotiating proposal to Japan, containing many of the points listed above. On June 14 and 15, further bilateral negotiations were held, but Japan refused to accept the U.S. proposals.[135] Just a few days after the negotiations, Prime Minister Miyazawa lost his position following months of scandals involving pay-offs by construction companies to politicians and a no-confidence vote in the Diet. Elections were scheduled for July 18. On June 30, USTR announced that it was postponing sanctions required under Title VII until November 1, 1993, because Japan had agreed to begin negotiations based on the United States' June 7 proposal once a new government had been formed.[136]

Domestic political events in Japan continued to affect Japan's position in the bilateral construction talks. Throughout the summer, numerous local government officials and construction company representatives were arrested and indicted on suspicions of either receiving or giving bribes. On July 29, Morihiro Hosokawa, campaigning on a platform of political reform, was selected to lead the first non-Liberal Democratic Party government since World

War II. The Prime Minister appointed a member of the Social Democratic Party as Construction Minister, and an advisory committee was set up to begin reviewing the designated bidder system.

On October 26, the USTR announced that he was postponing sanctions until January 20, 1994, by which time Japan was expected to announce a detailed action plan addressing U.S. concerns.[137] USTR Kantor stated that, in a preliminary action plan announced that day, Japan had agreed to (1) "adopt an open and competitive bidding system to replace the closed designated bidder system; (2) apply the reforms to all governmental and quasi-government projects above a specified threshold; (3) evaluate the corporate structure and capabilities of foreign firms; (4) take steps to prevent dango (bid-rigging) or bribery, including banning firms from bidding on public works contracts, (5) strictly apply its antimonopoly law; and (6) establish objective, transparent, and published standards for bidding and contracting procedures".[138] Ambassador Kantor also announced other criteria that the United States expected to see in the final action plan. On December 18, Japan's cabinet approved an action plan that appeared to address some U.S. concerns and could serve as a basis for reaching a settlement with the United States before the January 20, 1994 deadline.[139]

Automobiles and Parts

Automobiles and parts were a major focus of negotiations between Japan and the United States during 1993. The United States' trade deficit with Japan in automobiles and parts totaled $43.3 billion in 1993, or 72 percent of the bilateral trade deficit. U.S. imports of passenger vehicles from Japan totaled 1.6 million units, or $21.9 billion. U.S. exports of passenger vehicles totaled 56,741 units, or $1.0 billion.[140] U.S. imports of auto parts from Japan totaled $13.4 billion and exports totaled $1.0 billion.[141] Japanese nameplate[142] automobiles, including those made in the United States and third countries, accounted for 29.1 percent of the U.S. passenger car market in 1993.[143]

Framework Talks

The automobile and parts sector was selected as one of the priority areas for negotiations under the U.S.-Japan Framework agreement because of its importance in bilateral trade. In addition, the United States was dissatisfied with the implementation of the 1992 voluntary commitments made by Japan's automobile industry to increase its purchases of U.S. automobile parts to $19 billion by March 31, 1995. Throughout 1993 Japanese automobile producers were encouraged to establish long-term relationships with U.S. automobile parts producers through increased design-ins and joint research and development.[144] Japanese automobile manufacturers promised to assist U.S. automobile producers in increasing their sales of U.S. vehicles in Japan through improved import expansion incentives.[145]

During September through December 1993, four rounds of bilateral negotiations on automobiles and parts were held in conjunction with the Framework talks. During negotiations on October 19, the United States presented a proposal for a draft agreement with the aim of achieving a "prompt, substantial and sustained increase" in sales of foreign automobiles and parts in Japan and in sales of U.S. auto parts to Japanese transplants (that is, Japanese-owned production facilities) in the United States.

The proposed draft agreement contained qualitative and quantitative criteria to assess the implementation of the arrangement.[146] The proposal called on the Government of Japan to issue administrative guidance to Japanese transplants to encourage them to purchase more U.S. parts, with "special consideration for non-Japanese U.S. parts." Japanese companies would be asked to inform both governments of their projected purchases for 1995 and subsequent years and provide descriptions of specific plans to reach their projections. Japanese transplants would also be asked to expand their research and development, design and engineering, and supplier support efforts in the United States. With the aim of increasing sales of foreign vehicles in Japan, the proposal called on the Government of Japan to provide such incentives as preferential Government financing, purchasing vehicles for use by Government officials, increasing promotional activities, and providing information to consumers on foreign vehicles.[147] The proposal suggested that the Japanese Government issue administrative guidance to encourage manufacturers to support their dealers in entering into franchise agreements with foreign automobile manufacturers and to engage in joint production and distribution ventures with foreign automobile manufacturers.

Certain provisions of the proposed draft agreement encouraged the Japan Fair Trade Commission (JFTC) to take actions to effectively enforce the Antimonopoly Act. The Japan Automobile Manufacturers Association (JAMA) reacted by issuing a statement saying that the U.S. demands were "shockingly discriminatory and anti-market." According to JAMA, the U.S. proposal would discriminate against Japanese-owned companies

in the United States and joint ventures between U.S. and Japanese firms.[148]

Throughout the talks, Japan strongly opposed U.S. proposals for including quantitative indicators in any agreement, claiming that numerical indicators amounted to managed trade.[149] During talks in November 1993, Japan proposed certain criteria of its own to measure U.S. automobile producers' efforts to participate in its market, including the number of sales outlets, the number of personnel who could speak Japanese, the development of products suitable for the Japanese market, and the quality of after-sales service. These criteria reflected Japan's view that the low level of sales by U.S. automobile firms in Japan could be attributed, in large part, to inadequate efforts by U.S. manufacturers.

Other Issues

In early February 1993, representatives of the Big Three U.S. auto producers announced that they had abandoned their consideration of filing an antidumping complaint on imports of automobiles from Japan. There were reportedly several reasons for the decision, including concerns about whether the companies could actually win a case, about adversely affecting their investments in Japan, and about giving the impression to the public that they were unable to compete without protection. In addition, the Clinton administration reportedly indicated that it would not support a petition.[150] In October 1993, hints that dumping charges could still be filed were raised by representatives of U.S. automobile companies who claimed that Japanese producers were not passing on the yen's appreciation in the prices of the automobiles sold in the United States.[151]

The Japan Fair Trade Commission (JFTC) issued a report in June confirming that close relationships between automobile manufacturers and dealers discourage dealers from handling more than one nameplate.[152] U.S. automobile producers have consistently claimed that these relationships make it difficult for U.S. firms to distribute their vehicles in Japan. According to the JFTC report, no Japanese dealer sells more than one Japanese nameplate, although almost 2,000 Japanese dealers handle both Japanese and imported vehicles. The report also confirmed that dealers receive incentives such as rebates from manufacturers based on sales volume and geographic market shares. Manufacturers also loan personnel and provide financing to dealers to encourage them to sell their products.[153]

Supercomputers

During 1993, the United States continued to monitor Japan's implementation of a bilateral agreement reached in June 1990 covering government procurement of supercomputers.[154] Since the conclusion of the agreement and by the beginning of Japanese Fiscal Year (JFY) 1993, U.S. firms won 3 of 11 supercomputer procurements through an import fund set up by Japan's Government. During JFY 1993, U.S. companies won 7 out of 16 supercomputer procurements.[155] In all cases, no Japanese company submitted a bid, and U.S. companies had yet to win in head-to-head competition with Japanese supercomputer firms.[156]

On April 30, 1993, the USTR announced a review under section 306 of the Trade Act of 1974, indicating that it would "evaluate Japanese Government behavior under the agreement thus far and will closely scrutinize its conduct of each of the upcoming supercomputer procurements."[157] The USTR announced that if Japan was found not in compliance with the 1990 agreement at the conclusion of the review expected in early 1994, it would take action under section 301 of the Trade Act of 1974. Specific problems cited by the United States (in April and during subsequent bilateral negotiations), regarding implementation of the agreement were: (1) the use of benchmarking tests that favor Japanese vendors, (2) the awarding of points to Japanese vendors for features that did not exist at the time of the bidding, (3) lack of adequate budgets by procuring entities to ensure procurements of new systems and not just upgrades,[158] (4) lack of adequate market research by the Government of Japan to compare prices of similar machines in the private sector, (5) inadequate investigation of U.S. vendors' complaints by the Supercomputer Procurement Review Board, and (6) lack of adequate verification of features of Japanese supercomputers after delivery in cases where legitimate questions about non-existent features were raised.[159] The United States also expressed concern about the Government of Japan's refusal to acknowledge that non-vector supercomputer architecture (massively parallel processing machines) and certain prototypes are covered by the 1990 agreement.

Semiconductors

During 1993, the United States and Japan continued to hold bilateral talks and to monitor the foreign market share of semiconductors in Japan's market. Under a 1991 agreement, foreign market share in Japan was expected to grow to 20 percent by the end

of 1992 and to show "gradual and steady improvement" until the agreement ends in July 1996.[160]

The year began on a positive note with the March announcement that during the fourth quarter of 1992, foreign market share had reached 20.2 percent—surpassing the 20-percent threshold for the first time, as indicated in the tabulation below (in percent):[161]

Quarter	Foreign Market Share
Third 1991	14.3
Fourth 1991	14.4
First 1992	14.6
Second 1992	16.0
Third 1992	15.9
Fourth 1992	20.2
First 1993	19.6
Second 1993	19.2
Third 1993	18.1

While welcoming the development, Ambassador Mickey Kantor indicated that the United States expected a "gradual and steady" increase in market share during the remainder of the agreement. During talks with Japan on March 23, U.S. officials clarified the statement, reportedly saying that the United States expected foreign market share in Japan to average 20 percent during 1993.[162] At the same time, the Semiconductor Industry Association (SIA) announced a five-point action plan for making further progress for increasing sales in Japan. The plan suggested closer cooperation between Japanese and U.S. industries to support more design-ins and the continued establishment of "quantifiable targets, which have proven effective" in measuring progress.[163] The plan was later presented to the Electronic Industries Association of Japan which accepted suggestions for increased cooperation in promoting design-ins, but rejected calls for quantifiable targets.[164]

On June 17, 1993, Ambassador Mickey Kantor announced that the first-quarter foreign share of Japan's semiconductor market was 19.6 percent.[165] Once again, the USTR welcomed the relatively high figure, stating that it indicated that the fourth-quarter market share figure for 1992 had not been an aberration. He also reiterated the U.S. Government's expectation that foreign market share would average over 20 percent, at minimum, for the remainder of the year.[166]

During bilateral talks held August 2 and 3, Japan reportedly refused to ensure that foreign market share in Japan would average 20 percent. Reiterating the position it has taken in the past, the United States suggested that Japanese users, including electronics and automobile manufacturers, make more efforts toward buying more foreign semiconductors. The Japanese, in turn, urged U.S. semiconductor manufacturers to produce semiconductors suitable for Japanese users.[167]

On September 22, the second-quarter figures for foreign market share were released, showing a decline from 19.6 percent to 19.2 percent. Ambassador Kantor indicated that he was "extremely concerned" that Japan was failing to meet the 20-percent market share and that United States planned to enforce the agreement.[168] The SIA also expressed concerns about the drop in market share.

On December 27, Ambassador Kantor invoked the emergency consultations clause under the 1991 semiconductor agreement (for the first time since the agreement was signed) and formally requested that consultations be held in January.[169] He indicated that the third-quarter foreign market share had dropped to 18.1 percent. According to some observers, the talks were requested because the administration was under pressure to show that the semiconductor arrangement was successful given the emphasis that it was placing on benchmarks or numerical targets in the framework talks.[170] Japan indicated that it would participate in the talks. However, Japanese officials blamed the decline in market share, which is calculated in yen, on exchange rate changes and shortfalls in supplies that caused U.S. companies to sell to their U.S. customers before selling to their customers in Japan.

Mexico

During 1993, U.S.-Mexican economic relations were most active in negotiating the three side agreements on labor, the environment, and emergency action that complement NAFTA and in "selling" the agreement, a process which resulted in two modifications of the existing NAFTA.[171] However, other issues were discussed bilaterally during the year, including intellectual property rights, reference prices, and agricultural standards. Mexico also continued to implement economic reform measures that are expected to have a favorable impact on U.S. interests.

Intellectual Property Rights

Mexican enforcement of intellectual property rights (IPR) for copyrights, trademarks and patents remained an important bilateral issue throughout the year.[172] U.S. software, audio and videorecording

companies and the U.S. motion picture industry were the principal parties complaining about violation of their copyrights in Mexico. Trademark infringement and difficulty in registering new trademarks were also identified as a major problem by some U.S. companies.

Mexican officials reportedly stepped up their raids and seizures against offenders in the last months of 1993. In October, the Government of Mexico formed an inter-agency enforcement commission to coordinate the prosecution of pirates and to educate the Mexican public. This was followed in November by the establishment of a strike force in the Attorney General's office. In December, the first criminal indictments ever obtained for software infringement by a computer software company in Mexico were issued.[173]

The Mexican Ministry of Trade (SECOFI) signed a landmark software licensing agreement on October 28 with Microsoft Corporation, which will result in the installation of Microsoft products throughout the Ministry of Trade. On this occasion, Dr. Jaime Serra Puche, Mexico's Secretary of Trade and Industry noted: "We understand that intellectual property protection is fundamental to the economic, cultural and social development of Mexico, and we are completely committed to the actions necessary to promote this. By purchasing state-of-the-art software, we are advancing our goal of making Mexico more productive and competitive in today's global markets."[174]

Reference Prices

A new bilateral issue arose on August 4, 1993, when the Mexican Secretariat of Finance and Public Credit (Hacienda) published a resolution establishing a system of "reference prices" for customs valuation purposes.[175] Hacienda claimed that the measure was needed because certain imported goods were seriously underinvoiced, costing Mexico large losses in customs revenue. Reference prices (also called "estimated" or "minimum import prices") were to replace invoice prices as the basis for calculating duties on a range of consumer products, including textiles, apparel, footwear, wine, and electronic household appliances.

Subsequently, authorities amended this new import valuation regime; they lengthened the original consumer product list and modified the minimum import prices both upward and downward.[176] Additional items on the list included disposable diapers and apples. Importers, whose invoice values were lower than the reference price, were directed (1) to pay duties based on the higher reference price or (2) to post a bond or other guarantee to cover the difference in payable duty. Established importers—those who had imported more than $7 million worth of merchandise in 1992—were allowed to petition the Hacienda to exempt them from posting payment guarantees.[177] All importers had to face the likelihood of ultimately having to pay additional duties; therefore, their own competitive position, as well as that of the exporters, was weakened by the reference price system.

U.S. exporters, especially of textiles, complained that the reference prices were too high and said they increased the cost of doing business with Mexico. In September, U.S. officials expressed their concern that the reference prices are contrary to the letter and spirit of the GATT, which does not permit minimum import values. Mexico reiterated that the new rules were designated to combat underinvoicing and customs fraud and claimed that they were GATT-consistent.[178]

On November 16, Mexico issued revised regulations, exempting large importers from the bonding requirements on habitually underinvoiced goods.[179] Nonetheless, many U.S. exporters—some operating through small Mexican agents and distributors—remained unable to benefit from the new exemption. The system of minimum import prices for customs valuation of selected consumer items has essentially prevailed in Mexico, and continues to be a bilateral issue of contention.

It should be noted that consumer items, the only category of products affected by the reference price system thus far, have historically accounted for only a small portion of overall U.S. exports to Mexico. Nonetheless, consumer items are gaining importance because they constitute the fastest-growing component of the total. Another concern of the United States was that Mexico might extend this practice to other types of U.S. exports, thereby undermining the tariff preferences negotiated in NAFTA.[180]

Agricultural Standards

Sanitary or phytosanitary standards, frequently perceived by both countries as *de facto* nontariff barriers to their agricultural exports, continued to be bilateral issues in 1993. For example, Mexico authorized sizable shipments of Pacific Northwest apples from Oregon and Washington State in the fall, but only after first holding them up on grounds that U.S. cold storage standards were inadequate. Also, following months of dispute concerning the U.S. quality control of the Mediterranean fruit fly, Mexico eventually allowed imports of considerable quantities of California table grapes during the year.[181]

Mexico, too, has perceived certain proposed U.S. animal and plant health standards as disguised efforts

to protect the U.S. market. For example, in 1993, Mexican officials objected to a U.S. proposal to restrict imports of Mexican-origin Holstein cattle. This proposal, still under consideration by U.S. officials, arose due to concerns about the possibility of spreading bovine tuberculosis to U.S. cattle. Mexican avocados, which are barred from all of the United States except Alaska, are another target for Mexican complaints about U.S. application of health standards. In this case, the U.S. side was concerned about the threat of fruit fly contamination. Nonetheless, joint U.S.-Mexican efforts to control fruit flies are currently under consideration.[182] The implementation of the NAFTA may help the two sides to better manage existing conflicts and promote cooperation in the area of agricultural health and safety rules. A series of trilateral committees and working groups are already at work on these matters.

Tax Treaty

A new bilateral tax treaty, signed on September 18, 1992, was ratified by both the United States and Mexico in November 1993. The treaty became effective in the United States on December 28, 1993, and in Mexico on January 1, 1994. Designed for "Avoidance of Double Taxation and the Prevention of Fiscal Evasion,"[183] the treaty significantly broadens the one it replaced in terms of the scope of tax information that will be exchanged.[184] The accord also establishes ceilings for Mexican withholding taxes on interest payments and U.S. withholding taxes on dividend payments,[185] thereby reducing barriers to investments and to other business activities in both countries.[186]

Legislative Reforms

Efforts to adapt legislation to the significantly altered, more open character of the Mexican economy, and specifically to Mexico's commitments under the NAFTA, led to important legislative developments in 1993. A host of new laws, modifications of existing laws, decrees, and regulations became effective during the year. These measures covered a wide range of subjects, including government procurement, customs procedures, phytosanitary standards, the maquiladora industry, mining, forestry, financial services, the professions, navigation, Federal highway standards, a new Federal copyright law, taxes, PEMEX (the Federal petroleum monopoly), economic competition, foreign trade, and foreign investment. The new laws on economic competition, foreign trade, and foreign investment, which can be considered landmarks in Mexico's legislative history, are discussed below.

Federal Economic Competition Act

On June 22, 1993, the Salinas Government put into effect its "Federal Economic Competition Act" (FECA). Mexico's previous antimonopoly laws, written in the 1930s, did not cover many forms of anticompetitive behavior, and enforcement was slow and open to influence. In large part as a result, Mexico's business scene came to feature a heavy presence of cartels, which have routinely engaged in price fixing.[187]

In drafting the new antitrust law, Mexico drew mostly on the experiences of the United States, Canada, and Spain. FECA's declared purpose in article 2 is to:

> . . . protect the competition process and free access (to the marketplace) through the prevention and elimination of trusts, trust related practices/activities and other restrictions to the efficient functioning of the markets of goods and services.[188]

FECA entrusts the enforcement of its antitrust and anticoncentration provisions to a Federal Competition Commission, which it created to function as a division of SECOFI. The five members of this Commission are to be appointed by the President of Mexico, initially for staggered terms, eventually for 10-year terms. The Commission is empowered to regulate monopolies and authorize certain mergers, acquisitions, and horizontal and vertical integrations.

FECA provides for significant penalties for violations. Distinguishing between absolute monopolistic practices that are clearly unlawful and other "suspected" ones, the law establishes a rule of procedure to identify practices in the second category. This is similar to the approach of antitrust authorities in the United States. In the words of Mr. Santiago Levy, the first President of the Competition Commission:

> Price fixing arrangements, horizontal market division and bid rigging are considered unlawful. Other practices are subject to a rule of reason approach.[189]

FECA applies to public as well as private monopolies, except for certain constitutionally established public monopolies in "strategic areas" such as PEMEX, the petroleum monopoly, and CFE, the Federal Electricity Commission, workers associations

that are legally incorporated to defend their interests, and voluntary exporting groups that do not sell their products domestically. Also, the executive branch continues to be allowed to determine maximum prices for products and services necessary for mass consumption. The policing of these prices is entrusted to Mexico's Federal Consumer Protection Agency.

With this legislation, as with other laws promulgated in anticipation of NAFTA's passage, the Salinas administration reportedly sought to harmonize the competition laws of Mexico with those of the United States and Canada. Beyond that, the new law aims to bring Mexican competition legislation to parity with that of all advanced market economies, thus making Mexico more appealing to foreign investors in general.[190]

Foreign Trade Law

Mexico published a new, comprehensive Foreign Trade Law in the *Diario Oficial* on July 27, 1993, effective the next day.[191] This law superseded the Foreign Trade Regulatory Act of 1986 and various pertinent regulations.[192] In stating the law's overall objectives, Title I, article 1[193] includes the objective to regulate and promote foreign trade, to increase the national economy's competitiveness, and to facilitate the Mexican economy's integration into the global economy. Mexican authorities claim that this law will conform Mexican law to Mexico's commitments under the NAFTA and curb the Government's discretionary power. Reliance on public hearings is also expected to lead to greater transparency than before.[194]

Title III, article 6 of the Foreign Trade Law establishes a Commission on Foreign Trade, "the compulsory consultative body for agencies and entities of the Federal Government."[195] Article 7 creates a Mixed Commission on Export Promotion to assist the Executive Branch. Articles 9-11 establish rules of origin for the first time in Mexico. In Title IV, articles 12-27 codify provisions concerning tariff and nontariff restrictions, significantly enhancing thereby the transparency of Mexican trade restrictions.[196]

Title VIII of the Foreign Trade Law provides for export promotion activities. These are intended, among other things, to help Mexican firms "take advantage of the progress made in international trade negotiations" by offering appropriate foreign trade support services. Article 91 of Title VIII of the Foreign Trade Law promises a host of decrees to be issued in the *Diario* that will specify programs for the promotion of exports "concerning infrastructure, training, coordination, organization, financing, tax and customs administration, and upgrading of foreign trade mechanisms, provided they are internationally accepted practices."[197] Article 92 institutes a "national export prize" whose purpose is "to recognize, on an annual basis, the efforts of Mexican exporters and institutions that support export activities." Title IX is consigned to lists of various violations under this law, penalties for such violations, and a description of the process of appeal to authorities for reversal of decisions already made with regard to certification of origin, unfair trade, breach of confidentiality, and other matters. The *Diario* published implementing regulations to the new foreign trade law on December 30, 1993.

Foreign Investment Law

The passage of Mexico's new foreign investment law (FIL) was initially held up in the 1993 summer legislative session, during which so many other legal reforms were passed. The law was passed shortly after the NAFTA was approved by the U.S. and Canadian legislatures; it was published in the *Diario Oficial* on December 27, 1993, and made effective the following day.

The new law replaces the "Law to Promote Mexican Investment and Regulate Foreign Investment" of 1973 (1973 law), which was generally unreceptive to foreign capital. Under the 1973 law, foreign investment had been excluded from a wide range of economic activities. In other areas where it was permissible, foreign ownership had been generally limited to 49 percent.[198] However, by the early 1980s, capital from abroad was seen once again as desirable for Mexico, and the 1973 law was applied in an increasingly flexible manner. The law itself was first modified in 1984 during the administration of President de la Madrid to allow majority ownership in selected activities.

In May 1989, the Salinas administration put into effect implementing regulations to the 1973 law, liberalizing the country's direct investment regime. The 1989 regulations served to formalize investment procedures that already had been in place for some years, such as facilitating the approval process for foreign investment and greatly expanding the number of economic areas in which majority foreign ownership was allowed.[199] Even though the 1973 law remained on the books, these more liberal regulations are regarded as having been a major factor in Mexico's considerable success in attracting foreign capital in recent years.

The United States, the largest foreign presence in the Mexican economy, currently accounts for some three-fifths of foreign direct investment in Mexico.[200] This considerable U.S. share has been realized even though several economic activities of substantial interest to U.S. investors—petroleum, petrochemicals, mining, transportation equipment, auto parts, and services including most financial ones—generally had been reserved for the State or Mexican nationals.

Most of the differences between the two countries with regard to foreign investment were resolved in NAFTA. NAFTA commits the partners to extend national treatment to each other's investments in most areas, subject to specified conditions. The NAFTA requires Mexico to phase out its "performance requirements" imposed on foreign entrepreneurs—including specified export levels, capital controls, trade balancing, and minimum domestic content—that frequently have discouraged and antagonized U.S. investors and constrained U.S. exports to Mexico.

It should be noted that the FIL does not extend NAFTA provisions to all countries. For example, under NAFTA's provisions on financial services in commercial banking and stock brokerages, investors from partner countries may eventually acquire assets that could make them wholly owned subsidiaries. By contrast, for all other foreign investors 30-percent equity participation is the limit. This difference in treatment became an issue between Mexico and the Organization for Economic Cooperation and Development (OECD), as some OECD members asserted that Mexico had taken action that discriminated against non-NAFTA members at the same time that discussions were underway concerning Mexico's accession to the OECD.[201]

The FIL attempts to strike a balance between attracting foreign investment and preserving Mexican control in key sectors. FIL states its purpose in article 1 of Title I as "...the determination of rules to channel foreign investment towards this country and promote its contribution to national development."[202] The law codifies the terms agreed to in NAFTA and, going beyond that, extends national treatment to foreign investors from third countries, subject to specified limitations in article 4. Mexican officials have frequently emphasized that they wish to diversify the sources of foreign investment in Mexico. Therefore, they are actively pursuing investors not only from NAFTA partners but also from Japan, other Far Eastern countries, Europe, and other areas.

Article 5 lists those segments of the economy that continue to be reserved exclusively for the State, thus excluding private Mexican and all foreign investors. These are: extraction of petroleum and other hydrocarbons; production of basic petrochemicals; generation of electricity and nuclear energy; mining of radioactive materials; communications *via* satellite; telegraphic and radiotelegraphic services; mail; railroads; printing of money and coinage; and control, inspection, and surveillance of maritime ports, inland ports, airports, and heliports. Most of these exclusions are mandated by Mexico's Constitution of 1917.

Article 6 lists additional activities from which foreign investors are excluded. These include domestic land transport, retail trade in gasoline and natural gas, radio and television services other than cable television, credit unions, and development banks and institutions.

The law opens up most other economic activities to foreign ownership, allowing minority ownership or, if approved by the National Commission on Foreign Investment (NCFI) even majority ownership to aliens in areas previously reserved for Mexicans. Activities to which foreign ownership ceilings apply, as specified in article 7, include air-transport (25 percent); stock brokerage houses and commercial banks (30 percent); railroad services (49 percent); warehousing and shipping entities involved in domestic maritime navigation (49 percent); and production of automobile parts, equipment, and accessories (49 percent). In spite of the ceilings, some of the above activities, including air and land transportation, certain maritime and railroad activities, and stock brokerages, are being opened to foreigners for the first time.[203]

Article 8 lists additional activities in the 49-percent category, for which the NCFI may in its discretion allow foreign participation in excess of 49 percent. These include building and construction activities, certain port services, the administration of air terminals, certain educational and legal services and, most important from the U.S. point of view, oil and gas well drilling. Article 9 requires prior approval by the FIL in all economic areas where foreign participation exceeds 49 percent, provided the value of a proposed investment exceeds an amount to be determined annually by the NCFI. This amount has been presently set at 85 million new pesos (approximately $27.5 million).

Title II provides for the acquisition of real estate and trusts. Notably, article 10 allows foreign investors to buy land along the border and coastlines for nonresidential purposes. Previously, these areas had been reserved for Mexican companies, although

complex trust and stock ownership arrangements made investment possible for foreigners. The change in the new law will establish legal security for foreigners interested in investing in beach hotels and in developing industrial and commercial real estate in these formerly restricted geographic areas. By contrast, trusts are still required under the new law for residential property in the same areas, as provided for in article 11.

Title VI provides for the structure of the NCFI, which will be comprised of cabinet ministers and chaired by SECOFI. This title also defines the Commission's authority and outlines its operations. Sanctions for violations are discussed in Title VIII, but prior to the determination or imposition of any sanction, the interested parties shall be heard.

China

Most-favored-nation (MFN) tariff status was the leading issue in trade and economic relations between China and the United States as 1993 began and remained so throughout the year. Chinese transshipments of textiles and apparel to the United States through third countries to avoid U.S. import quotas also became a major issue in 1993. Negotiations on a new textile-and-apparel agreement that would impose penalties on such transshipments remained stalled at year's end when the 1988 bilateral agreement expired. A further strain was placed on relations between the two countries when the United States banned the export of certain high-technology goods to China for 2 years. The sanctions, imposed as the result of mounting evidence that China had engaged in weapons proliferation, affected mainly U.S.-built communications satellites that were to be exported for launching by China. The Chinese Government's inadequate enforcement of intellectual property rights was yet another bilateral issue that remained unresolved in 1993.

Talks on the implementation of the 1992 agreement on market access yielded better results. Although China failed to meet some of its market-opening commitments scheduled to take place in 1993, it reduced or eliminated other import barriers ahead of schedule. The commitments made by China under this bilateral agreement are based on the multilateral rules and trade liberalization principles that would apply if China were a member of the GATT. However, during the GATT meetings held in 1993 on China's application for accession, the United States and other member countries continued to raise questions about the ability of China to meet GATT obligations without further trade and economic reforms.

MFN Status

When President Clinton was inaugurated in January 1993, one of the major trade decisions he faced was to determine whether the MFN status of China should continue. MFN tariff treatment, the nondiscriminatory rates of duty that the United States applies as a matter of course to imports from most countries, is extended to products from China under the President's authority to waive full compliance with the freedom-of-emigration requirements imposed on nonmarket economy countries by section 402 of the Trade Act of 1974. The waiver for China, which has been in effect since February 1980, expires on July 3 of each year unless the President issues a determination to extend it at least 30 days before the scheduled expiration date.

Continuation of the waiver has been an issue since the Chinese Government's military suppression of the student-led prodemocracy movement in June 1989. Legislation placing human rights and other conditions on the extension of China's MFN status was twice passed by the Congress but was vetoed by former President Bush.[204] The situation changed in 1993, however, when President Clinton as well as the Congress favored making MFN renewal for China contingent upon significant improvements in its human rights record.

On May 28, 1993, President Clinton issued a determination continuing the most-favored nation status of China for another 12 months beginning July 3, 1993, and concurrently signed an Executive order specifying the conditions in the area of human rights for recommending extension in 1994.[205] The Executive order directed the Secretary of State to submit a recommendation to the President with respect to the next annual extension before June 3, 1994, and named two conditions that China was required to meet and five conditions that China could satisfy if it made "overall significant progress."

Under the Executive order, the Secretary of State could not recommend extension of China's MFN status in 1994 unless he determined (1) that continuation of the waiver would substantially promote the freedom-of-emigration objectives of section 402 of 1974 Trade Act and (2) that China was complying with a 1992 bilateral agreement on products made by prison labor. China's MFN status has been extended every year since 1980 on the grounds that the first condition was being met;[206] however, for renewal of the waiver in 1994, this condition also required that designated

dissidents and relatives of dissidents be allowed to emigrate. The second condition would be essentially met provided China allowed U.S. officials to inspect prisons and other detention facilities that they suspected of using forced labor to produce goods being shipped to the U.S. market.[207] In addition, the Executive order directed the Secretary to determine whether China has made "overall, significant progress" with respect to the following human rights issues: (1) taking steps to adhere to the Universal Declaration of Human Rights,[208] (2) releasing and providing an acceptable accounting of Chinese citizens imprisoned or detained for the nonviolent expression of their political and religious beliefs, (3) ensuring humane treatment of prisoners, (4) protecting Tibet's religious and cultural heritage, and (5) allowing access in China to international radio and television broadcasts.

Although the conditions for the renewal of MFN status in 1994 were limited to improvements in the area of human rights, the Executive order also directed the Secretary of State and other appropriate U.S. Government officials to pursue all legislative and executive actions to ensure that China abided by its commitments to the United States with respect to trade practices and the nonproliferation of weapons. In a report to the Congress that accompanied the MFN extension,[209] President Clinton outlined the steps already being taken by the new administration to resolve these other bilateral issues that Congress had previously included, in addition to human rights, among the legislative conditions for MFN renewal.

With President Clinton's decision pending, Representative Pelosi (D-CA) and Senator Mitchell (D-ME) introduced in the Congress, on April 22, 1993, legislation imposing conditions on the extension of China's MFN status in 1994 (H.R. 1835 and S. 806). A similar bill (H.R. 1991) was also introduced by Representative Smith (R-NJ) on May 5, 1993. No further action was taken with respect to these measures, however, since the President's Executive order encompassed the essential elements of the proposed legislation. A joint resolution (H.J. Res. 208) to disapprove the 1993 continuation of MFN treatment for products from China was introduced by Representative Solomon (R-NY) and others on June 8, 1993. This bill was defeated in the House and was not considered in the Senate, thereby providing further congressional endorsement of the President's handling of the MFN issue.

The Chinese Government was viewed as having done little to advance human rights during the months immediately following President Clinton's decision,[210] and U.S. pressure on China to improve its trade practices and to abide by international rules on the sale of weapons also failed to yield positive results. In a meeting held on September 25, 1993, between U.S. National Security Advisor Anthony Lake and Chinese Ambassador to the United States Li Daoyu, the Clinton administration introduced a policy of more comprehensive engagement with China. Key components of this change in approach included the resumption of high-level contacts, cooperation on a wide range of common interests, and the active promotion of trade links.[211] At the same time, administration officials emphasized that improvement in the area of human rights was imperative for the extension of China's MFN status in 1994.

The high-level exchanges arranged with Chinese economic, political, and defense officials included a meeting between President Clinton and Chinese President Jiang Zemin in Seattle, Washington, on November 19, 1993, held in conjunction with the Fifth Ministerial Meeting of APEC. During the exchange, President Clinton "put forward key human rights conditions that must be met if Most Favored Nation status to China is to be renewed."[212]

China released some well-known political prisoners early or gave them medical parole in 1993; however, new arrests were reported and the Chinese Government still has not provided a full accounting of the thousands of persons detained during the suppression of the 1989 prodemocracy movement. A possible change in China's position occurred in November, when the Government announced that it would "give positive consideration" to a request from the International Committee of the Red Cross to visit its prisons. China has been slow, however, in responding to U.S. requests for access to facilities where prison labor is suspected of producing goods for export to this country. By the end of December 1993, U.S. embassy officials had been allowed to conduct on-site visits of only three suspected facilities since the bilateral agreement on prison labor products became effective in August 1992.[213] Looking at the overall record, both administration officials and members of Congress agreed that China had not yet made the human rights improvements needed to satisfy the President's conditions for MFN extension in 1994.[214]

Textiles and Apparel

The United States has gathered extensive evidence in recent years that China has repeatedly engaged in violations of the bilateral agreement controlling its exports of textiles and apparel to the U.S. market. Transshipments and overshipments by China have been the primary problems, inasmuch as both practices

seriously undercut the effectiveness of the textile quota system. However, despite months of negotiations that began in March 1993, the bilateral textile agreement in effect since the beginning of 1988 expired on December 31, 1993, before a new agreement addressing these issues could be reached.[215]

China's transshipments, its practice of initially shipping textiles and apparel destined for the United States to a third country where they are improperly labeled as having been manufactured in that country, are believed to have assumed massive proportions. For the period 1991-93, the U.S. Customs Service estimated that the value of such improperly transshipped Chinese textiles and apparel entering the U.S. market totaled about $2 billion annually.[216] Such transshipments reportedly took place through at least 25 countries in areas as widespread as Europe, Asia, Africa, and Central and South America.[217] The import categories found to account for the largest volume of transshipments were mainly those covering knit shirts, sweaters, underwear, cotton trousers, and shop towels.[218]

Overshipments, or shipments that exceed quota limits specified in the bilateral agreement, were also identified as a major concern. This practice can result in significant market disruption since, as a rule, all merchandise entering the United States in excess of the annual limit for a textile or apparel category must be held in bond at Customs warehouses until it can be included in the next year's quota. During 1990-93, annual overshipments occurred in more than 50 percent of the 88 categories subject to limits under the United States-China agreement,[219] indicating that the Chinese Government may not have been meeting its legal obligation to issue export visas for no more than the amount of goods for which it had quota. The problem is believed to have been largely the result of an inadequate control mechanism, rather than direct action on the part of the Government, since much of this overshipment reportedly resulted from the use of fraudulent visas.[220]

Even though China has been identified as the country of origin for most improper transshipments to the U.S. market, the transit countries may have also violated their textile-and-apparel agreements by allowing China to use otherwise unfilled portions of their quotas. To tighten its controls against this practice, the United States has begun to renegotiate all of its expiring bilateral textile agreements to include language that addresses specific instances of transshipment by either the originating or the transit country. This new language in the agreements will give the United States the right to make adjustments in a country's quotas if bilateral consultations do not resolve the issue. In the case of repeated offenses, the United States will have the right to reduce a specific quota by as much as three times the amount transshipped.[221] The agreements also are being revised to give U.S. officials the authority to make unannounced visits to a supplying country's textile and apparel factories and to include a commitment by that country to adopt enforcement procedures that effectively control both transshipments and overshipments.[222] In 1993, the United States concluded bilateral textile agreements incorporating these provisions with 16 countries.[223] However, China was not the only country that resisted.

The United States also entered into negotiations with China to include, for the first time, silk and mostly silk-blend apparel among the categories subject to quota limits. U.S. imports of silk apparel from China have been rising rapidly in recent years, from $220 million in 1989 to $1.0 billion in 1992 and to $2.6 billion in 1993. This growth has largely resulted from a decline in the prices of these imports, consisting mainly of shirts and blouses, that has seriously affected the sales of U.S. manufacturers of similar cotton and manmade-fiber apparel.

U.S. imports of textiles and apparel from China totaled $6.2 billion in 1993 (not counting improper transshipments and the overshipments held in Customs warehouses), making it the largest supplier to the U.S. market among more than 100 textile-exporting countries. About 80 percent of these imports from China consists of apparel items. The United States is the largest market for China's exports of textiles and apparel, which accounted for about one-third of its total foreign-exchange earnings in 1993.

Export Sanctions on Satellites

Since early 1992 China has shown increased support for international initiatives to control the proliferation of weapons of mass destruction. In March 1992 it acceded to the Nuclear Non-Proliferation Treaty (NPT) and, although it did not join the Missile Technology Control Regime (MTCR), made a written commitment to the United States to abide by its guidelines and parameters. In January 1993 China became an original signatory to the Chemical Weapons Convention (CWC), thus making it either a member of or a participant in all of the leading nonproliferation agreements. Nevertheless, reports that China may have exported items controlled under these agreements to countries of proliferation concern continued to raise doubts about its compliance with its commitments. The matter of greatest concern to the new Clinton

administration involved reports that China had sold either M-11 missiles or related equipment to Pakistan in November 1992. Such a transfer is a violation of the MTCR, which serves to control the spread of missile and missile-delivery systems.[224]

On August 24, 1993, after several months of examining a mounting body of evidence, the United States issued a determination that China had transferred M-11 missile components to Pakistan. This finding automatically triggered the imposition of sanctions banning any new U.S. licenses to export specified high-technology munitions and civilian items having potential military use to China for 2 years.[225] The items mainly affected by the sanctions were satellites and satellite components that U.S. manufacturers had planned to export for launching by China.[226] This meant that China would be forced to virtually suspend the operation of its commercial satellite business but it also meant a loss in potential U.S. exports estimated to be $400 million to $500 million annually during the 2-year period.[227]

U.S. law requires that sanctions be placed on countries that knowingly transfer certain types of technology to countries that do not adhere to the MTCR, and the nature of the specific sanctions to be imposed are determined by the MTCR guidelines. China was determined to have sold to Pakistan, a country that does not adhere to the MTCR, items on the MTCR list related to the development or deployment of the M-11 missile (Category II items), but conclusive evidence did not exist for a determination that it had transferred items that would make a substantial contribution to the development and production of the missile (Category I items). A variety of items are included in the Category II list, but exports to China of most of these items, including satellites, are prohibited under U.S. sanctions imposed following the June 1989 massacre of prodemocracy demonstrators in Tiananmen Square or are restricted under other U.S. laws and international guidelines. However, in March 1992, after China had provided assurances to the United States that it would adhere to the MTCR guidelines, the Bush administration began to consider and issue waivers of the sanctions prohibiting satellite exports to China on a case-by-case basis. As a result, negotiations on several contracts for U.S.-built communications satellites to be launched by China had been concluded or were in progress when the new sanctions were imposed.

The United States offered China the opportunity to launch satellites commercially when a U.S. company applied for licenses to export three of its satellites for launching on Chinese rockets and the two countries began negotiations on the terms of such an arrangement. Between October 1988 and January 1989, the United States and China signed agreements covering pricing and other aspects of international trade in commercial space launch services, safeguards to prevent the unauthorized transfer of U.S. space technology to unfriendly third countries, and liability in the event of a launching accident. These three agreements met the requirements for the United States to issue export licenses for U.S.-made communications satellites to be launched by China and marked the entry of China into the international market for launch services.

Although a prohibition on exports of satellites was among the sanctions that the United States imposed on China in 1989, exceptions were made for the three satellites that had led to the signing of the agreements. All three were subsequently exported to China, and two were successfully launched.[228] Again in 1992 the prospect for more launchings improved as a result of the commitment China had made to adhere to the MTCR guidelines. Former President Bush waived the prohibition on U.S. satellite exports to China with respect to six specific projects in September 1992, and President Clinton issued waivers for two additional projects in July 1993. However, U.S. export licenses had been issued for only three of these projects before the new sanctions were imposed.[229]

During the months immediately preceding the imposition of sanctions, members of the Clinton administration had met with Chinese officials in an attempt to resolve the proliferation issue. However, the Chinese Government denied that there had been a violation of the MTCR and refused to discuss any evidence relating to the M-11 missile-related transfer.[230] Despite the lack of progress made in these earlier talks, the United States subsequently offered to reopen negotiations to determine whether the two sides could agree on conditions for lifting the sanctions. At the first of these meetings, held in November 1993, the United States failed to persuade the Chinese Government to sign a formal, legally binding agreement to replace its earlier commitment to adhere to the guidelines of the MTCR.[231]

Other Bilateral Trade Issues

IPR Enforcement

China has made significant changes in its laws and regulations to protect intellectual property rights (IPR) but, in the view of the U.S. Government, has failed to provide adequate and effective IPR enforcement. The

piracy of films, tape cassettes, compact disks (CDs), laser disks, computer games, computer software, books, and magazines is rampant in China and still growing.[232]

The improvement in China's laws and regulations was to a large extent the result of a memorandum of understanding (MOU) it reached with the United States in January 1992. Acting in response to commitments it made in the MOU, the Chinese Government issued regulations in 1992 that raised the minimum level of protection for computer software and other copyrighted works to international standards and revised its patent law to extend protection to agricultural, pharmaceutical, and chemical products.[233] However, despite the commitment China also made in the MOU to establish an effective mechanism for IPR enforcement, its revised copyright law did not provide for criminal proceedings against piracy.[234] Moreover, although the operation of the China Patent Office is regarded by USTR as being generally effective, the piracy of patented products has continued.[235]

In July 1993 China put into effect a revised trademark law that contains tough enforcement provisions, including criminal penalties for infringement. Trademark violations remain widespread, however, and a company's redress for infringement can be made difficult by such problems as prolonged investigations and the inexperience of Chinese courts in dealing with complex trademark and other IPR issues.[236] The Anti-Unfair Competition Law was also adopted and became effective December 1, 1993. This law for the first time provides legal protection in China for unregistered trademarks, trade names, and product packaging. It also includes a provision to protect trade secrets, thereby fulfilling another of China's commitments in the MOU.[237]

On November 30, 1993, United States Trade Representative Mickey Kantor announced that he was placing China on the "priority watch list" for its failure to enforce IPR laws and regulations.[238] This list is compiled by the Office of the U.S. Trade Representative as part of its monitoring process under the "special 301" provisions of the Trade Act of 1974.[239] Further bilateral consultations will be held in an effort to reach agreement on enforcement. However, if China should subsequently fail to meet its commitments to establish an effective IPR enforcement mechanism, it could be designated a "priority foreign country" under the special 301 provisions. This action would automatically trigger an investigation that could result in punitive trade sanctions.

Market Access

The first full year of China's implementation of a memorandum of understanding to open its markets to U.S. exports, signed by the two countries in October 1992, ended with mixed results. The Chinese Government fulfilled some of the market-access commitments it had made on schedule or even ahead of the timetable set forth in the MOU. However, it failed to make other changes scheduled to take place in 1993, in particular, some of those relating to its import barriers on agricultural commodities. This uneven performance partly reflects the sweeping nature of the commitments, which require major reforms in China's import regime over a 5-year period and, as the reforms are phased in, structural changes in the various sectors of the Chinese economy opened to competition.[240]

Among the most important steps taken by China in implementing the MOU during 1993 were in opening its markets to industrial goods and in increasing the transparency of its trade regime.[241] On December 31, 1993, in keeping with the MOU timetable, China eliminated import restrictions on 258 items,[242] including iron and steel products, heavy machinery, machine tools, textile machinery, rail locomotives, helicopters, scientific instruments, and commercial aircraft. Acting ahead of schedule, it also lifted import restrictions on integrated circuits and selected chemical products and removed a system of import "controls" that had been used specifically for protecting the domestic production of 171 machinery and electronics products. For many products, however, U.S. access to the Chinese market is still limited by a variety of restrictions and import licensing requirements, often applied in conjunction with one another.[243] The next scheduled reduction in product-specific import barriers is scheduled to take place on December 31, 1994.

China's commitment to improve the transparency of its trading system was made one of the key provisions of the market-access agreement. Instead of using mainly internal directives to govern trade, the Chinese Government pledged to publish and make readily available to both governments and foreign traders all trade and investment-related documents. It began publishing numerous rules and regulations while the section 301 investigation that led to the MOU was still underway and has continued the process. In 1993 the State Council went a step further and issued a directive mandating that no unpublished law, rule, regulation, or administrative guidance can be enforced.[244] Nevertheless, despite the progress that China has made, the goal of achieving transparency

and uniformity of application of trade rules throughout China remains elusive.[245]

The United States is continuing to negotiate with China with respect to certain obligations it failed to meet in 1993. These include a commitment to eliminate the use of agricultural standards and testing requirements that serve mainly as trade barriers inasmuch as they apply to foreign but not to domestic products. In addition, bilateral talks failed to resolve U.S. concerns about scientifically unjustifiable phytosanitary restrictions on imports of fruits, wheat, and tobacco. Some headway was made on this issue in late 1993, however, when China agreed to permit imports of apples from Washington State for a 1-year trial period and to permit TCK spore-carrying wheat from the Pacific northwest to enter Hainan Province in southern China.[246]

GATT Application

The goal of attaining GATT membership continued to elude China in 1993, the seventh year since it applied for admission. The former Republic of China had been one of the founding members of the GATT in 1947, but withdrew in 1950 after the Communists had gained control of the mainland and established the People's Republic of China (China). China reapplied for membership in 1986 and, as an original signatory to the GATT, views this current bid as a "resumption" of GATT contracting party status—a position that the United States and most other member countries oppose but about which no decision has been made. A GATT working party was set up in 1987 to begin the process of reviewing China's trading system and economy in terms of compliance with GATT rules. However, the process was suspended as a result of the Chinese Government's military suppression of the prodemocracy movement in June 1989 and of the slowdown in reforms that followed. A resurgence of reforms prompted the resumption of the GATT working party meetings in early 1992.

During the last of three meetings of the GATT working party on China's application held in 1992, the member countries had begun to discuss possible elements of a protocol of accession. This apparent progress was reversed, however, as a result of bilateral talks on the terms of China's GATT admission held between U.S. and Chinese officials in early March 1993. At that time the United States announced a set of five conditions that China must at a minimum meet for U.S. support of its accession. These conditions established the basic agenda for discussion at a meeting of the GATT working party on Chinese accession that was also held in March 1993 and, inasmuch as China resisted committing to two of the conditions, slowed progress at later meetings of the working party.[247]

The five conditions demanded of China by the United States were: a single national trade policy common to all provinces and regions; full transparency of its trading system; the continuing removal of nontariff barriers to trade; a commitment to move to a full market economy; and, until the transition to a market economy is completed, the acceptance of a "special safeguard system" to protect other GATT-member countries from possible surges in Chinese exports. China accepted the first three demands, and it adopted a series of trade reforms in 1993.[248] However, it would not make an outright commitment to move to a full market economy and initially refused to a consider a special safeguard provision.

In October 1992, the Chinese Communist Party committed China to becoming a "socialist market economy." The adoption of this concept, which fundamentally assumes that the market mechanism is necessary for rapid economic growth and that central economic controls must be replaced by indirect macroeconomic methods, paved the way for further broadening the reform process. However, when the last 1993 meeting of the GATT working party on China's accession adjourned in early October, China had not yet made clear to the participating member countries how it expected to achieve this goal. Many of the issues that had been raised were settled in December 1993, when the Chinese Government announced a number of major reforms. Effective January 1, 1994, China abolished its overvalued official exchange rate in favor of a market-determined rate, a first step toward eventual convertibility of the yuan; implemented further cuts in tariffs; lifted additional nontariff import barriers; and introduced a series of sweeping tax and banking reforms.[249]

The matter of including a "special safeguard system" in China's protocol of accession was not settled during 1993. With both the United States and the European Union pressing the issue, Chinese officials finally accepted the principle of a special safeguard clause but insisted on negotiating a strict time frame and limits on its use. GATT article XIX already provides member countries with safeguard protection against import surges but, unlike the proposed safeguard system that would apply to China, its provisions obligate the importing country to pay compensation and also raise complications involving imports of the same products from other GATT members.

U.S. officials cite other "substantive issues" that must be resolved before China's trade regime is compatible with GATT standards. These issues include a number of agricultural regulations and standards maintained by China that serve mainly as barriers to trade, the continuing lack of transparency in its trade system, and its inadequate enforcement of intellectual property rights.

Taiwan

Two topics dominated U.S.-Taiwan trade discussions in 1993: Taiwan's application to join the GATT and ongoing U.S. concern about protection of intellectual property rights in Taiwan. By the end of the year, negotiations over Taiwan's GATT application entered a detailed phase as the United States requested Taiwan to reduce tariffs on a number of items and make other changes in its import regime. Protection of intellectual property rights in Taiwan, as in many recent years, was also a major topic of bilateral negotiations in 1993. In April, the United States placed Taiwan on the "priority watch list" under special 301, began a review of IPR protection in Taiwan, and established an "immediate action plan" to evaluate Taiwan's performance in protecting intellectual property rights. By yearend, IPR protection in Taiwan had improved and the bilateral dispute had dissipated.

GATT Application

A GATT working party was established in September 1992 to consider Taiwan's prospective membership.[250] The working party met four times by the end of 1993.[251] Specific areas of discussion included Taiwan's area and other restrictions on agricultural imports, tariffs, membership in certain Tokyo Round GATT codes, and state-owned enterprises. In November 1993, the United States tabled a request of Taiwan to reduce tariffs on 2,800 products. The United States also requested that Taiwan reduce tariff peaks on other items, maintain previously established low tariffs, and eliminate import bans, quotas, and other nontariff restrictions, largely on agricultural products, which are prohibited by GATT rules.[252] The following sections summarize discussions of the working party on those topics as of yearend 1993.

Area Restrictions on Agricultural Imports

Taiwan restricts imports of numerous agricultural products—such as apples, pears, grapes, bananas, citrus fruit, turkey meat, and whole ducks—that are raised in neighboring countries. In working party discussions, several GATT members said that Taiwan's area restrictions violate article I of the GATT, which establishes the principle of most-favored-nation treatment. Taiwan said that it intends to replace the area restrictions with a quota system consistent with GATT Article XIII (non-discriminatory administration of quantitative restrictions).[253] For goods such as fresh fruits that are currently banned from all sources other than the United States, Taiwan plans to replace the prohibitions with tariff-rate quotas. The United States insists that current levels of market access not be diminished as a result of GATT accession. Taiwan said that its imports of U.S. goods would be no less than current U.S. levels.[254]

At the October meeting of the working party, Taiwan offered to convert GATT-inconsistent quotas and bans on agricultural imports to tariffs using a methodology proposed in Uruguay Round discussions that involves tariffication of domestic support measures (subsidies). The United States and other members of the working party countered that Taiwan's accession should be the basis of full conformity with established GATT rules.[255] In the U.S. view, measures used for accession differ from temporary measures designed for participants in the Uruguay Round in order to meet new disciplines established by the Round and should not be applied by parties seeking to accede to the General Agreement.[256]

Nontariff Border Measures

Also at the October meeting, Taiwan introduced a "negative list" designed to streamline entry procedures for products subject to nontariff barriers. Of the nearly 1,500 items on the list, import bans would continue for 230 products, and about 450 would remain subject to discretionary import licensing, quantitative restrictions, quotas, monopoly controls, or area restrictions. Taiwan said the negative list was a major reform of its rules and regulations governing restricted imports so that "permission is the principle, restriction the exception." The United States expressed concern that the negative list was too long and continued the same GATT-inconsistent exclusionary measures.[257] In a bilateral discussion with Taiwan after the Working Party meeting, the United States said it would continue

to assess the transparency and predictability of the draft negative list.[258]

Wheat and Wheat Flour

At the October meeting, Taiwan said that licensing requirements for wheat imports had been eased. Imports of wheat flour, however, remain highly restricted pending an evaluation of the effect of liberalization of wheat imports on wheat flour processors.[259]

Sanitary and Phytosanitary Measures

In recent years, Taiwan's sanitary and phytosanitary standards have increasingly been viewed as an impediment to agricultural imports. In the U.S. view, the development and application of sanitary and phytosanitary rules and the enforcement procedures in Taiwan appear biased toward domestic production and against agricultural imports.[260]

At the October meeting of the GATT Working Party, the United States registered concern that unpredictable application of sanitary and phytosanitary measures by Taiwan created a de facto import ban in certain categories. Taiwan stated that its quarantine review committee system for animal and plant products makes decisions on the basis of scientific principles. Taiwan tried to allay specific U.S. concerns regarding phytosanitary measures regarding importation of edible offals and frozen catfish fillets.[261]

GATT Codes

The United States and other members of the working party urged Taiwan to join all Tokyo Round codes upon accession to the GATT.[262] Taiwan said it plans to accede to the licensing code, antidumping code, subsidies and countervailing duty code, customs valuation code, and the code on technical barriers to trade. Several members of the working party urged Taiwan to join the government procurement and civil aircraft codes.

The United States urged Taiwan to join the procurement code when it accedes to the GATT and to implement transitional measures to improve the transparency of the existing procurement system.[263] Several members of the working party criticized Taiwan's use of domestic-only bidding, regulations on issuance of construction licenses, and other aspects of government procurement that appear to be inconsistent with the government procurement code. Taiwan stated that it is drafting a procurement law more consistent with the government procurement code and that it is considering adherence to the government procurement code "at an appropriate time following GATT accession."[264]

The United States, the EU, and Canada stated that Taiwan should join the agreement on trade in civil aircraft when it accedes to the GATT. Taiwan, however, said that it would not join the civil aircraft code until its domestic industry is "developed to a mature stage." The United States said that Taiwan's failure to sign the code would force foreign aircraft manufacturers to question whether investing in Taiwan would violate their respective GATT commitments.[265]

Tobacco Wine Monopoly Bureau

Several countries criticized the monopoly tax imposed by the Taiwan Tobacco Wine Monopoly Bureau (TTWMB) on wine and distilled spirits. The United States said that the methodology the TTWMB uses for deriving the tax must be transparent and that the tax must be applied to imports and domestic products in an equivalent manner. Taiwan said that it is reviewing the monopoly tax system and plans to replace it with a GATT-consistent system of traditional duties and internal taxes.[266]

Protection of Intellectual Property Rights

Protection of intellectual property rights in Taiwan has been the subject of bilateral dispute for several years.[267] In 1993, the subject of legal protection of intellectual property rights in Taiwan and the enforcement of such provisions, were at the center of bilateral discussions. By the end of 1993, Taiwan took several steps to improve protection of intellectual property rights but still remained on USTR's special 301 priority watch list.

In 1993, bilateral discussion about protection of intellectual property rights took place in the context of special 301 provisions of the Trade Act of 1974. Early in the year, two U.S. business groups interested in IPR protection in Taiwan advocated not identifying Taiwan as a "Priority Foreign Country" under special 301. The Motion Picture Export Association described video piracy in Taiwan as a "major concern,"[268] but expressed greater concern over the "dramatic increase" in piracy in three European countries.[269] The American Chamber of Commerce (Amcham) in Taipei said that IPR protection in Taiwan, although lower than U.S. standards, did not warrant designation of the country as a "priority foreign country" because of

improvements in IPR protection in Taiwan.[270] Prior to the July review of Taiwan's special 301 status, the Amcham said that "Taiwan's patent, copyright, fair trade, and trademark laws are among the most stringent in Asia," and that special 301 sanctions should not be imposed on Taiwan. The Amcham added that a greater concern for owners of intellectual property rights is to develop cost-effective ways to recover damages in civil proceedings.[271]

Taiwan has announced its intention to conform to international IPR standards, including those contained in a final Uruguay Round agreement.[272] In 1993, however, several problems persisted regarding protection of intellectual property rights in Taiwan. Counterfeiting of famous name trademarked products, while less widespread than in past years, continued in 1993. The United States offered assistance to Taiwan to help detect export of counterfeit trademarked goods. On the subject of copyright infringement, Taiwan's exports of pirated computer software have been limited by a computer software monitoring system, which was established pursuant to a June 1992 agreement between the United States and Taiwan. The export of pirated copies of compact discs (CDs) has reportedly been curtailed by the introduction of an export licensing system for CDs.[273] In early 1993, Taiwan announced a new initiative to impose criminal prosecution against software and CD counterfeiters.[274] In early May, Taiwan authorities destroyed 100,000 illegal and pirated videos and laser discs.[275]

Data compiled from various law enforcement agencies in Taiwan point to increasing enforcement of IPR laws by Taiwan authorities compared with previous years. In 1991-93, Taiwan authorities carried out about 9,000 raids on illegal video establishments each year. The number of illegal videotapes and laser discs seized varied considerably from year to year: 440,000 in 1991; 120,000 in 1992; and 135,000 in 1993. The number of police investigations of copyright, trademark, and patent infringement reached 2,014 cases in 1992 and 4,162 in 1993. Notably, stiffer jail terms for those convicted of violating IPR laws were handed down in 1993 compared with previous years: in 1993, 191 sentences of 6 months or more, compared with 76 in 1992 and 39 in 1991.[276]

Testifying before Taiwan's legislature in favor of a bilateral IPR agreement, a representative of the American Institute in Taiwan suggested that Taiwan's continued economic strength is threatened by a lack of IPR protection. If Taiwan wishes to continue its technology-intensive economic development using technology protected in other countries by trademarks, copyrights, and patents, "unless the holders of those patents, trademarks and copyrights can have confidence that their products will be protected, they will not share them with you," the representative said.[277]

On April 30, 1993, under provisions of special 301, the United States placed Taiwan on the "priority watch list" and began a review of IPR protection in Taiwan. In making the announcement, Ambassador Mickey Kantor announced that the U.S. Government would establish an "immediate action plan" to evaluate Taiwan's performance in protection of intellectual property rights. As part of the review, Ambassador Kantor gave Taiwan until July 31, 1993, to meet U.S. requirements regarding IPR protection to avoid further action under special 301 provisions. In particular, the United States sought enforcement of IPR protection in Taiwan, legislation to legitimize Taiwan's cable television systems, control of piracy by cable television stations, and the elimination of piracy of video games. Ambassador Kantor added that Taiwan needed to resolve serious problems about obtaining and enforcing trademarks in Taiwan.[278]

After the April announcement, the United States and Taiwan held several consultations regarding the immediate action plan for IPR protection in Taiwan. In July, Taiwan (1) committed itself to establishing an export monitoring system for trademarked goods, (2) agreed to complete other measures in the immediate action plan to improve administration, protection, and enforcement of trademarks, (3) agreed to a mechanism for implementing a ban on parallel imports of copyrighted goods, (4) signed bilateral copyright agreement, and (5) agreed on improved procedures for implementing the computer software export monitoring system.

On August 2, 1993, Ambassador Kantor announced the results of a review of intellectual property practices in Taiwan. He said that Taiwan had completed many key parts of the special 301 "immediate action plan," signed the bilateral copyright agreement, enacted a cable television law, and committed itself to improving trademark protection and enforcement. Taiwan's status on the "priority watch list," the USTR said, would be reviewed based on future progress in these areas.[279]

Taiwan's legislature passed a revised patent law in late December.[280] Particular areas of interest to the United States included patentability of new microorganisms, granting of property rights, extension of patent rights by 2-5 years for pharmaceutical and agricultural chemical products,[281] compulsory licensing, reversal of the burden of proof in patent infringement cases, establishment of special patent

courts, and criminal penalties for the violation of new model and utility patents.[282] The United States had been concerned about possible amendment to the patent law, such as allowing parallel imports of patented goods, that would dilute existing patent protection.[283] The language of the final text on parallel imports, according to Taiwan's National Bureau of Standards, leaves the determination of the legality of parallel to the courts.[284]

Republic of Korea

The main areas of negotiation between the United States and Korea in 1993 were protection of intellectual property rights and access for foreign rice and beef in Korea. Korea was placed on the special 301 "priority watch list" out of U.S. concern about insufficient legal protection of intellectual property rights in Korea. In the context of the Uruguay Round of GATT negotiations, Korea lifted its ban on imports of foreign rice. Finally, under U.S. pressure, Korea expanded its quotas on foreign beef imports.

Intellectual Property Rights

On April 30, 1993, Ambassador Kantor placed Korea on the "priority watch list" pursuant to special 301 provisions of the Trade Act of 1974. In taking the action, Ambassador Kantor cited Korea's ineffective enforcement of trademark and copyright laws. Ambassador Kantor said that "rampant" piracy of computer software, compact discs, video and sound recordings, and counterfeiting of U.S. trademarks occurs in Korea. Finally, he noted that Korea needs to amend its laws pertaining to copyrights, computer software protection, and semiconductor mask works to ensure "adequate and effective" protection[285] in those areas. At the time of the special 301 designation, USTR began a review of IPR protection in Korea.

In February 1993, Korean authorities began a "special enforcement period" of strict enforcement of IPR laws.[286] During the special enforcement period, which extended through October, law enforcement authorities arrested suspected violators of IPR laws, raided markets where counterfeit goods are sold, gave high priority to IPR-related prosecution and, for the first time, regularly sentenced offenders to jail.[287]

As a result of Korea's increased prosecution of IPR violations, the U.S. Government did not designate Korea as a priority foreign country. Instead, Korea remained on the priority watch list. The United States said Korea needs to sustain enforcement of its IPR laws and to continue to improve its body of IPR laws to be downgraded or removed from special 301 designation in 1994.[288]

Rice

One of the most sensitive international trade issues facing Korea in the Uruguay Round came to a head in December when Korea agreed to lift its ban on rice imports. At the GATT talks, Korea agreed to allow a limited amount of rice imports phased in over several years. After talks between U.S. Secretary of Agriculture Mike Espy and Korean Foreign Minister Shin Hua Haeng in Geneva, Korea announced that it would open 1 percent of its rice market to imports by 1995. The share of foreign rice would rise to 4 percent by 2005. After 2005, Korea would seek an extension of the quota or replace it with tariffs.[289] U.S. officials estimate that Korea consumes 5.4 million tons of rice annually, but that production of rice in Korea had declined in the past year.[290]

President Kim Young-Sam, who has enjoyed considerable popularity during the first year of his reform-oriented administration, announced the agreement to remove the import ban with an apology: "I sincerely apologize for having failed to block rice imports. . . . As president, I frankly take the responsibility."[291] He added that "I decided that we can neither survive nor develop by becoming an international orphan. I thought we should open the door and go outward rather than close the door and defend what we have."[292] He pledged that his government would actively support restructuring Korea's farming sector.

Less than a week before agreeing to open the rice market, the Korean Government announced it was abandoning its efforts at the GATT talks to maintain its rice import ban. In Seoul the day before the announcement, more than 20,000 people rallied against the agreement.[293]

After the agreement was announced, thousands reportedly protested at scattered demonstrations nationwide against the prospect of rice imports. Led by farmers, civic leaders, and politicians, some of the demonstrators called for a national referendum on the question of opening agricultural markets to imports. Demonstrators criticized both U.S. pressure to allow rice imports and Korean Government officials who consented to opening the rice sector to imports. Some farmers set fire to crops while others symbolically burned a figure of the United States in effigy. After the agreement was announced, a spokesman for the opposition Democratic Party said "We will refuse to

ratify the agreement when it comes to the National Assembly."[294]

Korea has long resisted U.S. and multilateral efforts to open its rice market. The Korean Government had maintained that the rice ban should remain in effect for reasons of food security. Korea also argued that rice imports would create serious political and economic difficulties by severely harming the livelihood of Korea's 8 million rice farmers.[295]

Although Korea may allow rice imports in the future, foreign rice suppliers may face difficulty finding customers in Korea. Of those willing to allow rice imports (about 26 percent of all those polled), 64 percent said they would never purchase imported rice. Fourteen percent of total respondents said they were willing to buy foreign rice, but only if it cost about half that of domestic rice. The survey was conducted by the Korean Consumer's Union.[296]

Beef

On June 26, 1993, the United States and Korea reached agreement to widen access for foreign beef in the Korean market. The agreement, signed after five rounds of negotiations over the previous 12 months, grew out of a dispute dating back to 1988.[297] Ambassador Kantor hailed the pact saying, "I am pleased that we have been able to conclude an agreement providing new market opportunities for U.S. beef exporters."[298]

Under the terms of the agreement, Korea's minimum beef import quotas will rise from the 1992 level of 66,000 metric tons to 99,000 metric tons in 1993, to 106,000 metric tons in 1994, and to 113,000 metric tons in 1995. Actual imports exceeded the minimum import quota level in recent years as demand for foreign beef rose and Korean authorities attempted to reduce upward pressure on beef prices. For example, although the 1992 quota level stood at 66,000 metric tons, Korean authorities authorized a total of 132,000 tons of beef imports. In 1993, Korea's beef consumption was projected to top 234,000 metric tons, a 4.3-percent rise over 1992 levels.[299]

The June accord stems from a 1988 dispute initiated when the American Meat Institute filed a petition with the Office of the USTR requesting a section 301 investigation of Korea's licensing system on imported beef.[300] The petition alleged that the licensing system restricted imports in violation of GATT article XI (prohibition on quantitative restrictions). Korea had justified the import restrictions, which applied to 450 items, under GATT article XVIII(b), the balance-of-payments (BOP) exemption. In May 1989, a GATT panel ruled that Korea's beef import quotas were inconsistent with the BOP exception of the General Agreement. Korea accepted the panel's findings in November 1989, thereby paving the way for consultations on implementing the panel's results.[301]

In the panel report, the GATT granted Korea until July 1, 1997, to phase out the BOP restrictions, "graduating" Korea from the status of a developing country eligible for BOP exceptions. Meanwhile, the United States and Korea have twice negotiated increases in the minimum beef import quota level. In April 1990, Korea agreed to increase its beef quotas and to bring the restrictions criticized in the panel report into conformity with the GATT.

Korean farm groups have strongly opposed liberalization of the beef market. The Korean media quoted the Chairman of the Korea Peasant League as saying that Korean farmers are in a state of "raging indignation" over the beef plan.[302] He called on the Korean Government to withdraw beef and other agricultural goods from the list of products to be "graduated" from the BOP list.

The beef agreement also revises the way foreign beef will be distributed in Korea. Prior to 1990, foreign beef sales were channeled through a quasi-governmental agency. The 1990 beef accord called for establishment of a simultaneous buy/sell (SBS) system for foreign beef in Korea, which would allow direct access between buyers and sellers in the beef market.[303] In recent negotiations, the United States expressed concern about operation of the SBS system. The new agreement guarantees that foreign suppliers can sell beef directly to Korean distributors and retailers.

U.S. beef exports to Korea totalled $212 million in 1992, making that country the third largest export market for U.S. beef. Australia and New Zealand, two other major exporters of beef to Korea, are also expected to benefit from the increased quota. Cattle farmers in Korea are likely to come under increased pressure to produce higher quality beef at prices competitive with imports. Despite the import restrictions, imported beef sells for less than half the price of domestically raised beef. The Ministry of Agriculture, Forestry, and Fisheries estimates that approximately 81 percent of Korea's 585,000 cattle farms raise no more than 5 head of cattle each.[304]

ENDNOTES

[1] With the entry into force on November 1, 1993, of the Maastricht Treaty on European Union, the European Community was renamed the European Union.

[2] Office of the United States Trade Representative (USTR), "Title VII Action With Respect to the EC: Statement of Ambassador Michael Kantor," press release, Feb. 1, 1993.

[3] Ibid.

[4] For the complete text of this EU directive, see *Council Directive No. 90/531/EEC on the Procurement Procedures of the Entities Operating in the Water, Energy, Transport and Telecommunications Sectors, Official Journal of the European Communities, OJ* No. L 297 (Oct. 29, 1990), p. 1.

[5] USTR, "USTR Factsheet: Title VII Announcement," press release supp., Feb. 1, 1993.

[6] USTR, "Notice of Proposed Action and Request for Public Comment With Respect to the European Community Pursuant to Title VII of the Omnibus Trade and Competitiveness Act of 1988," 58 F.R. 7163, Feb. 4, 1993. Purchases covered by the Agreement on Government Procurement and by all Department of Defense and other security-related purchases were excluded from the retaliatory action.

[7] USTR, "U.S.-EC Joint Statement," press release 93-13, Mar. 19, 1993; and Ambassador Kantor, "Statement Following the Bilateral Meeting With EC Commissioner Leon Brittan," Mar. 29, 1993, LEGI-SLATE, Federal Information Systems Corp.

[8] USTR, "Statement by Ambassador Mickey Kantor," press release 93-26, Apr. 21, 1993.

[9] The five Power Marketing Administrations of the Department of Energy are the Bonneville Power Administration, the Western Area Power Administration, the Southeastern Power Administration, the Southwestern Power Administration, and the Alaska Power Administration.

[10] USTR, "Statement by Ambassador Mickey Kantor," press release 93-26, Apr. 21, 1993.

[11] USTR, "Implementation of Sanctions With Respect to the European Community Pursuant to Title VII of the Omnibus Trade and Competitiveness Act of 1988," 58 F.R. 31136, May 28, 1993. These sanctions were not limited to the telecommunications sector, but included such areas as dredging, transportation, hotel and restaurant services, legal services, investigation and security services, health and social services, and education and training services.

[12] Delegation of the Commission of the European Communities, Office of Press and Public Affairs, "EC Responds to U.S. Sanctions on Procurement," *European Community News*, May 27, 1993.

[13] "EC/United States: Germany Opts Out of Public Procurement Sanctions," *European Report*, No. 1866 (June 12, 1993), External Relations, p. 12. For more details, see *Council Regulation No. 1461/93 Concerning Access to Public Contracts for Tenderers from the United States of America, OJ* No. L 146 (June 17, 1993), p. 1.

[14] USTR, "U.S.-Germany Announce Bilateral Agreement on Government Procurement," press release 93-38, June 10, 1993.

[15] Delegation of the Commission of the European Communities, Office of Press and Public Affairs, "EC Commission Warning on U.S./German Telecommunications Agreement," *European Community News*, June 11, 1993.

[16] "EC/US: German Public Procurement Opt-out Heading to the Top," *European Report*, No. 1867 (June 16, 1993), External Relations, p. 6.

[17] U.S. Department of State, "EC Commission Seeks Changes in Bilateral FCN Treaties Between EC Member States and the U.S.," telegram, message reference No. 08425, prepared by U.S. Mission to the EU, Brussels, July 14, 1993. The other member states that have FCN treaties with the United States are Belgium, Denmark, Ireland, Italy, Luxembourg, and the Netherlands.

[18] The Office of the USTR announced termination of these sanctions against Germany on March 10, 1994. See USTR, "Termination of Sanctions With Respect to the Federal Republic of Germany Pursuant to Title VII of the Omnibus Trade and Competitiveness Act of 1988," 59 F.R. 11360, Mar. 10, 1994.

[19] For a detailed discussion of member-state implementation, see U.S. International Trade Commission, *Implementing the European Community Single Market: Sixth Followup Report* (investigation No. 332-267), USITC publication 2723, Jan. 1994.

[20] Info92, "The Figures," Feb. 28, 1994.

[21] U.S. Department of State, "Internal Market Update: Brief Commission Review of Implementation at the End of 1993," telegram, message reference No. 00732, prepared by U.S. Mission to the EU, Brussels, Jan. 21, 1994.

[22] European Commission, "Making the Most of the Internal Market," Dec. 15, 1993.

[23] Ambassador Kantor, "U.S. Trade Policy," hearing before the House Foreign Affairs Committee, Mar. 2, 1994.

[24] For more information, see chapter 1 on the Uruguay Round.

[25] For a full discussion of this issue, see USITC, *The Effects of Greater Economic Integration Within the European Community on the United States: Fifth Followup Report* (investigation No. 332-267), USITC publication 2628, Apr. 1993, pp. 39-45.

[26] U.S. Department of State, "Revision of the 1993 National Trade Estimate Report-European Union," telegram, message reference No. 00798, prepared by U.S. Mission to the EU, Brussels, Jan. 24, 1994.

[27] For a more complete background on the Maastricht Treaty, see USITC, *The Year in Trade: OTAP, 43rd Report, 1991*, USITC publication 2554, pp. 84-85; and USITC, *The Year in Trade: OTAP,*

44th Report, 1992, 44th report, USITC publication 2640, pp. 52-53.

[28] Delegation of the Commission of the European Communities, "Maastricht Treaty on European Union Enters Into Force," *EuroMemo*, Nov. 1993, p. 2.

[29] Denmark and the Treaty of European Union, *Official Journal of the European Communities*, *OJ* No. C 348 (Dec. 31, 1992), Document, p. 3.

[30] U.S. Department of State, "UK Economic Developments, 7/19-7/23/93," telegram, message reference No. 13390, prepared by U.S. Embassy, London, July 26, 1993.

[31] U.S. Department of State, "Court Ruling on Maastricht Could Be Delayed," telegram, message reference No. 13477, prepared by U.S. Embassy, Bonn, May 24, 1993.

[32] U.S. Department of State, "Constitutional Court's Ruling on Maastricht," telegram, message reference No. 29781, prepared by U.S. Embassy, Bonn, Oct. 29, 1993.

[33] Ibid.

[34] For more details on the goals of the common foreign and security policy, see "Special European Council, Brussels, October 29, 1993," *European Report*, supp. No. 1899 (Nov. 3, 1993), p. 4.

[35] Ibid., p. 5.

[36] After much debate, the Council decided on the seats for the 11 new institutions to be established under the Maastricht Treaty. The most contested was the future location of the European Monetary Institute, which went to Frankfurt, Germany. The seat of the European Environment Agency will be in Copenhagen; Europol will be in The Hague; and the European Monitoring Center for Drugs and Drug Addiction will be in Lisbon. For a complete listing of the new institutions and their locations, see "Special European Council, Brussels, October 29, 1993," *European Report*, supp. No. 1899 (Nov. 3, 1993), p. 11.

[37] For additional background information on the EEA, see USITC, *The Year in Trade: OTAP, 42nd Report, 1991*, USITC publication 2554, p. 85; and USITC, *The Year in Trade: OTAP, 1992*, USITC publication 2640, p. 53.

[38] EFTA Press and Information Service, "Meeting of EFTA Ministers, Geneva, 16 June 1993, Communique," *EFTA Bulletin*, No. 4, 1993.

[39] The EEA covers nonagricultural goods.

[40] For example, see U.S. Department of State, "Austria Concerned About Possible Further EEA Delay," telegram, message reference No. 02570, prepared by U.S. Embassy, Vienna, Mar. 13, 1993.

[41] U.S. Department of State, "EC Council Background Note on Enlargement," telegram, message reference No. 01321, prepared by the U.S. Mission to the EU, Brussels, Jan. 31, 1993. The *acquis* includes the Treaties of Paris and Rome, the Single European Act, the Maastricht Treaty, legislation adopted in accordance with these treaties, the case law of the European Court of Justice, and international agreements entered into by the Union.

[42] David Spence, European Commission, "The Enlargement of the European Community," *The Courier*, Mar.-Apr. 1993, pp. 58-59.

[43] "Special European Council," p. 8. Accession negotiations with Sweden, Finland, and Austria were completed March 1, 1994. The major issues that were to be resolved in 1994 were agriculture, regional policy, and applicants' contributions to the EU's budget. For each country, there was one primary stumbling block: for Sweden, the budget; for Finland, Arctic agriculture; and for Austria, alpine transit. Accession negotiations with Norway were completed March 16 after the issue of fishing rights, including access to cod in Norwegian waters, was resolved in a complex compromise. For more details regarding the accession agreements, see USITC, "The European Union Anticipates Four New Members," *International Economic Review*, May 1994.

[44] "Swiss Aim For EC Accession by Year 2000," *European Report*, No. 1900 (Nov. 6, 1993), External Relations, p. 1.

[45] "Swiss Happy With EC Decision to Launch Bilateral Negotiations," *European Report*, No. 1901 (Nov. 11, 1993), External Relations, p. 3.

[46] "Confirmation of Customs Union in 1995," *European Report*, No. 1901 (Nov. 11, 1993), External Relations, pp. 4-5. To complete the customs union, Turkey must end a wide variety of measures that are not compatible with EU rules, such as customs duties, business subsidies, and measures relating to state aid, monopolies, and public purchasing.

[47] "Ministers Approve Initial Preparations for EC Membership," *European Report*, No. 1891 (Oct. 6, 1993), External Relations, pp. 11-12.

[48] "Copenhagen European Council, June 21-22, 1993," *European Report*, supp. No. 1869 (June 24, 1993).

[49] Ibid., p. 8.

[50] Ibid.

[51] Ibid., p. 9.

[52] For example, transport, the environment, energy, foreign and security policy, and home and judicial affairs.

[53] "Copenhagen European Council, June 21-22, 1993," annex II, *European Report*, supp. No. 1869 (June 24, 1993), p. 8.

[54] Ibid.

[55] In 1994, the major outstanding issues concerned trade in nuclear materials and establishment of foreign banks in Russia. See for example, "EU/Russia: Partnership Agreement Talks Drag on into Mid-February," *European Report*, No. 1923 (Feb. 5, 1994), External Relations, p. 9.

[56] U.S. Department of State, "EC General Affairs Council, April 5: Free Trade Offer for Russia," telegram, message reference No. 04351, prepared by U.S. Mission to the EU, Brussels, Apr. 7, 1993.

[57] "EC/Russia: Partnership Agreement Expected to be Signed by Early December," *European Report*, No. 1902 (Nov. 17, 1993), External Relations, p. 8.

[58] For a complete discussion of the U.S.-EU oilseeds dispute, see USITC, *The Year in Trade:*

OTAP, 44th report 1992, USITC publication 2640, pp. 47-49.

[59] For a complete discussion of the U.S.-EU corn gluten dispute, see USITC *The Year in Trade: OTAP, 43rd Report, 1991*, USITC publication 2554, pp. 90-91; and USITC *The Year in Trade: OTAP, 44th Report, 1992*, USITC publication 2640, p. 49.

[60] U.S. Department of State, "Blair House Agreement: Status of Corn Gluten," telegram, message reference No. 373569, Washington, DC, Dec. 11, 1993.

[61] For a complete discussion of the enlargement-related farm trade dispute, see USITC, *The Year in Trade: OTAP, 43rd Report, 1991*, USITC publication 2554, pp. 91-92.

[62] For more background on the BST dispute, see USITC, *The Year in Trade: OTAP, 43rd Report,* 1991, USITC publication 2554, p. 92.

[63] U.S. Department of State, "British Ambassador to the EC Responds to USEC's Letter on BST," telegram, message reference No. 00051, prepared by U.S. Mission to the EU, Brussels, Jan. 4, 1994. The U.S. Food and Drug Administration approved BST for use in the United States in November.

[64] U.S. Department of State, "Demarche on BST Extension," telegram, message reference No. 31773, prepared by U.S. Embassy, Bonn, Nov. 26, 1993.

[65] The December GATT Agreement on Subsidies and Countervailing Duties will cover the civil aircraft sector, including parts and components. Thus, the new Uruguay Round agreement extends both the product and country coverage of the U.S.-EU agreement and strengthens disciplines on subsidies compared to the bilateral agreement. Negotiations to revise the GATT Civil Aircraft Agreement will continue for another year. For more information, see chapter 1.

[66] U.S. Department of State, "NAFTA Update," telegram, message reference No. 06580, prepared by U.S. Embassy, Ottawa, Nov. 22, 1993.

[67] Ibid.

[68] CWB is the sole legal exporter of wheat in Canada. It designates marketing quotas for farmers and has a marketing monopoly on grains for domestic use and for exports.

WGTA reportedly provides a direct Government payment to Canadian railroads for rail shipments of western grain eastward to Lake Superior and westward to Vancouver, British Columbia.

[69] Following requests from the House Committee on Ways and Means and the Senate Committee on Finance, the USITC initiated a fact-finding investigation into durum wheat on December 4, 1989. *Durum Wheat: Conditions of Competition Between the U.S. and Canadian Industries* (investigation 332-285), USITC publication 2274, June 1990.

[70] Bureau of National Affairs, *International Trade Reporter*, Feb. 3, 1993, p. 180.

[71] U.S. House of Representatives, letter to Secretary of Agriculture Mike Espy, May 19, 1993, reprinted in Bureau of National Affairs, *International Trade Reporter*, May 26, 1993, p. 854.

[72] U.S. Department of State, "Additional EEP Guidance for Canada," telegram, prepared by Department of State, message reference No. 192288, Washington, DC, June 24, 1993.

The U.S. action was appealed to a binational dispute resolution panel under chapter 18 of the United States-Canada Free-Trade Agreement on Oct. 22, 1993.

[73] Section 22 of the Agricultural Adjustment Act of 1933 requires the Secretary of Agriculture to recommend action against agricultural imports if it has been determined that they interfere with a U.S. agricultural support program.

[74] Nine farm-state Senators, letter to Agriculture Secretary Mike Espy, Sept. 9, 1993, reprinted in *Inside U.S. Trade*, Sept. 17, 1993, p. 7.

[75] The panel distinguished between export and domestic subsidies and found ". . .the WGTA subsidy payments through Thunder Bay are clearly domestic subsidies. Subsidy payments, as pointed out earlier, are prohibited only when they are export subsidy payments and occur in connection with export shipments to the United States through Canada's western ports. . ." See the final report by the Binational panel, *In the Matter of: The Interpretation of and Canada's Compliance With Article 701.3 With Respect to Durum Wheat Sales*, Secretariat Case No. CDA-92-1807-01, Feb. 8, 1993, par. 101, p. 43.

[76] See, for example, *Inside U.S. Trade*, Oct. 1, 1993, p. 9.

[77] Under regular Section 22 procedures, the USITC would investigate whether the imports in question are in fact undermining the integrity of USDA programs designed to stabilize domestic agricultural commodity prices. The President acts on the basis of the USITC's formal investigation and report. He may decide to impose quantitative restraints and fees on imports, not to exceed 50 percent of the value of the imported product, to protect relevant USDA programs. If the President decides that an emergency exists, the USITC investigation would still be carried out, but the restraints could be put in place immediately without the receipt of the Commission report. Such emergency action would continue in effect until terminated or made permanent by the President.

[78] Section 321 of the NAFTA-implementing bill also calls upon the U.S. Secretary of Agriculture to require end-use certificates.

[79] President Clinton, letter to Don E. Newquist, Chairman, USITC, Nov. 16, 1993.

80 In the absence of a negotiated solution, the case (Investigation 22-54) was initiated on January 18, 1994. It is expected to be concluded in July 1994.

[81] Zarocostas, John, "Trade Officials Clash at GATT over Subsidized Wheat Sales," *Journal of Commerce*, July 22, 1993, p. 3.

[82] Government of Canada, "McKnight to Meet Mexican Officials on Use of Wheat Export Subsidies by the United States," News release No. 155, Aug. 9, 1993.

[83] Government of Canada, "Canada Requests FTA Panel on Subsidized Wheat Sales to Mexico," news release No. 208, Oct. 22, 1993.

[84] On March 28, 1994, Mexico formally launched a countervailing duty investigation into Canadian and U.S. wheat, claiming that subsidized sales by its two NAFTA partners were suppressing prices in Mexico and thereby hurting Mexican wheat growers.

[85] Earlier reports in this series have chronicled the major trade actions affecting lumber over the years. See USITC, *OTAP, 38th Report, 1986*, USITC publication 1995, pp. 4-17 through 4-20; USITC, *OTAP, 39th Report, 1987*, USITC publication 2095, pp. 4-9; and USITC, *The Year in Trade: OTAP, 43rd report 1991*, USITC publication 2554, pp. 151-2.

[86] For a discussion of developments in the softwood lumber case during 1992, see USITC, *The Year in Trade: OTAP, 44th Report, 1992*, USITC publication 2640, pp. 56-7.

[87] 57 *F.R.* 22570.

[88] USITC, *Softwood Lumber From Canada*, investigation No. 701-TA-312 (Final), USITC publication 2530, July 1992.

[89] The panel comprised five trade experts, three Canadians and two Americans. In accordance with the procedures of the CFTA, each country is able to name two panelists from a roster of experts, and these four together choose a fifth panelist.

[90] Binational Panel, *In the Matter of: Certain Softwood Lumber Products From Canada*, Secretariat Case No. USA-92-1904-01, May 6, 1993.

[91] 58 F.R. 29809.

[92] Two Canadian panelists dissented from the remand concerning log export restrictions, concluding that such restrictions are not countervailable.

[93] Thus, the 6.51 percent rate was increased to 11.54 percent. See *In the Matter of: Certain Softwood Lumber Products From Canada*, Redetermination Pursuant to Binational Panel Remand, Secretariat File No. USA-92-1904-01, Sept. 17, 1993, p. 191.

[94] See *In the Matter of: Certain Softwood Lumber Products From Canada*, Decision of the Panel on Remand, Binational Secretariat Case No. USA-92-1904-01, Dec. 17, 1993.

[95] Ibid.

[96] ". . . we must now remand to Commerce for a determination that provincial stumpage programs do not distort normal competitive markets for softwood lumber and, therefore, are not countervailable." Ibid., p. 65. The panel was similarly direct on the issue of log export restrictions. pp. 76-7.

On January 6, 1994, the Commerce Department filed a determination with the Binational Secretariat, following the binational panel's instructions in the December 17 remand decision. The ITA determined that Canadian provincial stumpage programs and log export restrictions do not constitute a countervailable subsidy. See *In the Matter of: Certain Softwood Lumber Products From Canada*, Final Results of Redetermination Pursuant to Binational Panel Remand, Secretariat File No. USA-92-1904-01, Jan. 6, 1994.

On March 7, 1994, the binational panel upheld the ITA determination, affirming that provincial stumpage programs and British Columbia's log export restrictions were not countervailable under U.S. law. Following a series of bilateral discussions concerning possible conflicts of interests on the part of two panelists (see USTR, "Statement of Ira S. Shapiro, USTR General Counsel, Concerning the U.S.-Canada Softwood Lumber Case," press release, Feb. 24, 1994), the United States on April 6, 1994, lodged an extraordinary challenge to the binational panel's action of December 17, 1993.

[97] Binational Panel, *In the Matter of: Softwood Lumber From Canada*, Secretariat Case No. USA-92-1904-02, July 26, 1993. The panel was a different one than that which reviewed the ITA CVD determination. This one was composed of three Americans and two Canadians.

[98] Panels under chapter 19 of the CFTA are not allowed to reverse the decision of a domestic agency in antidumping or countervailing duty cases. They may only uphold agency determinations or send them back with instructions for further review.

[99] Binational Panel, *In the Matter of: Softwood Lumber from Canada*, Secretariat Case No. USA-92-1904-02, July 26, 1993, p. 20. Also see 58 F.R. 42939.

[100] USITC, *Softwood Lumber From Canada*, investigation No. 701-TA-312 (Remand), USITC publication 2689, Oct. 1993.

[101] The Binational Panel on January 28, 1994, again remanded the case to the USITC. [See *In the Matter of: Softwood Lumber From Canada*, Decision of the Panel on Review of the Remand Determination of the U.S. International Trade Commission, Binational Secretariat Case No. USA-92-1904-02, Jan. 28, 1994.] The panel found that the Commission's price trends analysis did "not constitute substantial evidence and is otherwise not in accordance with law" (p. 36 of panel decision). It instructed the Commission to "provide a full analysis and explanation of the underlying data and the methodology employed in the creation and presentation of the price trends analysis" should it use such an analysis to support an affirmative determination. The Commission was given 45 days to complete its redetermination on remand. On March 7, 1994, the Commission returned its decision to the panel. In its second remand determination, the Commission, by a vote of 3-2, again made an affirmative determination. In the vote on the second remand determination, one Commissioner who had participated in the original decision, Anne Brunsdale, did not participate because of her resignation. Another Commissioner, Vice Chairman Peter Watson, changed his vote from affirmative to negative.

[102] USITC, *Certain Flat-Rolled Carbon Steel Products from Argentina, Australia, Austria, Belgium, Brazil, Canada, Finland, France, Germany, Italy, Japan, Korea, Mexico, the Netherlands, New Zealand, Poland, Romania, Spain, Sweden, Taiwan, and the United Kingdom, Determinations of the Commission in Investigation Nos. 701-TA-319 through 354 (Preliminary) and 731-TA-573 through 620 (Preliminary), together with the Information Obtained in the Investigations*, USITC publication 2549, Aug. 1993, pp. I-3, I-83.

[103] See USITC, "Steel Import Program," *The Year in Trade 1992: OTAP, 44th Report, 1992*, USITC publication 2640, July 1993, p. 104.

[104] Petition of certain hot-rolled carbon steel flat products from Canada at pp. 3-4.

[105] 58 F.R. 7066.

[106] Minister of Industry, Science and Technology, and Minister of International Trade, "Wilson Expresses Disappointment Regarding United States Preliminary Determinations of Dumping Against Canadian Steel," news release No. 20, Jan. 27, 1993.

[107] Ibid., "Backgrounder on Canada-United States Steel Trade", p. 2.

[108] Belgium, Brazil, the Czech Republic, Denmark, Germany, Romania, the United Kingdom, and the former Yugoslav Republic of Macedonia.

[109] Canadian Embassy, "Steelmakers to Appeal Ruling Exhonerating (sic) U.S. Companies," *NEWSCAN*, week ending May 28, 1993. This marked the first time under the CFTA that an industry (petitioner) had challenged a ruling under its own domestic trade laws and sought to appeal under the binational dispute-settlement process.

[110] The Canadian petitioners immediately announced that an appeal was being considered in the case of hot-rolled sheet.

[111] Government of Canada, "Ministers Respond to Steel Industry Concerns," news release No. 133, June 17, 1993; and U.S. Department of State, "Canada to Monitor Steel Imports; Safeguard Actions Possible," telegram, message reference No. 03582, prepared by U.S. Embassy, Ottawa, June 22, 1993.

[112] "Telmer: Trade Suits Tearing Apart U.S.-Canada Interests," *Iron Age*, vol. 9, No. 6 (June 1993), p. 12.

[113] See Minister for International Trade, "Hockin Responds to U.S. Injury Determinations on Canadian Steel Imports," news release No. 148, July 27, 1993; and U.S. Department of State, "Canadian Reaction to USITC Injury Determination: Partial Victory Declared," telegram, message reference No. 04359, prepared by U.S. Embassy, Ottawa, July 30, 1993.

[114] Canadian International Trade Tribunal, "Tribunal Releases Reasons for Injury Findings Against Imports of Cold-Rolled Steel Sheet," press release, Aug. 13, 1993.

The final injury decision on the fourth case, on galvanized steel, is not due until July 1994.

[115] "The principal U.S. objectives for an MSA include prohibitions against trade-distorting subsidies, the elimination of tariff and nontariff barriers, and the establishment of an effective mechanism to resolve disputes." USTR, *1994 Trade Policy Agenda and 1993 Annual Report of the President of the United States on the Trade Agreements Program*, p. 40-41.

[116] According to a USTR report, ". . . negotiators have achieved substantial progress. . . most subsidies to steel producers will be prohibited." Remaining issues include dispute settlement, and remedy provisions, waivers from MSA disciplines, and the handling of official assistance to the steel sector for research and development, environmental assistance, worker retraining and closure. See USTR, "The Multilateral Steel Agreement," *The Uruguay Round of Multilateral Trade Negotiations Source Book*, Feb. 1994.

[117] Susan MacKnight, "Decision Time for Japan's Rice Program," *Japan Economic Institute Report*, No. 2A, Jan. 14, 1994, p. 11.

[118] "Joint Statement on the United States-Japan Framework for a New Economic Partnership," July 12, 1993.

[119] Ibid.

[120] The first area focused on "significantly expanding Japanese government procurement" of computers, supercomputers, satellites, medical technology, and telecommunications. In the area of regulatory reform, measures were to be taken to address laws, regulations, and guidance that impede market access to foods and services. Financial services, insurance, competition policy, transparent procedures, and distribution were the subject of negotiations under this basket category. Autos and parts were to be the subject of discussions under the "other major sector" category, with the aim of "achieving significantly expanded sales opportunities to result in a significant expansion of purchases of foreign parts by Japanese firms in Japan and through their transplants." Economic harmonization was to address issues affecting foreign direct investment in the United States and Japan, such as intellectual property rights, access to technology, and long-term, buyer-supplier relationships. Finally, under the fifth basket category, all existing bilateral arrangements and commitments made under the Structural Impediments Initiative (SII) were to be "closely monitored and fully implemented."

[121] Telecommunications equipment and services and medical equipment and services were selected as two priority sectors for reaching agreement in the government procurement basket.

[122] "Joint Statement on the United States-Japan Framework for a New Economic Partnership," July 12, 1993.

[123] "Status of U.S.-Japan Framework Talks," Charlene Barshefsky, Deputy United States Trade Representative, address before the Japan Information Access Project, National Press Club, Dec. 16, 1993, LEGI-SLATE, Federal Information Systems Corporation, No. 1021505.

[124] See, for example, Seiichiro Noburo, Japanese Embassy Economic Minister, remarks before the International Trade Development Council, Sept. 16, 1993, LEGI-SLATE, Federal Information Systems Corp.

[125] Joan Spero, Undersecretary of State for Economic and Agricultural Affairs, "U.S.-Japan Framework Talks," USIA Foreign Press Center Briefing, Dec. 21, 1993, LEGI-SLATE, Federal Information Systems Corp., No. 1021866.

[126] "Press Conference With U.S. Trade Representative Mickey Kantor," Washington, DC, Jan. 12, 1994, LEGI-SLATE, Federal Information Systems Corp., No. 1030786, and "U.S., Japan 'Far Apart' in Trade Talks," *The Wall Street Journal*, Jan. 3, 1994, p. 3.

[127] On February 11, 1994, President Clinton and Prime Minister Hosokawa held a news conference at the White House to announce that the two countries had failed to reach agreement under any of the four priority areas of the U.S.-Japan Framework Agreement talks. President Bill Clinton and Prime Minister Morihiro Hosokawa of Japan, press conference, White House, Feb. 11, 1994, LEGI-SLATE, Federal Information Systems Corp., No. 1041654.

[128] Joan Spero, Undersecretary of State for Economic and Agricultural Affairs, "U.S.-Japan Framework Talks," briefing, Foreign Press Center, Dec. 21, 1993, LEGI-SLATE, Federal Information Systems Corp., No. 1021866; and Bowman Cutter, Deputy Assistant to the President for Economic Policy, "U.S. Trade Policy in 1993 and Prospects for 1994," briefing, Foreign Press Center, Dec. 23, 1993, LEGI-SLATE, Federal Information Systems Corp., No. 1022021.

[129] For background on the 1988 and 1991 agreements, see USITC, *OTAP, 40th Report, 1988*, USITC publication 2208, pp. 107-108; and USITC, *The Year in Trade: OTAP, 43rd Report, 1991*, USITC publication 2554, pp. 109-110.

[130] Jon Choy, "Washington Warns Tokyo on Construction Market Access," *Japan Economic Institute Report*, No. 17B, May 7, 1993, p. 7.

[131] There were 17 projects covered under the original MPA. In 1991, another 17 projects were added, bringing the total to 34. Another 6 projects involving an estimated $20.3 billion in contracts will be covered under the MPA once the Government of Japan proceeds with procurement.

[132] Jon Choy, "Events Shake Japan's Public Works Construction Market," *Japan Economic Institute Report*, No. 36, Oct. 1, 1993, p. 6.

[133] This was the third in a series of negotiations to review the MPA that had started in 1992. Another set of negotiations had been scheduled to occur before an April 15 summit of President Clinton and Prime Minister Miyazawa.

[134] USTR, "USTR Announces Three Decisions: Title VII, Japan Supercomputer Review, Special 301," press release 93-30, Apr. 30, 1993.

[135] Jon Choy, "Washington Tries to Bulldoze Tokyo at Construction Talks," *Japan Economic Institute Report*, No. 23B, June 25, 1993, pp. 6-7.

[136] USTR, "Statement by Ambassador Michael Kantor," press release, No. 93-94, June 30, 1993.

[137] Ambassador Kantor, "Japanese Government Announcement on Public Sector Construction Procurement," press conference, Washington, DC, Oct. 26, 1993, LEGI-SLATE, Federal Information Systems Corp., No. 1002500.

[138] Ibid.

[139] On January 19, the USTR announced the termination of sanctions scheduled for January 20 under Title VII of the Omnibus Trade and Competitiveness Act. The announcement was made following the approval of a substantive action plan by Japan's cabinet that was intended to make major changes in bidding practices and included an acceptance of objective measures to track performance. The action plan was accompanied by an exchange of letters between the two Governments. USTR, "Title VII Sanctions on Japan Construction Terminated," press release No. 94-03, Jan. 19, 1994.

[140] The import and export data for vehicles do not include light trucks.

[141] U.S. Department of Commerce data.

[142] Vehicles produced at Japanese facilities in Japan or elsewhere.

[143] *Automotive News*, Jan. 10, 1994, p. 50.

[144] Tadashi Saito, "Private-Sector Views on Market Access in Japan," *Japan Economic Institute Report*, No. 29A, Aug. 6, 1993, p. 7.

[145] The commitment by Japan to increase its purchases of U.S.-made auto parts was announced in conjunction with a summit meeting between President George Bush and Prime Minister Miyazawa in January 1992. See USITC, *The Year in Trade: OTAP, 44th Report, 1992*, USITC publication 2640, p. 59.

[146] "Around the Globe," *Washington Trade Daily*, Nov. 3, 1993, pp. 4 and 5. The U.S. proposal was published in this source. Proposal is not available publicly, but published information was confirmed in telephone interview with U.S. Department of Commerce officials, April 27, 1994.

[147] Ibid.

[148] "U.S. Demands on Japan are Shocking Departure in U.S. Policy," *News From JAMA*, Nov. 8, 1993.

[149] See, for example, statement by Yutaka Kume, Chairman of JAMA, "U.S. Trade Framework Negotiators Off Course," JAMA press release, Dec. 1, 1993.

[150] Susan MacKnight, "Detroit Scraps Dumping Complaint on Japanese Cars," *Japan Economic Institute Report*, No. 5B, Feb. 12, 1993, pp. 6-8.

[151] Mark Magnier, "Japanese Dumping Cars, U.S. Firms Charge," *The Journal of Commerce*, Oct. 22, 1993, p. 3A.

[152] "Japanese Agency Issues Reports on Foreign Entry Into Four Sections," *International Trade Reporter*, vol. 10 (July 7, 1993), pp. 1125-1126.

[153] Tadashi Saito, "Private-Sector Views on Market Access in Japan," *Japan Economic Report*, Aug. 6, 1993, p. 7.

[154] For information on the agreement, see USITC, *OTAP, 42nd Report, 1990*, USITC publication 2404, pp. 119-120.

[155] USTR, *1994 National Trade Estimate Report on Foreign Trade Barriers*, Mar. 31, 1994, p. 157.

[156] USTR, *1993 National Trade Estimate on Foreign Trade Barriers*, Mar. 31, 1993, pp. 153-154.

[157] USTR, "Section 306 Review of Japan's Implementation of the 1990 U.S.-Japan Supercomputer Agreement," *Fact Sheet*, Apr. 1993.

[158] Despite denials by Japanese Government officials, the United States has consistently alleged that Japanese computer companies have won

contracts in the past through "deep-discounting," partially because of inadequate budgets by procuring entities. U.S. Department of State, "Supercomputers: Tskuba University Bid: Cray Wins Follow-on Contract With MITI," telegram, message reference No. 18325, prepared by U.S. Department of State, Tokyo, Nov. 17, 1993.

[159] USTR, "Section 306 Review of Japan's Implementation of the 1990 U.S.-Japan Supercomputer Agreement," *Fact Sheet*, Apr. 30, 1993.

[160] For information on the 1991 agreement, see USITC, *The Year In Trade: OTAP, 43rd Report, 1991*, USITC publication 2554, p. 107; and USITC, *The Year in Trade: OTAP, 44th Report, 1992*, USITC publication 2640, pp. 60-61.

[161] Statistics from the Office of the U.S. Trade Representative.

[162] Susan MacKnight, "Chip Shot Puts Foreign Semiconductor Makers Over Top," *Japan Economic Report*, No. 11B, Mar. 26, 1993, pp. 5-6.

[163] "Statement of the U.S. Industry Position Regarding Future Activities Under the U.S.-Japan Semiconductor Arrangement," *Semiconductor Industry Association News*, Mar. 22, 1993.

[164] "Industry Leaders to Continue Activities for Further Market Access and Enhanced Industry Cooperation," *Semiconductor Industry Association*, June 4, 1993.

[165] USTR, "Foreign Share of Japanese Semiconductor Market Is 19.6 Percent in the First Quarter," press release 93-40, June 17, 1993.

[166] Ibid.

[167] Bureau of National Affairs, "Japan Refuses U.S. Demand for 20 Percent Average Yearly Share of Japan Chip Market," *International Trade Reporter*, Aug. 4, 1993, p. 1298.

[168] USTR, "Foreign Share of Japanese Semiconductor Market Drops to 19.2 Percent in the Second Quarter," press release No. 43-62, Sept. 22, 1993.

[169] USTR, "Foreign Share of Japanese Semiconductor Market Falls for Third Consecutive Quarter," press release No. 93-78, Dec. 27, 1993.

[170] Keith Bradsher, "U.S.-Japan Chip Rift Deepens," *New York Times*, Dec. 28, 1993, p. D1.

[171] See "The North American Free Trade Agreement" in chapter 1.

[172] See also USITC, *The Year in Trade: OTAP, 1991, 43rd Report,* USITC publication 2554, p. 117.

[173] USTR briefing paper, informal transmittal to USITC staff, Jan. 1994.

[174] Ibid.

[175] U.S. Department of State, telegram, message reference No. 21781, prepared by U.S. Embassy, Mexico City, Nov. 3, 1993; and *Diario Oficial*, Aug. 4, 1993.

[176] *Diario Oficial*, Aug. 31, Sept. 9, Sept. 20, and Oct. 4, 1993.

[177] *Diario Oficial*, Aug. 31, 1993.

[178] USTR briefing paper, informal transmittal to USITC staff, Jan. 1994. Information confirmed with U.S. Department of Commerce officials.

[179] Ibid.

[180] Ibid. On February 28, 1994, the Mexican Government published yet another new decree on reference prices, effective March 15, adding to the list of consumer items affected. Although this new measure provides for expedited processing for selected firms and gives importers a better idea of the costs involved, the essential, contentious elements of the previous decrees have been retained.

[181] USTR briefing paper, informal transmittal to USITC staff, Jan. 1994. Information confirmed by U.S. Department of Agriculture.

[182] Ibid.

[183] President Clinton, letter of transmittal to the Senate for advice and consent, May 20, 1993, p. III.

[184] "Treasury News," Oct. 27, 1993.

[185] U.S. Embassy, Mexico, *Mexico: Economic and Financial Report*, winter 1994, p. 79.

[186] For an analysis of the Tax Treaty, see "What The New U.S.-Mexico Tax Treaty Means to Mexican Companies and U.S. Investors," *U.S.-Mexico Free Trade Reporter*, Jan. 7, 1994, p. 1.

[187] U.S. Department of State, "Mexican Economic Competition Law," telegram, message reference No. 18614, U.S. Embassy, Mexico City, July 27, 1993.

[188] Ibid.

[189] Santiago Levy, "Mexican Regulators Humming the Deregulation Rag," *The Wall Street Journal*, July 30, 1993.

[190] Foreign Commercial Service,"Mexican Economic Competition Law, Its General Impact and Reception, and its Effects on U.S. Companies," telegram, message reference No. 3724, U.S. Embassy, Mexico City, July 27, 1993.

[191] Foreign Trade Law, *Diario Oficial*, July 27, 1993, unofficial translation by the U.S. Department of State.

[192] For more information, see USITC, *Review of Trade and Investment Liberalization Measures by Mexico and Prospects for Future United States-Mexican Relations, Phase I*, USITC publication 2275, Apr. 1990, pp. 4-12 to 4-22.

[193] Mexican officials, interview by USITC staff, Mexico City, Aug. 1993.

[194] Ibid.

[195] Foreign Trade Law, *Diario Oficial*, July 27, 1993, unofficial translation by the U.S. Department of State.

[196] Ibid.

[197] Ibid.

[198] *Diario Oficial*, Mar. 9, 1973. For more information on the 1973 law, see USITC, *Review of Trade and Investment Liberalization Measures*, USITC publication 2275, Apr. 1990, pp. 5-4 to 5-6.

[199] These regulations were published in the *Diario Official* on May 16, 1989, effective the

following day. For more information, see USITC, *Review of Trade and Investment Liberalization Measures*, USITC publication 2275, Apr. 1990, pp. 5-7 and 5-11.

[200] U.S. Embassy, Mexico, *Mexico: Economic and Financial Report*, winter, 1994, p. 79.

[201] U.S. Department of State, "Mexican Accession to the OECD," telegram, message reference No. 34141, U.S. Embassy, Paris, Dec. 17, 1993, NewsEDGE, Internal News.

[202] Foreign Investment Law, translated into English by Jauregui, Navarrete, Nader Y Rojas, Abogados, Mexico City, on Jan. 18, 1994, p.1.

[203] Foreign Investment Law, *Diario Oficial*, Dec. 27, 1993; and Michell S. Nader and Jorge Cervantes Trejo, *New Mexican Foreign Investment Law*, Jan. 18, 1994, p. 4.

[204] The United States-China Act of 1991 (H.R. 2212), a conference version of a bill passed by the House and a similar bill passed by the Senate, was agreed to by the House on November 26, 1991, and by the Senate on February 25, 1992, but was vetoed by the President on March 2, 1992. The veto was overridden by the House, but was upheld by the Senate. The United States-China Act of 1992 (H.R. 5318), was passed by the House on July 21, 1992, and by the Senate on September 14, 1992, and vetoed by President Bush on September 28, 1992. The veto was again overridden by the House, but was upheld by the Senate.

[205] "Memorandum on Most-Favored-Nation Trade Status for China," Presidential Determination 93-23, and "Conditions for Renewal of Most-Favored-Nation Status for the People's Republic of China in 1994," Executive Order 12850, in 58 F.R. 31327.

[206] This condition has been met every year since 1980 mainly because China has allowed as many of its citizens to emigrate to the United States as the United States has allowed entry under its quota for immigrants from China. The U.S. Government has concluded, therefore, that the principal constraint on Chinese emigration is not the Government of China or its policies but the inability or unwillingness of other nations to absorb all Chinese nationals who wish to leave. See, for example, "Report to the Congress on Most-Favored-Nation Status for China," White House, *Weekly Compilation of Presidential Documents*, vol. 21, No. 21 (May 28, 1993), p. 984.

[207] The agreement on prison labor products is a memorandum of understanding between the United States and China signed on August 7, 1992. It is designed to facilitate the efforts of the U.S. Customs Service to identify and seize imports of merchandise that have been produced in China by forced labor and to reduce the export of these goods by China to the United States. For a text of the agreement, see U.S. Department of State, *Dispatch*, vol. 3, No. 33 (Aug. 17, 1992), p. 660.

[208] This United Nations declaration is a broad statement of political and civil rights and of basic economic rights, such as access to adequate housing, education, and health care.

[209] White House, "Report to the Congress on Most-Favored-Nation Trade Status for China," *Weekly Compilation of Presidential Documents*, vol. 21, No. 21 (May 31, 1993), pp. 984-988.

[210] The only noteworthy step taken by China during the summer of 1993 was to release a prominent Chinese dissident, Wei Jingsheng, on September 13, after more than 14 years of imprisonment. Most observers agreed, however, that this action did not represent a change in China's position on human rights but, instead, was a well-publicized gesture to stem criticism of its human rights record when Beijing was still among the cities being considered to host the Olympics in 2000.

[211] For a brief official statement on this shift in strategy, see Winston Lord, Assistant Secretary of State for East Asian and Pacific Affairs, hearing before the House Foreign Affairs Committee, International Security, International Organizations, and Human Rights Subcommittee, Mar. 24, 1994, LEGI-SLATE, Federal Information Systems Corp., No. 1052982.

[212] President Clinton, news conference during the APEC meetings in Seattle, WA, Nov. 19, 1993, LEGI-SLATE, Federal Information Systems Corp., No. 1012108.

[213] For more information on the developments cited and a detailed analysis of China's human rights record in 1993, see U.S. Department of State, *Country Reports on Human Rights Practices for 1993*, pp. 604-620.

[214] This was the consensus at a hearing on trade policy toward China held before the House Ways and Means Committee, Subcommittee on Trade, on February 24, 1994. Among those testifying were Winston Lord, Assistant Secretary of State for East Asian and Pacific Affairs; Charlene Barshefsky, Deputy U.S. Trade Representative; and members of Congress, including Representatives Pelosi, Solomon, and Smith.

On May 26, 1994, President Clinton announced that he was renewing the MFN status of China, although he conceded that "the Chinese did not achieve overall significant progress in all the areas outlined in the executive order relating to human rights." This decision, the President explained, "offers us the best opportunity to lay the basis for long-term sustainable progress in human rights and for the advancement of our other interests with China." President Clinton, White House press conference announcing decision on MFN trading status for China, May 26, 1994, LEGI-SLATE, Federal Information Systems Corp., No. 1073290.

[215] The United States and China resumed negotiations and signed a new bilateral agreement on trade in textiles and apparel on January 17, 1994. China accepted most of the terms that the United States had demanded after Ambassador Kantor, the U.S. Trade Representative, ordered its textile quotas under the expired agreement to be unilaterally reduced by 25 to 35 percent if an agreement had not concluded by that date. For more information on the new agreement, see "Arrangement Regarding International Trade in Textiles" in chapter 5 of this report.

[216] Ambassador Kantor, USTR briefing on the imposition of lower 1994 quotas on textile products from China, Washington, DC, Jan. 6, 1994,

LEGI-SLATE, Federal Information Systems Corp., No. 1030313.

[217] USTR, *Fact Sheet on Textile Agreement With China*, Jan. 6, 1994, pp. 1 and 3.

[218] Office of Thrift Supervision, background briefing on the imposition of lower 1994 quotas on textile products from China, Washington, DC, Jan. 6, 1994, LEGI-SLATE, Federal Information Systems Corp., No. 1030373.

[219] USTR, *Transshipment and Overshipment*, fact sheet accompanying press release on Chinese textile quotas, Jan. 6, 1994, p. 1.

[220] Ibid.

[221] Office of Thrift Supervision, background briefing on the imposition of lower 1994 quotas on textile products from China, Washington, DC, Jan. 6, 1994, LEGI-SLATE, Federal Information Systems Corp., No. 1030373.

[222] Ibid.

[223] Ibid.

[224] The 22-member MTCR was established by the United States and other missile-technology-supplier countries in 1987. The guidelines were revised in January 1993 to extend the scope of the regime to missiles capable of delivering biological, chemical, and nuclear weapons. For more information, see U.S. Department of State, *Dispatch*, vol. 4, No. 3 (Jan. 18, 1993), pp. 41 and 42.

[225] U.S. Department of State, *China/Pakistan: M-11 Missile Sanctions*, press release, Aug. 25, 1993.

[226] Lynne Davis, Undersecretary of State for International Security Affairs, State Department special briefing on sanctions against China, Washington, DC, Aug. 25, 1993, LEGI-SLATE, Federal Information Systems Corp., No. 981592.

[227] Ibid.

[228] China's first launching of a U.S.-built satellite, which was made on behalf of a Hong Kong-based consortium, took place in April 1990, and the second launching was made for an Australian company in August 1992. The third satellite was destroyed in a launching accident in December 1992 and had not been replaced when the new sanctions were imposed.

[229] U.S. Department of State analyst, interview by USITC staff, Sept. 6, 1993.

[230] Lynne Davis, Department of State special briefing on sanctions against China, Washington, DC, Aug. 25, 1993, LEGI-SLATE, Federal Information Systems Corp., No. 981592.

[231] U.S. Department of State analyst, interview by USITC staff, Mar. 4, 1994. On January 7, 1994, the administration lifted its ban on the export of two satellites to China because they did not include components on the State Department's munitions list. The waiver of the sanctions on these particular satellites was the result of a reinterpretation of U.S. law to exclude items that were not militarily sensitive from coverage under the MTCR guidelines. U.S. Department of Commerce, Bureau of Export Administration, press release, Jan. 6, 1994.

[232] The Washington-based Intellectual Property Alliance, which represents eight major U.S. commercial associations, has estimated that U.S. companies lose $415 million annually as a result of copyright infringement in China, $225 million of that from computer software piracy.

[233] For more information on the IPR agreement and the steps taken by China in 1992 to fulfill its commitments in this MOU, see USITC, *The Year in Trade: OTAP, 44th Report, 1992*, USITC publication 2640, pp. 67-68.

[234] USTR, *1994 National Trade Estimate Report on Foreign Trade Barriers*, pp. 51-52.

[235] Ibid, p. 52.

[236] Ibid.

[237] Ibid.

[238] USTR, *USTR Announces Action Against China Under the "Special 301" Provisions of the 1974 Trade Act*, press release, Nov. 30, 1993.

[239] The "special 301" provisions on IPR were added to section 301 of the 1974 Trade Act, as amended in the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 2242).

[240] For a description of the major commitments made by China in the market-access agreement, see USITC, *The Year in Trade 1992, OTAP, 44th Report*, USITC publication 2640, July 1993, pp. 68-69.

[241] For more detailed information on the implementation of the market-access agreement, see USTR, *1994 National Trade Estimate Report on Foreign Trade Barriers*, pp. 44-50.

[242] The 258 items were comparable to the 8-digit tariff-line items in the *Harmonized Tariff Schedule of the United States* (HTS).

[243] Ibid., p. 45.

[244] USTR, *1994 Trade Policy Agenda and 1993 Annual Report*, p. 58.

[245] USTR, *1994 National Trade Estimate Report on Foreign Trade Barriers*, p. 56.

[246] USTR, *1994 Trade Policy Agenda and 1993 Annual Report*, p. 60.

[247] The material in this section is based on information provided by the USTR staff.

[248] For information on China's trade reforms in 1993, see especially the section on market access under "Other Bilateral Issues," above.

[249] As a result of these trade and economic reforms, China's request to become a GATT member by the end of 1994 was in general favorably received at a March 1994 meeting of the working party. However, the United States argued that too many issues remained unresolved to set a firm deadline for accession.

[250] In 1990, Taiwan applied for membership in the GATT. Taiwan applied as the "Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu" under provisions of article XXXIII. By electing this application method, Taiwan sought to deflect political controversy over the question of sovereignty since China is also applying for GATT membership. The Republic of China was a founding member of GATT in 1946, but left the organization in 1950 after the

People's Republic of China was established. Taiwan held GATT observer status from 1965-71.

Taiwan, Penghu, Kinmen, and Matsu are the four main islands under Taiwan's jurisdiction. After accession, Taiwan will formally be referred to as "Chinese Taipei."

[251] For background on Taiwan's effort to join the GATT, see USITC, *The Year in Trade: OTAP, 44th Report, 1992*, USITC publication 2640, pp. 71-72.

[252] USTR, "U.S. Tables GATT Accession Goods Market Access Request of Taiwan," press release No. 93-69, Nov. 24, 1993.

[253] U.S. Department of State, "Report on GATT Accession Working Party for Chinese Taipei, October 12-15," telegram, message reference No. 09715, prepared by the U.S. Mission to the GATT, Geneva, Oct. 24, 1993.

[254] For the October bilateral dialogue between the United States and Taiwan, see Ibid., message reference No. 09762.

[255] Ibid., message reference No. 09715.

[256] For the October bilateral dialogue between the United States and Taiwan, see Ibid., message reference No. 09762.

[257] Ibid., message reference No. 09715.

[258] For the October bilateral dialogue between the United States and Taiwan, see Ibid.

[259] Ibid., message reference No. 09715.

[260] Because pesticide residue tolerances on fruit, for example, are based on pesticides used in Taiwan, but not in foreign countries, import procedures for foreign fruit become complicated. U.S. Department of State, "Taiwan's GATT Accession: Sanitary and Phytosanitary Restrictions," telegram, message reference No. 06987, prepared by the American Institute in Taiwan, Taipei, Oct. 6, 1993.

[261] U.S. Department of State, "Report on GATT Accession Working Party for Chinese Taipei, October 12-15," telegram, message reference No. 09715, prepared by the U.S. Mission to the GATT, Geneva, Oct. 24, 1993.

[262] The GATT Committee on Technical Barriers to Trade granted observer status to Taiwan in November 1993. U.S. Department of State, "GATT: Committee on Technical Barriers to Trade, Nov. 2, 1993," telegram, message reference No. 10501, prepared by the U.S. Mission to the GATT, Geneva, Nov. 10, 1993.

[263] For a summary of Taiwan's Government procurement practices, see U.S. Department of State, "Foreign Government Procurement Practices," telegram, message reference No. 01440, prepared by the American Institute in Taiwan, Taipei, Mar. 5, 1993.

[264] U.S. Department of State, "Report on GATT Accession Working Party for Chinese Taipei, October 12-15," telegram, message reference No. 09715, prepared by the U.S. Mission to the GATT, Geneva, Oct. 24, 1993.

[265] Ibid.

[266] Ibid.

[267] For background on bilateral IPR negotiations in 1992, see USITC, *The Year in Trade: OTAP, 44th Report, 1992*, USITC publication 2640, pp. 70-71.

[268] U.S. Department of State, "Motion Picture Industry Publishes its 1993 Trade Barriers Report," telegram, message reference No. 033113, prepared by the Department of State, Washington, DC, Feb. 3, 1993.

[269] Ibid.

[270] U.S. Department of State, "Amcham Letter re. Special 301," telegram, message reference No. 2851, prepared by the American Institute in Taiwan, Taipei, Apr. 28, 1993.

[271] U.S. Department of State, "IPR: Amcham Letter to Ambassador Kantor," telegram, message reference No. 05104, prepared by the American Institute in Taiwan, Taipei, July 23, 1993.

[272] U.S. Department of State, "1994 Trade Act Report," telegram, message reference No. 07569, prepared by the American Institute in Taiwan, Taipei, Oct. 29, 1993.

[273] Ibid.

[274] "Taiwan Task Force Decides to Increase Enforcement Against Software, CD Piracy." *International Trade Reporter*, Feb. 24, 1993, pp. 324.

[275] "Taiwan Government Seizes Illegal Videos, Laser Disks after U.S. Special 301 Action." *International Trade Reporter*, May 12, 1993, p. 794.

[276] U.S. Department of State, "Taiwan IPR Enforcement Data: Comparison of 1991, 1992, and 1993 Statistics," telegram, message reference No. 01056, prepared by the American Institute in Taiwan, Taipei, Feb. 18, 1994.

[277] U.S. Department of State, "AIT Delivers Statement at Public Hearing on Bilateral Copyright Agreement," telegram, message reference No. 00142, prepared by the American Institute in Taiwan, Taipei, Jan. 11, 1993.

[278] USTR, "Fact Sheet: Special 301 on Intellectual Property." Apr. 30, 1993, p. 5.

[279] U.S. Department of State, "Special 301 Out-of-cycle Reviews: Hungary, Thailand, and Taiwan," telegram, message reference No. 238026, prepared by the U.S. Department of State, Washington, DC, Aug. 5, 1993.

[280] U.S. Department of State, "Taiwan Patent Law Update," telegram, message reference No. 08632, prepared by the American Institute in Taiwan, Taipei, Dec. 15, 1993.

[281] The United States and Taiwan had already agreed in March on patent protection of pharmaceutical and agricultural chemical products that had been patented in the United States prior to 1986, when Taiwan's previous patent law was enacted. U.S. Department of State, "1994 Trade Act Report," telegram, message reference No. 07569, prepared by the American Institute in Taiwan, Taipei, Oct. 29, 1993.

[282] U.S. Department of State, "Taiwan's New Patent Law: Review of Key Articles," telegram, message reference No. 00108, prepared by the American Institute in Taiwan, Taipei, Jan. 6, 1994.

[283] U.S. Department of State, "1994 Trade Act Report," telegram, message reference No. 07569, prepared by the American Institute in Taiwan, Taipei, Oct. 29, 1993.

[284] U.S. Department of State, "Taiwan's New Patent Law: Review of Key Articles," telegram, message reference No. 00108, prepared by the American Institute in Taiwan, Taipei, Jan. 6, 1994.

[285] USTR, "Fact Sheet: Special 301 on Intellectual Property," Apr. 30, 1993, p. 6.

[286] "Toward an Advanced Economy: IPR Protection," *Economic Bulletin*, Economic Planning Board/Center for Economic Education, May 1993, p. 11.

[287] U.S. Department of State, "1994 Country Trade Act Report for Korea," telegram, message reference No. 10974, prepared by the U.S. Embassy, Seoul, Nov. 15, 1993.

[288] U.S. Department of Commerce, International Trade Administration, "Korea: Key Issues," Jan. 21, 1994, p. 2.

[289] "Market Opening Era Ushered In," *Korea Newsreview*, Dec. 18, 1993, p. 14.

[290] U.S. Department of Agriculture, Economic Research Service, "Rice Distribution and Outlook Report," publication RCS-68, Oct. 1993.

[291] Quoted in "Japan To End Ban on Rice imports," *Los Angeles Times*, Washington Post News Service, Dec. 14, 1993.

[292] "South Korea's President Kim Says Rice Market Opening Inevitable," Comtex Scientific Corp., Dec. 9, 1993.

[293] "Opposition Continues in South Korea, Japan Over Rice Imports," *Los Angeles Times*, Dec. 8, 1993.

[294] "South Korean Opposition Politicians Vow To Fight Rice Import Agreement," Comtex Scientific Corp., Dec. 14, 1993.

[295] Paul R. Gibson, "Korean Rice in the Pressure Cooker," *International Economic Review*, USITC, Dec. 1991, pp. 8-9.

[296] U.S. Department of State, "More consumers recognize inevitability of rice opening," telegram, message reference No. 11809, prepared by the U.S. Embassy, Seoul, Korea, Dec. 10, 1993.

[297] U.S. Department of Commerce, International Trade Administration, "Korea: Key Issues," July 7, 1993.

[298] USTR, "U.S. and Korea Reach Agreement on Beef Market Access," June 29, 1993.

[299] "Korea, U.S. Agree on '93 Beef Import of 99,000 Tons," *Korea Newsreview*, July 3, 1993, p. 16.

[300] USITC, *OTAP, Program*, 40th Report, 1988, USITC publication 2208, p. 129.

[301] For background, see USITC, *OTAP*, 41st Report, 1989, USITC publication 2317, pp. 119 and 137.

[302] U.S. Department of State, "Daily Seoul Press Translation, July 2, 1993," telegram, message reference No. 06480, prepared by U.S. Embassy, Seoul, July 2, 1993.

[303] U.S. Department of State, "1994 Country Trade Act Report for Korea," telegram, message reference No. 10974, prepared by the U.S. Embassy, Seoul, Nov. 15, 1993.

[304] U.S. Department of State, "Daily Seoul Press Translation, June 28, 1993," telegram, message reference No. 6762, prepared by the U.S. Embassy, Seoul, June 28, 1993.

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

This chapter reviews activities related to the administration of U.S. trade laws during 1993. It is subdivided into sections on (1) import-relief laws, (2) unfair trade laws, and (3) certain other trade provisions, including section 22 of the U.S. Generalized System of Preferences (GSP), the Caribbean Basin Economic Recovery Act (CBERA), the Andean Trade Preference Act (ATPA), the Agricultural Adjustment Act, and the Arrangement Regarding International Trade in Textiles.

Import Relief Laws

The United States administers two safeguard laws and also administers a trade adjustment assistance program. There is one general safeguard provision under section 201 of the Trade Act of 1974[1] and several bilateral provisions, including those defined under section 406 of the Trade Act of 1974 (market disruption by imports from Communist countries).[2] The adjustment assistance under the Trade Adjustment Assistance (TAA) program is included under Title II of the Trade Act of 1974.

Safeguard Actions

There were no remedies under sections 201 or 406 in effect at yearend 1993. The Commission did not conduct any new or followup investigations under section 201 in 1993.

Market Disruption

Under section 406 of the Trade Act of 1974,[3] the Commission conducts investigations to determine whether imports of an article produced in a "Communist country" are causing market disruption with respect to an article produced by a U.S. industry. "Market disruption" is defined to exist when imports of an article like or directly competitive with an article produced by a domestic industry are increasing rapidly, either absolutely or relatively, so as to be a significant cause of material injury or threat of material injury to the domestic industry. This provision is similar procedurally to section 201.

In October 1993 the Commission commenced an investigation under section 406 concerning honey from the People's Republic of China,[4] following receipt of a request from the United States Trade Representative. In December 1993, the Commission found that market disruption exists with respect to honey imports from China.[5] The Commission transmitted its report to the President in January 1994.[6]

Adjustment Assistance

The Trade Adjustment Assistance (TAA) program, set forth in Title II of the Trade Act of 1974, authorizes the Secretaries of Commerce and Labor to provide trade adjustment assistance to firms and workers, respectively, that are adversely affected by increased imports. Initially authorized through the Trade Expansion Act of 1962, the current program is scheduled to expire on September 30, 1998.[7] In 1993, a new subchapter was added to Title II of the Trade Act to provide transitional assistance to workers separated or threatened to be separated from their employment as a result of increased imports from Canada or Mexico under the NAFTA.[8]

The TAA system of readjustment allowances to individual workers is administered by the U.S. Department of Labor through its Office of Employment and Training Administration (ETA) in the form of monetary benefits for direct trade readjustment allowances and service benefits that include allocations for job search, relocation, and training. Industry-wide technical consultation provided through Commerce-sponsored programs is designed to restore the economic viability of U.S. industries adversely affected by international import competition.[9]

Assistance to Workers

The Department of Labor instituted 1,221 investigations in fiscal year 1993 (October 1, 1992, through September 30, 1993) on the basis of petitions filed for trade adjustment assistance. This figure represents a decrease from the 1,465 petitions instituted in fiscal 1992. The results of investigations completed or terminated in fiscal 1993, including those in process from the previous fiscal year, are shown in the following tabulation:[10]

Item	Number of investigations or petitions	Estimated number of workers
Completed certifications	581	70,581
Partial certifications	9	656
Petitions denied	697	91,723
Petitions terminated or withdrawn	49	2,866
Total	1,336	165,826

The number of completed and partial certifications in fiscal 1993 decreased to 590, from 703 in fiscal 1992. However, preliminary figures for fiscal 1993 indicate that Labor expenditures for direct Trade Readjustment Allowances (TRA) to certified workers increased to $50.5 million, which was above the $42.7 million expenditures in fiscal 1992.

In addition, Labor provided training, job search, and relocation services valued at a preliminary estimate of $80.0 million in fiscal 1993 for worker activities in the areas shown in the following tabulation:[11]

Item	Estimated number of participants[12]
Training	19,500
Job search	800
Relocation allowances.	1,950
Total	22,250

Preliminary data for fiscal 1993 indicated that an estimated 22,250 workers used available service benefits, representing an increase of 11.5 percent from the workers receiving such services in the previous fiscal year.

Assistance to Firms and Industries

Through its Trade Adjustment Assistance Division (TAAD), the U.S. Department of Commerce's Economic Development Administration (EDA) certified 253 firms as eligible to apply for trade adjustment assistance during fiscal year 1993. This figure represents a 39-percent increase from the 182 firms certified in the previous fiscal year. The TAAD administers its firm assistance programs though a nationwide network of 12 Trade Adjustment Assistance Centers (TACCs). Technical services are provided to certified firms through TAAC staffs and independent consultations under direct contract with TAACs. Funding for the TAACs during fiscal 1993 totaled $13.6 million for provision of technical services to 865 firms adversely affected by international import competition.

In addition to the technical assistance for the firms, a component of the TAAD program, Commerce funded four industry development projects valued at $460,000. The projects receiving such funding included gear, foundry, semi-conductor, and auto parts producers.

Laws Against Unfair Trade Practices

The U.S. Department of Commerce issued 44 new antidumping orders during 1993, following completion of investigations by Commerce and the U.S. International Trade Commission. In addition, Commerce issued 18 new countervailing duty orders, following completion of investigations by Commerce and the Commission. There were no countervailing duty orders issued in 1993 based on an investigation by Commerce alone.[13] During 1993 the Commission completed 15 investigations under section 337 of the Tariff Act of 1930, involving allegations of patent, trademark, or copyright infringement or other unfair methods of competition. In three of those investigations, the Commission determined that there was a violation of section 337 and issued limited exclusion orders prohibiting the importation of merchandise. Cease and desist orders prohibiting further violation of section 337 were also issued in two of those three investigations.

In 1993, USTR initiated one new section 301 investigation. In addition to the one new investigation, further developments occurred in seven investigations initiated prior to 1993. Table 5-1 summarizes USTR activities on section 301 investigations during 1993.[14]

Table 5-1
Summary of activity on section 301 investigations during 1993

Product/service and country	Docket No.	Petitioned/ initiated and date[1]	Status at yearend 1993
Investigations initiated in 1993:			
Intellectual Property, Brazil	301-91	USTR May 1993	On April 1993, Brazil was indentified as a priority foreign country under Special 301. On November 26, the USTR determined that complex issues warranted extension of the investigation. Determination is due Feb. 28, 1994.
Other investigations active in 1993:			
Market access, China	301-88	USTR Oct. 1991	Negotiations between the United States and China began in October 1991. USTR concluded the investigation on October 10, 1992. USTR is monitoring China's compliance with the agreement. (For a detailed description of events, see ch. 4). During 1993, USTR continued consultations with the Chinese Government to continue progress made in publishing laws and regulations, reducing tariffs and implementing telecommunications purchasing policy. Considerable problems persist as the USTR and Chinese Government continue to work on these and other implementation issues.
Softwood lumber, Canada	301-87	USTR Oct. 1991	After USTR investigated and ordered suspension of liquidation for entries of softwood lumber products and the United States held a countervailing-duty (CVD) investigation in 1991, up to 15 percent ad valorem duties were imposed on Canadian softwood lumber products. Final affirmative determinations were issued in May 1992, and a CVD order was issued in June 1992. On December 7, 1992 a GATT dispute panel requested by Canada upheld the U.S. decision to self-initiate the CVD investigation. In October 1993, the panel report was adopted by the Committee on Subsidies and Countervailing Measures. In mid-1992 Canada filed challenges under chapter 19 of CFTA to the determinations of the ITC and Commerce that CVD rates be raised by 11.54%. The subsidy panel directed Commerce to find no Countervailable subsidies. (For a detailed description of events, see ch. 4).
Patent protection, Thailand	301-84	Pharmaceutical Manufacturers Assoc. Jan. 1991	On March 15, 1991, USTR initiated an investigation and it requested consultations with the Thai Government on June 19, 1991. On March 13, 1992, USTR determined that certain practices relating to the protection of patents were restricting U.S. trade. The USTR delayed implementing retaliatory measures, allowing the Thai Government to address disputed issues. Political unrest in Thailand between March and October 1992 hindered efforts to resolve this dispute. On April 30, 1993 the USTR announced that Thailand would remain a "Priority Foreign Country" because of its failure to provide adequate patent and copyright protection. In May, Thailand subsequently agreed to bring its laws up to GATT standards and in the interim would provide some elements of the form of market exclusivity ("pipeline protection") for pharmaceuticals.

See footnote at end of table.

Table 5-1—Continued
Summary of activity on section 301 investigations during 1993

Product/service and country	Docket No.	Petitioned/ initiated and date[1]	Status at yearend 1993
			After review on July 31, 1993, the USTR determined that progress had been made by the Thai Government. Thailand's identification as a Priority Foreign Country was revoked on September 7, 1993. Progress will be reviewed again in January 1994.
Beer, Canada	301-80	Heileman Brewing Co. May 1990	On June 24, 1992, the United States announced increased duties, effective immediately, on Canadian beer imports. In response, Canada imposed a 50-percent increase in duties. Negotiations resumed in 1993 between Canada and the U.S. and on August 5 a Memorandum of Understanding (MOU) was signed settling the outstanding issues in the disputes. Canada agreed to bring its practices into conformity with GATT as well as limit the duties and restrictions against U.S. beer, while the U.S. agreed to terminate its 50 percent ad valorem duties imposed on beer brewed or bottled in Ontario. In December 1993, the U.S. requested consultations under the MOU with regard to a proposal by Quebec to institute a minimum price requirement on beer.
Oilseeds, EC	301-63A	American Soybean Association	On November 20, 1992, the U.S. and EU reached an agreement to resolve the dispute. On December 4, 1992 the USTR withdrew all duties and cancelled procedures concerning the proposed further action. The EU continues to be monitered by the Section 301 committee in regards to their compliance with the agreement. On June 8, 1993 the EU council of Minister formally approved the agreement and the EU Commission adopted and proposed regulations to implement it on July 28, 1993.
Followup on investigations settled Before 1993:			
Copyright laws, Thailand	301-82	USTR Dec. 1990	USTR initiated an investigation of the Thai Government's practices relating to the enforcement of copyrights in December 1990. Consultations were held between the United States and Thailand, and on December 21, 1991, USTR determined that copyright practices were burdensome to U.S. trade. The Thai Government improved enforcement laws, and USTR decided to terminate the investigation and monitor the implementation of Thai laws. Through consultations with the Thai Government in May 1992, USTR officials established a follow-up mechanism for continued consultations and progress reports through the U.S. Embassy in Bangkok. Early in 1993, the Thai Government began steps to enforce existing copyright law. Despite progress, the USTR announced on April 30, 1993 that Thailand would remain a priority Foreign Country because of its failure to provide adequate patent and copyright protection. In May 1993, Thailand agreed to bring its patent law up to GATT standards set out in the Uruguay Round. Based on these actions and other commitments, the USTR removed Thailand form the Priority Foreign Country list on September 7, 1993, Thailand's progress will be reviewed again in January 1994.

See footnote at end of table.

Table 5-1—Continued
Summary of activity on section 301 investigations during 1993

Product/service and country	Docket No.	Petitioned/ initiated and date[1]	Status at yearend 1993
Enlargement, EC ..... Uruguay	301-81	USTR Nov. 1990	As a result of the accession of Portugal and Spain into the EC, the EC imposed variable levies on Spanish imports of corn and sorghum and took other actions adversely affecting U.S. exports, effective March 1, 1986. The United States sought removal of certain restrictions and compensation from the EC for the tariff and variable levy actions, in accordance with the rights granted by GATT articles XXIV and XXVIII. In January 1987, the United States and the EC entered into an agreement, setting forth several measures to be taken by the EC and compensated the United States by reducing duties and ensuring import levels of corn and sorghum from non-EC sources. The agreement was thereafter extended through December 1992. Over a delay in extending the agreement through 1993, USTR considered initiating an investigation into EC policies, but the dispute was handled as part of the Blair House agreement on agriculture in November 1992. After written confirmation in December 1992, the United States and the EC notified the GATT that the agreement would be extended until December 31, 1993 and that these concessions would be incorporated into the Round. The EC has agreed to extend the provisions of the agreement through 1994.
Toll equipment, Norway	301-79	Amtech Corp. July 1989	USTR initiated an investigation into the Norwegian practices harming U.S. trade in the sale of highway toll equipment on August 2, 1989. In April 1990 Norway agreed to take actions to offset the impact of Norway's discriminatory practices and USTR terminated the investigation. In 1991, USTR discovered that Norway was excluding U.S. suppliers from the procurement of an electronic toll collection system for the city of Trondheim. The United States, therefore, identified Norway as a violator of the GATT Government Procurement Code obligation through consultations, and the GATT panel released its final report, which concluded that Norway had violated the code. Norway agreed to accept the panel recommendations, and the United States saw no need to take action to limit government procurement from Norway.
Canned fruit, EC	301-71	USTR May 1989	Beginning in 1989, consultations between the United States and the EC were held on the interpretation of an earlier agreement in 1985 under which the EC was to limit processing subsidies on canned fruit. A three-pronged agreement on acceptable subsidy levels was reached, but during 1991 EC subsidies exceeded agreed-upon levels. Consultations have continued, and the United States continues to monitor compliance with the agreement. On June 16, 1992, the United States extended the Export Enhancement Program to canned peaches in order to offset EC subsidies.

[1] Above date(s) are either the month and year an interested party filed a petition, alleging practices inconsistent with Sec. 301 or the month and year USTR self-initiated an investigation without a petition.

Source: Compiled by the staff of the U.S. International Trade Commission.

Antidumping Investigations

The present antidumping law is contained in Title VII of the Tariff Act of 1930.[15] The antidumping law provides relief in the form of special additional duties that are intended to offset margins of dumping. Antidumping duties are imposed when (1) Commerce (the administering authority) has determined that imports are being, or are likely to be, sold at less than fair value (LTFV) in the United States and (2) the Commission has determined that a United States 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.

In general, imports are considered to be sold at LTFV when the United States price (i.e., the purchase price or the exporter's sales price, as adjusted) is less than the foreign market value, which is usually the home-market price, or, in certain cases, the price in a third country, or a "constructed" value, calculated as set out by statute.[16] The antidumping duty equals the difference between the U.S. price and the foreign-market value. Most investigations are conducted on the basis of a petition filed with Commerce and the Commission by or on behalf of a U.S. industry.

Commerce and the Commission each conduct preliminary and final antidumping investigations in making their separate determinations.[17] In 1993, the Commission completed 35 preliminary and 73 final antidumping injury investigations.[18] The disproportionately large number of final investigations was primarily attributable to antidumping investigations involving the U.S. steel industry, which commenced in June 1992. Antidumping orders were imposed as a result of affirmative Commission determinations in 41 of the 73 final investigations on products imported from 23 different countries. Details of antidumping actions and orders, including suspension agreements,[19] in effect in 1993, are presented in tables A-24 and A-25. The following tabulation summarizes the number of antidumping investigations during 1991-1993:[20]

Antidumping duty investigations	**1991**	**1992**	**1993**
Petitions filed	24	24	21
Preliminary Commission determinations:			
Negative	22	13	5
Affirmative (includes partial affirmatives)	31	72	30
Terminated[21]	2	11	8
Final Commerce determinations:			
Negative	0	2	1
Affirmative	28	24	76
Terminated	1	2	0
Suspended	0	7	0
Final Commission determinations:			
Negative	13	4	32
Affirmative (includes partial affirmatives)	19	16	41
Terminated	0	1	0

Countervailing-Duty Investigations

The United States countervailing-duty law is set forth in section 303 and Title VII of the Tariff Act of 1930. It provides for the levying of special additional duties to offset foreign subsidies on products imported into the United States.[22] In general, procedures for such investigations are similar to those under the antidumping law. Petitions are filed with Commerce (the administering authority) and with the Commission. Before a countervailing-duty order can be issued, Commerce must find a countervailable subsidy, and in most cases, the Commission must make an affirmative determination of material injury, threat of material injury, or material retardation by reason of the subsidized imports.

Investigations are conducted under section 701 of the Tariff Act if the subject article is imported from a country that has signed the GATT Code on Subsidies and Countervailing Duties[23] or has otherwise been designated a "country under the Agreement."[24] Investigations with respect to imports from other countries are conducted under section 303 of the Tariff Act. Such imports are subject to an injury investigation by the Commission only if (1) they normally enter free of duty and (2) international obligations of the United States require an injury investigation.[25] For imports not falling under this category or under section 701, a countervailing-duty order may be issued under section 303 on the basis of an affirmative subsidy determination by Commerce alone.

Eighteen new countervailing-duty orders were imposed in 1993 as a result of investigations involving both Commerce and the Commission. No new countervailing duty orders were imposed on products following investigation by Commerce alone under section 303 of the Tariff Act. In 1993, the Commission completed 4 preliminary and 36 final injury investigations.[26] As with antidumping investigations, the disproportionately large number of final investigations was primarily attributable to investigations involving the U.S. steel industry commenced in June 1992. Details of

countervailing-duty actions and outstanding orders, including suspension agreements[27] in effect in 1993, are presented in tables A-26 and A-27. The following tabulation summarizes the number of countervailing-duty investigations during 1991-93:[28]

Countervailing duty investigations	1991	1992	1993
Petitions filed	8	4	3
Preliminary Commission determinations:			
Negative	1	6	2
Affirmative (includes partial affirmatives)	6	6	2
Final Commerce determinations:			
Negative	2	2	0
Affirmative	4	4	36
Suspended	0	0	0
Final Commission determinations:			
Negative	2	0	18
Affirmative (includes partial affirmatives)	1	2	18
Terminated	0	3	0

Reviews of Outstanding Antidumping and Countervailing-Duty Orders

Section 751 of the Tariff Act of 1930, as amended (19 U.S.C. 1675), requires Commerce (the administering authority), if requested, to conduct annual reviews of outstanding antidumping and countervailing-duty orders to determine the amount of any net subsidy or dumping margin and to determine compliance with suspension agreements. Section 751 also authorizes Commerce and the Commission, as appropriate, to review certain outstanding determinations and agreements after receiving information or a petition that shows changed circumstances. In these circumstances, the party seeking revocation or modification of an antidumping or countervailing duty order or suspension agreement has the burden of persuading the Commission that circumstances have changed sufficiently to warrant review and revocation. Based on either of the reviews above, Commerce may revoke a countervailing-duty or antidumping order in whole or in part or terminate or resume a suspended investigation.

The Commission instituted one investigation under section 751 in 1993, Stainless Steel Plate From Sweden.[29] This investigation was suspended based on a request from the petitioners that the Commission hold its investigation in abeyance pending resolution of a dispute regarding the scope of the antidumping order issued by the Department of Commerce.[30] The investigation was not resumed in 1993.

As a result of reviews conducted by Commerce in 1993 based on a party's request, Commerce partially rescinded one antidumping order.[31] Commerce completely rescinded one antidumping order based on a changed circumstances determination,[32] rescinded one other order based on a determination that the order was no longer of interest to the interested parties,[33] and completely revoked one antidumping order pursuant to court remand.[34] Commerce also revoked one countervailing duty order based on a determination that the order was no longer of interest to the interested parties in 1993.[35] Commerce did not terminate any investigations that had previously been suspended.

Section 337 Investigations

Section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), authorizes the Commission, on the basis of a complaint or on its own initiative, to conduct investigations with respect to certain practices in import trade. Section 337 declares unlawful the importation, sale for importation, or sale after importation of articles that infringe a valid and enforceable U.S. patent, registered trademark, registered copyright, or registered mask work, for which a domestic industry exists or is in the process of being established.[36]

If the Commission determines that a violation exists, it can issue an order excluding the subject imports from entry into the United States, or can order the violating parties to cease and desist from engaging in the unlawful practices.[37] The President may disapprove a Commission order within 60 days of its issuance for "policy reasons."

In 1993, as in previous years, most complaints filed with the Commission under section 337 alleged infringement of a U.S. patent by imported merchandise. The Commission completed a total of 15 investigations under section 337 (including one modification proceeding) in 1993, compared with 12 in 1992. During 1993, the Commission also completed one preliminary investigation under section 603 of the Trade Act of 1974, which was instituted to determine whether there was a sufficient basis to institute a section 337 investigation regarding certain recombinantly produced human growth hormones. This was the first section 603 investigation relating to a section 337 complaint since 1984. As in recent years, the section 337 caseload was highlighted by investigations involving computer-related products, including semiconductors. Other section 337

investigations involved pharmaceutical products, industrial machinery, and various consumer products.

Limited exclusion orders were issued by the Commission in the three investigations in which violations were found, and cease and desist orders were issued in two of those three investigations. Several investigations were terminated by the Commission without determining whether section 337 had been violated. Generally, these terminations were based on settlement agreements or consent orders. At the close of 1993, there were 17 section 337 investigations, including an advisory opinion proceeding and an ancillary candor proceeding, pending before the Commission. Commission activities involving section 337 actions in 1993 are presented in table A-28.

As of December 31, 1993, a total of 50 outstanding exclusion orders based on violations of section 337 were in effect. Thirty-one of these orders involved patent violations. Table A-29 also lists the investigations in which these exclusion orders were issued.

Other Import Administration Laws and Programs

The United States now administers three unilateral tariff preference programs as part of its overall program of import administration: the Generalized System of Preferences, the Caribbean Basin Economic Recovery Act, and the Andean Trade Preference Act. Almost 45 percent of overall imports entering the United States in 1993 ($573.2 million) entered free of duty. Of that amount, 3.8 percent of total U.S. imports for consumption benefited from the duty-free privileges of the three programs described in this section. GSP duty-free imports accounted for 3.4 percent, CBERA duty-free imports accounted for 0.3 percent and ATPA duty-free imports accounted for 0.06 percent of total U.S. imports for consumption. The following tabulation shows total duty-free imports for the programs described in this section (in millions of dollars):

U.S. imports	1992	1993
Duty-free imports:		
GSP	16,735	19,520
CBERA	1,499	1,904
ATPA	97	401

This section of the report will also cover two other U.S. import programs—the Agriculture Adjustment Act and the series of bilateral agreements that result from the Arrangement Regarding International Trade in Textiles.

Tariff Preference Programs

Generalized System Of Preferences

During the 1960s, the United Nations Conference on Trade and Development suggested that developed countries offer unilateral preferential tariff treatment to developing countries. The underlying rationale was that free trade would promote economic development and diversification more effectively than foreign aid. The U.S. Generalized System of Preferences (GSP) program was enacted in the Trade Act of 1974 and renewed in the Trade and Tariff Act of 1984.[38] Pursuant to the latter statute, the U.S. GSP expired on July 4, 1993, but was renewed retroactively for 15 months in the Omnibus Budget Reconciliation Act of 1993. Under this program, the President is authorized, subject to various conditions and requirements, to grant duty-free treatment to selected imports from designated developing countries.

In 1993, under the GSP program, the United States granted duty-free entry to eligible imports from over 140 beneficiary countries.[39] Such imports are classified in more than 4,400 HTS tariff categories.[40] As shown in table 5-2, $19.5 billion in imports from GSP beneficiary countries actually received duty-free entry under the GSP program in 1993, out of $41.1 billion in goods from GSP beneficiaries that were classified in GSP-designated HTS provisions. These figures compare with $123.1 billion in total imports from GSP beneficiaries in 1993 and $573.2 billion in total imports from the world. Table 5-3 shows the top 10 beneficiary countries of the GSP program in 1993. Table A-30 shows the top 20 GSP products or product categories in 1993, and Table A-31 shows the overall sectoral distribution of GSP benefits.

Each year, the Trade Policy Staff Committee (TPSC)[41] conducts a review that leads to modifications in product eligibility and country eligibility. In 1993, the TPSC completed the 1992 Annual GSP Review. As a result of the 1992 GSP review, two new products were added to the GSP program, and one item, wooden French doors from Malaysia, was removed from the program. The President also suspended Mauritania as a GSP beneficiary after determining that Mauritania "has not taken and is not taking steps to afford

Table 5-2
U.S. imports for consumption[1] from GSP beneficiaries and the world, 1993

(Millions of dollars)

Item	All GSP beneficiaries	World
Total	123,094	573,245
GSP eligible products[2]	41,058	222,920
Duty-free under GSP[3]	19,520	19,520
GSP program exclusion	10,052	10,052
Other	11,486	193,348
Noneligible product imports	82,036	350,325

[1] Customs value basis.

[2] The import data show total imports from all beneficiary countries and from the world that are eligible for duty-free entry under GSP. For a variety of reasons, all imports from beneficiary countries under HTS provisions that appear to be "eligible" for GSP treatment do not always and necessarily receive duty-free entry under the GSP. Such "eligible" goods may not actually receive duty-free entry under GSP for at least four types of reasons: (1) the importer fails to claim GSP benefits affirmatively, (2) the goods are from a beneficiary country that has lost GSP benefits on that product for exceeding the so-called competitive need limits, (3) the goods are from a beneficiary country that has lost GSP on that product because of a petition to remove that country from GSP benefits for that product, and (4) the goods fail to meet the rule of origin or direct shipment requirements in the GSP statute.

[3] These import data show total imports from all GSP beneficiary countries that actually received duty-free entry under the GSP.

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

Table 5-3
U.S. imports for consumption under the GSP from leading beneficiaries, and total, 1993

(Millions of dollars)

Rank	Beneficiary	Total imports	Imports of GSP articles	
			GSP-eligible	GSP duty-free[2]
1	Mexico[3]	38,666	17,877	5,424
2	Malaysia	10,482	5,122	2,948
3	Thailand	8,536	3,280	2,143
4	Brazil	7,728	2,618	1,886
5	Philippines	4,863	1,546	1,304
6	Indonesia	5,341	1,592	886
7	India	4,534	942	752
8	Israel	4,421	1,690	529
9	Venezuela	7,775	331	321
10	Argentina	1,188	499	320
	Top 10	93,537	35,501	16,517
	Total	123,094	41,058	19,520

[1] These import data show total imports from the top 10 beneficiary countries that fall in HTS provisions that are eligible for duty-free entry under GSP. For a variety of reasons, all imports from beneficiary countries under HTS provisions that appear to be "eligible" for GSP do not always and necessarily receive duty-free entry under the GSP. See note 2 to table 5-2.

[2] These import data show the total imports from the top 10 GSP beneficiary countries that actually received duty-free entry under the GSP program.

[3] The NAFTA implementation bill required the President to withdraw beneficiary status under the GSP program from Mexico, effective on the date the President issued a proclamation to carry out the schedule of duty reductions with Mexico. A Presidential Proclamation was issued to this effect on Dec. 15, 1994.

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

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

internationally recognized worker rights" as required by sections 502(b)(7) and 502(c)(7) of the GSP statute.[42] Designations of the following countries as beneficiary developing countries under the GSP program were issued or became effective in 1993: Ethiopia,[43] Albania,[44] Russia,[45] and Kyrgyzstan.[46] The NAFTA implementation bill, meanwhile, required the President to withdraw beneficiary status under the GSP program from Mexico, effective on the date the President issues a proclamation to carry out the schedule of duty reductions with Mexico.[47] The latest Presidential Proclamation was issued on December 15, 1993.[48]

On October 5, 1993, the USTR announced that it would accept seven worker rights petitions, five intellectual property petitions and 30 petitions to review GSP eligibility of specific items under its 1993 annual GSP review.[49] Of the product petitions accepted were those to add twelve products to GSP eligibility, those to remove two products from eligibility, and those to waive the competitive need limits of sixteen products.[50]

The U.S. GSP program was extended until September 30, 1994 as part of the Budget Reconciliation Act signed in August 1993. During 1993, the TPSC continued its consideration of possible proposals for renewal of the longer term renewal of the GSP program.

Caribbean Basin Economic Recovery Act

Eligible imports from 24 Caribbean Basin countries entered the United States duty free or at reduced duties under the Caribbean Basin Economic Recovery Act (CBERA) during 1993 (see list of countries in table A-33). CBERA has been operative since January 1, 1984, and, as currently amended, the act has no statutory expiration date.[51] CBERA is the trade-related component of the Caribbean Basin Initiative (CBI).[52] President Reagan launched CBI in 1982 to promote export-led economic growth and economic diversification in the countries in the Caribbean Basin.[53]

A wide range of Caribbean products are eligible for duty-free entry under CBERA.[54] Excluded from duty-free entry, however, are canned tuna, petroleum and petroleum derivatives, certain footwear, some watches and watch parts, sugar from any "Communist" country, and most textiles and apparel. Certain agricultural products (including sugar, dairy products, cotton, peanuts, and beef) may receive duty-free entry, subject to U.S. quotas and/or health requirements. Other restrictions apply to ethyl alcohol produced from non-Caribbean feedstock. Handbags, luggage, flat goods (such as wallets, change purses, and eyeglass cases), work gloves, and leather-wearing apparel are not eligible for CBERA duty-free entry; however, duties on these articles are being reduced by a total of 20 percent beginning January 1, 1992, in five equal annual installments.

Certain Caribbean textile and apparel products are eligible for preferential tariff treatment under the special Guaranteed Access Levels (GAL) program. While separate from the statutes governing CBERA, the GAL program is open only to countries that receive CBERA benefits. The GAL program was established in 1986 to improve access for Caribbean products within the context of overall U.S. textile policy implementing the Multifiber Arrangement. Under the program, the United States sets flexible quotas on a case-by-case basis for textile and apparel items assembled in eligible Caribbean Basin countries that have signed GAL agreements. Costa Rica, Dominican Republic, Guatemala, Haiti, Jamaica, and Trinidad and Tobago benefited from such agreements during 1993. GAL imports, which must be made from fabric formed and cut to pattern in the United States, receive treatment similar to that of imports under HTS subheadings 9802.00.60 and 9802.00.80.[55]

Total U.S. imports from CBERA countries in 1993 were $10.1 billion, or 1.8 percent of all U.S. imports. Approximately two-thirds of these imports, valued at $6.6 billion, entered duty free under various U.S. programs or provisions, including CBERA, most-favored-nation (MFN), GSP, and GALs (table 5-4). Duty-free CBERA imports rose to a record high $1.9 billion (shown by country in table A-33). The leading items afforded duty-free entry under CBERA in 1993 were leather footwear uppers, aromatic drugs, raw cane sugar, frozen boneless beef, and precious-metal jewelry (table A-32).

Handbags, luggage, flat goods, work gloves, and leather wearing apparel that entered under CBERA's reduced duty provision accounted for less than 1 percent of imports, or $38 million. Duty-free imports of textile and apparel articles subject to GAL agreements totaled $787 million in 1993 (table 5-5).

Andean Trade Preference Act

Imports from Bolivia, Colombia, Ecuador, and Peru entered the United States duty free under the Andean Trade Preference Act (ATPA) during 1993. ATPA has been operative since December 4, 1991, and is scheduled to expire on December 4, 2001.[56] ATPA is the trade-related component of the Andean Trade

Table 5-4
U.S. imports for consumption under CBERA, by duty treatments, 1991-93

(1,000 dollars, customs value)

Item	1991	1992	1993
Total imports	8,229,366	9,425,616	10,094,033
Dutiable value[1]	2,869,880	3,269,148	3,467,856
Total Duty-free value[2]	5,359,486	6,156,467	6,626,177
MFN[3]	1,912,824	2,097,079	2,101,160
CBERA[4]	1,120,697	1,498,556	1,903,613
HTS 9802.00.60 and 9802.00.80[5]	1,418,075	1,777,260	2,144,210
GAL (HTS 9802.00.8010)	410,905	618,245	787,500
HTS 9802.00.8040 and 9802.00.8060	1,007,115	1,158,839	1,356,638
GSP[6]	410,439	340,666	359,737
Other duty free[7]	497,451	442,904	117,457
CBERA reduced duty[8]	N/A	29,418	38,069

[1] Reduced by the duty-free value of imports entering under HTS 9802.00.60 and 9802.00.80 and increased by the value of ineligible items (that were reported as) entering under the CBERA and GSP programs.

[2] Calculated as total imports less dutiable value.

[3] Value of imports which have a column 1-general duty rate of free.

[4] Reduced by the value of MFN duty-free imports and ineligible items that were misreported as entering under the CBERA program and by the value of reduced-duty items (handbags, luggage, flat goods, work gloves, and leather wearing apparel) reported separately above as dutiable.

[5] Value of nondutiable exported and returned U.S.-origin products or components.

[6] Reduced by the value of MFN duty-free imports and ineligible items that were misreported as entering under the GSP program.

[7] Calculated as a remainder, and represents imports entering free of duty under special rate provisions.

[8] Value of imports of handbags, luggage, flat goods, work gloves, and leather wearing apparel subject to 20-percent duty reductions being staged into effect under the CBERA between 1992 and 1996.

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

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

Initiative. President Bush launched the initiative in 1990 to combat the production of illegal narcotics by helping beneficiaries with economic development projects and programs.[57]

ATPA benefits were modeled on CBERA. A wide range of Andean products is eligible for duty-free entry.[58] ATPA excludes from duty-free entry the same list of articles excluded under CBERA. Rum also is excluded.[59] As under CBERA, handbags, luggage, flat goods (such as wallets, change purses, and eyeglass cases), work gloves, and leather-wearing apparel are not eligible for ATPA duty-free entry; however, duties on these articles are being reduced by a total of 20 percent beginning January 1, 1992, in five equal annual installments. Unlike CBERA beneficiaries, the four Andean countries are not eligible for GALs.

Imports from Colombia and Bolivia have been eligible for duty-free entry under ATPA since 1992. Imports from Ecuador and Peru became eligible for ATPA benefits during 1993.[60] U.S. imports from the four Andean countries totaled $5.3 billion in 1993, or 0.9 percent of all U.S. imports. Over one-half of these imports, valued at $3.1 billion, entered under various U.S. duty-free programs or provisions (table 5-5). Duty-free ATPA imports totaled $401 million in 1993 (shown by country in table A-34). The leading items afforded duty-free entry under ATPA in 1993 were fresh cut flowers, including chrysanthemums, standard carnations, anthuriums, roses, and other cut flowers and flower buds, as well as plastic nonadhesive plates, sheets and foils, and precious metal jewelry (table A-35). Handbags, luggage, flat goods, work gloves, and leather-wearing apparel that entered under ATPA's reduced duty provision accounted for less than 1 percent of imports, or $17 million (table 5-5).

Agricultural Adjustment Act

Under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624), the President may, among other things, take action to restrict imports that render, or tend to render, ineffective or materially interfere with the operation of any U.S. Department of Agriculture (Agriculture) program. The President acts on the basis of an investigation and its ensuing report written by the U.S. International Trade Commission (USITC), although he may take emergency action pending

Table 5-5
U.S. imports for consumption under the ATPA Act, by duty treatments, 1992-93

(1,000 dollars, customs value)

Item	1992	1993
Total imports	3,049,595	5,282,292
Dutiable value[1]	1,508,821	2,204,078
Total Duty-free value[2]	1,540,774	3,078,214
MFN[3]	1,011,633	2,006,841
ATPA[4]	97,117	401,421
GSP[4]	236,657	488,090
HTS 9802.00.60 and 9802.00.80	122,048	121,856
Other duty free[5]	73,319	60,006
ATPA reduced duty[6]	N/A	17,396

[1] Reported dutiable value has been reduced by the duty-free value of imports entering under HTS subheading 9802.00.60 and 9802.00.80 and increased by the value of ineligible items (that were reported as) entering under the CBERA and GSP programs.

[2] The total duty-free value is calculated as total imports less dutiable value.

[3] Figures for MFN duty-free imports represent the value of imports that have a col. 1-general duty rate of free.

[4] Values for ATPA and GSP duty-free imports have been reduced by the value of MFN duty-free imports and ineligible items that were misreported as entering under the programs.

[5] The value for other duty-free imports was calculated as a remainder and represents imports entering free of duty under special rate provisions.

[6] Value of handbags, luggage, flat goods, and leather wearing apparel subject to 20 percent duty reductions under ATPA staged into effect between 1992 and 1996.

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

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

receipt of that report. Also, following advice by the U.S. Secretary of Agriculture and an investigation by the USITC, the President may modify, suspend, or terminate import restriction actions for changed circumstances.[61]

On January 19, 1993, the President directed the USITC to conduct an investigation to determine if proposed modifications to import restrictions for certain dairy products would render, or tend to render, ineffective or materially interfere with a U.S. Agriculture program for milk. On July 7, 1993, the USITC reported its finding that changed circumstances exist and recommended that specified actions could be taken "without resulting in an article being or practically certain to be imported in such conditions and in such quantities as to render or tend to render ineffective or materially interfere with, a program or operation of the U.S. Department of Agriculture."[62] The specified changes were the exclusion of cajeta not made from cow's milk from a quota; the exclusion of inedible dried milk powders used for calibrating infrared milk analyzers from a quota; the placement of margarine cheese from Sweden under the quota for low-fat cheese; the elimination of the import-licensing requirement for dried cream and malted milk and articles of milk or cream; and provisions for a specified reallocation of certain quotas for dairy products. These changes were completed before January 1, 1994.

Arrangement Regarding International Trade in Textiles

Bilateral agreements negotiated under the Multifiber Arrangement (MFA) regulate most U.S. imports of textiles and apparel. Countries on which the United States maintains quantitative limits, or quotas, for MFA products supplied almost 80 percent of the volume of U.S. textile and apparel imports in 1993. In the Uruguay Round of multilateral trade negotiations, completed on December 15, 1993, negotiators agreed on a 10-year phaseout of the MFA and of all quotas established under MFA authority, as discussed in Chapter 1.

U.S. Bilateral Agreements

The United States has quotas on MFA-product imports from some 40 countries. Together these countries supply about 80 percent of U.S. textile and apparel imports (table 5-6). The United States extended or renegotiated expiring agreements with all major supplying countries. It did not renew the agreement

with El Salvador or extend the quota on imports from Lebanon. The agreement with Mexico expired in 1993. Schedule 3.1.2 of annex 300-B of the North American Free-Trade Agreement (NAFTA), which entered into force on January 1, 1994, provides for limits on nonoriginating textile and apparel products imported from Mexico and sets forth a schedule for the progressive elimination of such limits by the year 2003.

Transshipments of apparel through third countries to evade quotas have become a growing concern to the United States. In an effort to curtail this practice, the United States has been negotiating stronger fraud language in the bilateral agreements. The new language clarifies the right of the United States to charge transshipments against quota, gives it the right to make plant visits to verify production capacity of a foreign manufacturer, and permits it to charge up to 3 times the amount of the transshipments against quotas in instances of repeated violations involving a particular country.

Most apparel transshipments are believed to have originated in China, with goods from there and other countries reportedly having been transshipped through more than 40 different countries.[63] The United States and China were unable to agree on terms (including quota limits, illegal transshipment of textile products from China, and overshipping annual limits) to extend their bilateral textile agreement that had expired on December 31, 1993. On January 6, 1994, the United States Trade Representative (USTR) announced that the United States would cut 1994 quotas on MFA imports from China by 25 to 35 percent. Subsequently, on January 17, 1994, the USTR announced that the two countries had concluded a new 3-year textile agreement. The new agreement calls for zero growth in China's quotas in 1994 and for 1-percent annual growth for 1995-96.[64] For the first time, chiefly silk apparel, not covered by the MFA, was brought under quota. Such silk apparel from China will be subject to a quota based on shipments in 1993 and subject to an annual growth rate of 1 percent. China also agreed to anticircumvention language similar to that included in the bilateral agreements renegotiated in 1993 and early 1994.

U.S. Trade in 1993

U.S. imports of MFA products in 1993 rose by 9 percent over the 1992 level to a record 15.8 billion square meter equivalents (SMEs) valued at $36 billion (see figure O). The growth was smaller than the 1992 gain of 13 percent. Import growth averaged 11 percent a year during the 1980s, before slowing to less than 1 percent in 1990 and to 5 percent in 1991. Most of the slowdown in 1993 came in apparel, imports of which reached 7.5 billion SMEs valued at $28 billion. Apparel imports grew by almost 7 percent, or less than half the 15-percent growth in 1992. U.S. imports of textiles posted double-digit growth for the second consecutive year in 1993, when they again rose by 12 percent.

China remained the major U.S. foreign supplier of textiles and apparel in 1993, accounting for 13 percent of total imports. However, growth in imports from China slowed to roughly 8 percent, from 14 percent annual growth in 1992. The traditional Big Three Asian suppliers—Hong Kong, Korea, and Taiwan—saw their combined shipments fall for the fourth consecutive year, by 3 percent to 3.0 billion SMEs ($9.3 billion). With their shipments falling by almost 3 percent in 1993, the Big Three supplied just 19 percent of the import market, down from 43 percent 10 years ago.

Faced with rising production costs at home and limited quota growth in the U.S. market, the Big Three have been exporting higher value-added goods and moving production of less expensive products to lower labor cost nations such as China and the ASEAN nations. The growth in imports from the ASEAN nations slowed considerably in 1993 when their shipments rose by 8 percent, after having grown by 25 percent in 1992. Of the ASEAN suppliers, although Thailand, the Philippines, Indonesia, and Malaysia all generally showed much slower growth in 1993, the slowdown largely stemmed from a 22-percent drop in imports from Singapore.

Mexico and the Caribbean countries rank among the fastest growing suppliers of apparel to the U.S. market. U.S. imports of textiles and apparel from Mexico and the Caribbean countries rose by 21 percent in 1993 to almost 2.3 billion SMEs. Most of the imports from the region consisted of apparel assembled from U.S. components, whose duties are assessed only on the value added offshore. Garments assembled in the region from fabrics formed and cut in the United States benefit from preferential quota access to the U.S. market.

Table 5-6
Countries with which the United States has textile and apparel agreements or quotas: U.S. general imports under the MFA, in 1993, and expiration dates of agreements or quotas in place during 1993.

Country	Imports	Expiration date
	1,000 dollars	
Bahrain	49,152	12/31/95
Bangladesh*	765,818	01/31/95
Brazil*	289,312	03/31/96
Bulgaria	34,934	12/31/95
China*	4,765,884	12/31/96
Colombia*[1]	347,436	12/31/95
Costa Rica*	658,789	12/31/95
Czech Republic*	43,655	05/31/95
Dominican Republic*	1,457,653	12/31/94
Egypt*	195,941	12/31/95
El Salvador*	268,138	12/31/93
Fiji*	48,955	12/31/94
Guam	([2])	10/31/94
Guatemala*	565,194	12/31/94
Haiti	95,686	12/31/94
Hong Kong*	3,957,400	12/31/95
Hungary*	62,866	12/31/95
India*	1,285,493	12/31/95
Indonesia*	1,111,439	06/30/94
Jamaica*	390,919	12/31/95
Laos	7,776	12/31/95
Lebanon[3]	1,420	10/29/93
Lesotho*	55,030	11/30/94
Macau*	483,381	12/31/95
Macedonia[3]	46,450	06/06/94
Malaysia*	678,468	12/31/94
Mauritius	162,299	12/31/95
Mexico*	1,372,050	([4])
Myanmar (Burma)[3]	29,752	01/31/95
Nepal	83,307	12/31/97
Oman	77,682	12/31/95
Pakistan*	651,606	12/31/95
Panama*	41,702	03/31/94
Philippines*	1,337,104	12/31/95
Poland*	74,573	12/31/95
Qatar[3]	48,366	09/23/94
Romania*	15,337	12/31/94
Singapore*	522,184	12/31/95
Slovakia*	16,407	05/31/95
South Korea*	2,476,923	12/31/95
Sri Lanka*	840,222	06/30/95
Taiwan	2,860,979	12/31/95
Thailand*	1,131,108	12/31/95
Turkey*	472,175	12/31/95
United Arab Emirates	174,225	12/31/95
Uruguay*	34,342	06/30/94

*Signatory to the 12/09/92 Protocol that extended the MFA through 12/31/93.

[1] The agreement with Colombia expired on 12/31/93. The United States currently has a memorandum of understanding (MOU) with Colombia providing for a quota on men's and boys' wool suits (category 443).

[2] The agreement with Guam, a U.S. territory, is a "quota exception" for sweaters classified as products of foreign countries, but assembled in this insular area. Quota-free entry is allowed for a specified number of sweaters. Imports in excess of the specified amounts are charged to quotas established for the country of origin, usually the country where the sweater parts were knitted.

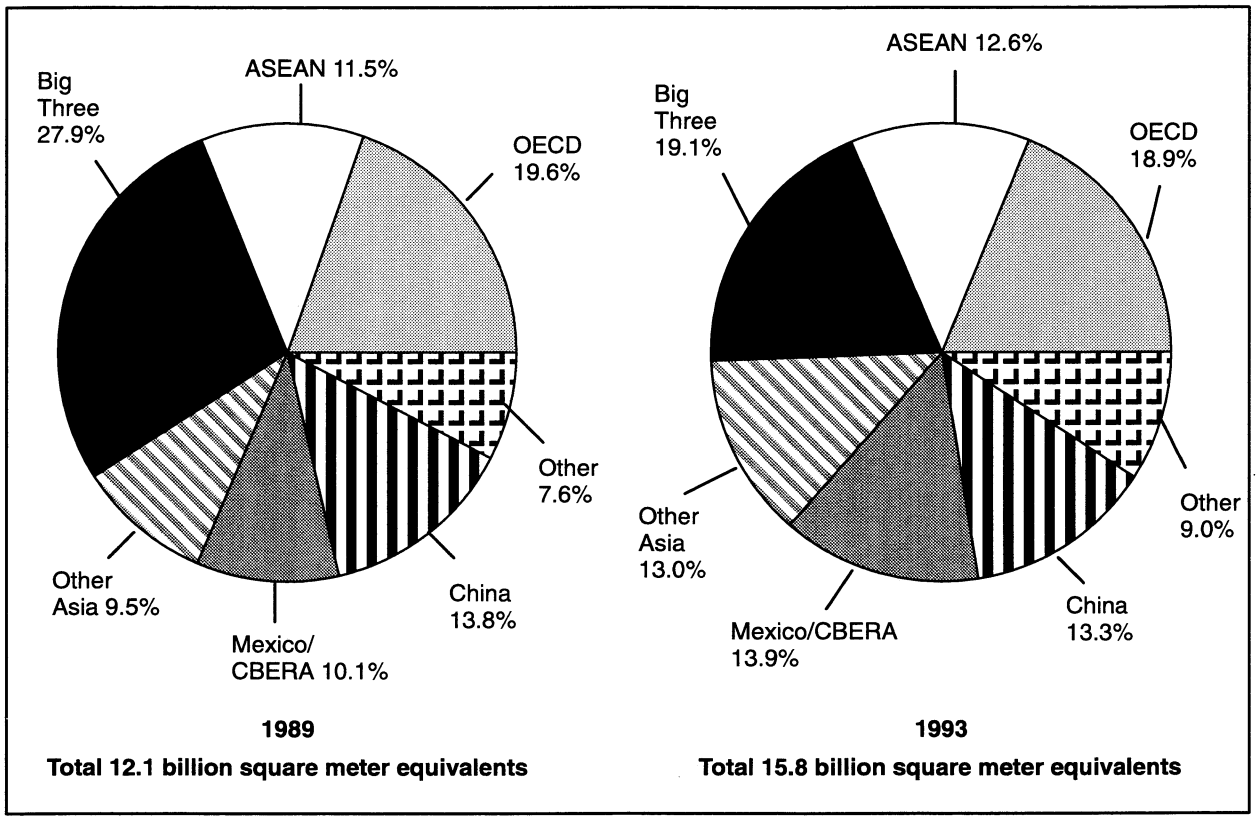
Table 5-6
Footnotes—Continued

[3] This country does not have an agreement with the United States. The restraint level(s) for this country during 1993 were imposed unilaterally by the United States.

[4] The agreement with Mexico expired on 12/31/93. Under the North American Free-Trade Agreement (NAFTA), which went into force on January 1, 1994, non-originating textile and apparel goods from Mexico are subject to restrictions and consultation levels specified in NAFTA annex 300-B, schedule 3.1.2. These restraints will be progressively eliminated by the year 2003.

Source: Trade data compiled from official statistics of the U.S. Department of Commerce, International Trade Administration, Office of Textiles and Apparel (OTEXA). Other information from OTEXA and the Office of the United States Trade Representative, Office of the Chief Textile Negotiator.

Figure O
U.S. imports of textiles and apparel by major suppliers, 1989 and 1993



Note.—Other Asia consists principally of the following countries: Bangladesh, India, Pakistan, Sri Lanka, Macau, and Nepal.

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

ENDNOTES

[1] 19 U.S.C. 2251 and following.

[2] 19 U.S.C. 2436.

[3] Ibid.

[4] 58 F.R. 54169, instituting investigation No. TA-406-13.

[5] USITC, *Honey From China*, investigation No. TA-406-13, publication No. 2715, Jan. 1994, pp. I-3 and I-4. The honey products covered by the investigation included natural honey, artificial honey containing natural honey, and preparations of honey from China.

[6] In April 1994, the President decided not to take action on imports of honey from China.

[7] The program and certain eligibility standards were modified by the Deficit Reduction Act of 1984 and by the Omnibus Budget Reconciliation Acts of 1981 and 1985. Additional modifications, primarily in job-training assistance and in coverage of certain workers in the oil and gas industries, were made though provisions of the Omnibus Trade and Competitiveness Act of 1988. Public Law 100-418, sec. 1421-1430.

[8] NAFTA Implementation Act, Title V, NAFTA Transitional Adjustment Assistance and Other Provisions, Public Law No. 103-182, 107 Stat. 2057, sec. 501-507 (Dec. 8, 1993).

[9] Sections 251 through 264 of the TAA.

[10] Derived from official statistics of the U.S. Department of Labor, Employment and Training Administration, Office of Trade Adjustment Assistance Management Information System.

[11] Ibid.

[12] Preliminary figures.

[13] See discussion of section 303 of the Tariff Act of 1930 below.

[14] Information contained in this table was compiled from USTR, *Report to Congress on Section 301 Developments Required by Section 309(a)(3) of the Trade Act of 1974.*

[15] See 19 U.S.C. 1673 and following.

[16] 19 U.S.C. 1677b; 19 C.F.R. Part 353, Subpart D.

[17] Upon the filing of a petition, the Commission has 45 days to make a preliminary determination of whether there is a reasonable indication of material injury or threat of material injury to an industry or of a material retardation of the establishment of an industry. If this determination is affirmative, Commerce continues its investigation and makes preliminary and final determinations concerning whether the imported article is being, or is likely to be, sold at LTFV. If Commerce reaches a final affirmative dumping determination, the Commission has 45 days thereafter to make its final injury determination. If the Commission's preliminary determination is negative, by contrast, both the Commission and Commerce terminate further investigation.

[18] The figures set forth in this section do not include court-remanded investigations on which new votes were taken or investigations terminated before a determination was reached.

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

[20] When a petition alleges dumping (or subsidies) with respect to more than one like product and/or by more than one country, separate investigations generally are instituted for imports of each product from each country and each such investigation may be given a separate number. For this reason, the numbers of investigations instituted and determinations made may exceed the number of petitions filed. Moreover, an investigation based on a petition filed in one calendar year may not be completed until the next year. Thus, the number of petitions filed may not correspond closely to the number of determinations made. Additionally, the numbers set forth in this table do not include determinations made following court-ordered remands.

[21] These figures include petitions withdrawn voluntarily by petitioners.

[22] A subsidy is defined as a bounty or grant bestowed directly or indirectly by any country, dependency, colony, province, or other political subdivision on the manufacture, production, or export of products. See 19 U.S.C. 1303(a)(1), 1677(5), and 1677-1(a).

[23] Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade.

[24] See 19 U.S.C. 1671.

[25] Section 303(a)(2) provides that "[i]n the case of any imported article or merchandise which is free of duty, duties may be imposed under this section only if there are affirmative [injury] determinations by the Commission . . . except that such a determination shall not be required unless a determination of injury is required by the international obligations of the United States." 19 U.S.C. 1303(a)(2).

[26] The figures set forth in this section do not include court-remanded cases on which new votes were taken or investigations terminated before a determination was reached.

[27] A countervailing-duty investigation may be suspended through an agreement before a final determination by Commerce if: (1) the subsidizing country, or exporters accounting for substantially all

of the imports of the merchandise under investigation, agree to eliminate the subsidy, to completely offset the net subsidy, or to cease exports of the merchandise to the United States within 6 months; or (2) extraordinary circumstances are present and the government or exporters described above agree to completely eliminate the injurious effect of the imports of the merchandise under investigation. A suspended investigation is reinstituted if subsidization recurs. *See* 19 U.S.C. 1671c.

[28] The numbers of investigations instituted and determinations made generally exceed the number of petitions filed. For example, the number of petitions filed does not include three investigations self-initiated by Commerce in 1993. The above numbers do not include determinations made following court-ordered remands.

[29] 58 F.R. 35044 (June 30, 1993).

[30] 58 F.R. 44852 (Aug. 25, 1993).

[31] "Final Results of Antidumping Duty Administrative Reviews and Revocation in Part of an Antidumping Duty Order: Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof From France, Germany, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom," 58 F.R. 39729 (July 26, 1993).

[32] "Active Matrix Liquid Crystal High Information Content Flat Panel Displays and Display Glass Therefor From Japan: Final Results of Changed Circumstances Administrative Review, Revocation of the Order and Termination of Administrative Review," 58 F.R. 34409 (June 25, 1993).

[33] "64K Dynamic Random Access Memory Chips: Revocation of Antidumping Order, 58 F.R. 54552" (Oct. 22, 1993).

[34] "Oscillating Fans From the People's Republic of China: Notice of Court Decision, Retroactive Revocation of Antidumping Duty Order, and Termination of Administrative Review," 58 F.R. 30026 (May 25, 1993).

[35] "Acetylsalicylic Acid (Aspirin) From Turkey; Revocation of Countervailing Duty Order, 58 F.R. 6213" (Jan. 27, 1993).

[36] Also unlawful under section 337 are other unfair methods of competition or unfair acts in the importation of articles into the United States or in the sale of imported articles, the threat or effect of which is to destroy or substantially injure a domestic industry, to prevent the establishment of an industry, or to restrain or monopolize trade and commerce in the United States. Examples of "other" unfair acts are misappropriation of trade secrets, common law trademark infringement, misappropriation of trade dress, false advertising, and false designation of origin. Unfair practices that involve the importation of dumped or subsidized merchandise must be pursued under antidumping and CVD provisions and not under section 337.

[37] Section 337 proceedings at the Commission are conducted before an administrative law judge in accordance with the Administrative Procedure Act, 5 U.S.C. § 551 and following. The administrative law judge conducts an evidentiary hearing and makes an initial determination, which is transmitted to the Commission. The Commission may adopt the determination by deciding not to review it, or it may choose to review it. If the Commission finds a violation, it must determine the appropriate remedy, the amount of any bond to be collected while its determination is under review by the President, and whether certain public interest considerations preclude the issuance of any remedy.

[38] Title V of the Trade Act of 1974 (Public Law 93-618, 88 stat. 2066 and following.), and Title V of the Trade and Tariff Act of 1984 (Public Law 98-573, 98 stat. 3018 and following.), as amended (19 U.S.C. 2461 and following.). For general background information about the GSP program, see USTR, *A Guide to the Generalized System of Preferences* (Aug. 1991); and Committee on Ways and Means, *The President's Report to the Congress on the Generalized System of Preferences as Required by Section 505(B) of the Trade Act of 1974, as amended*, WMCP 101-23, (Washington, DC, 1990).

[39] The countries that are designated as "beneficiary developing countries" for purposes of the GSP program are listed in general note 4(a) to the *Harmonized Tariff Schedule of the United States* (HTS).

[40] For purposes of the U.S. GSP program, HTS provisions that have the letter "A" or "A*" in the special subcolumn of rates of duty column 1 encompass the designated "eligible articles." The "A" indicates that all goods classifiable in that provision from all beneficiary countries are eligible for duty-free entry. The "A*" indicates that all goods classifiable in that provision are eligible for duty-free entry, but that goods from at least one beneficiary country are not eligible for duty-free entry. General note 4(d) to the HTS lists those HTS provisions and the beneficiary countries whose goods are not eligible for duty-free entry.

[41] The TPSC is an inter-agency group of high-level officials.

[42] Presidential Proclamation 6575, June 25, 1993, 58 F.R. 34855.

[43] Ibid., 6517, Dec. 23, 1992, 57 F.R. 61757.

[44] Ibid., 6575, June 25, 1993, 58 F.R. 34855.

[45] Ibid., 6599, Sept. 30, 1993, 58 F.R. 51561.

[46] Ibid., 6635, Dec. 9, 1993, 58 F.R. 65279.

[47] Public Law 103-182, 107 stat. 2057, sec. 201 (a)(2) (Dec. 8, 1993).

[48] Presidential Proclamation 6641, Dec. 15, 1993, 58 F.R. 66867.

[49] Eighty-nine GSP product petitions were rejected for review because they did not satisfy the GSP program's statutory or regulatory requirements or were already eligible for duty-free treatment. One petition was withdrawn. USTR, "Kantor Announces Acceptance of 1993 GSP Petitions," press release No. 93-61, Oct. 5, 1993.

[50] USTR, *1994 Trade Policy Agenda and 1993 Annual Report of the President of the United States on the Trade Agreements Program*, Washington, DC, March 1993, p. 109.

[51] For a more detailed description of the CBERA, including country and product eligibility, see USITC,

Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers: Eighth Report, 1992, USITC publication 2675, Sept. 1993.

[52] Public Law 98-67, Title II, 97 Stat. 384, 19 U.S.C. 2701 et seq. Relatively minor amendments were made to CBERA by Public Laws 98-573, 99-514, 99-570, and 100-418. CBERA was significantly expanded by the Caribbean Basin Economic Recovery Expansion Act of 1990, Public Law 101-382, Title II, 104 Stat. 629, 19 U.S.C. 2101 note.

[53] President, "Address Before the Permanent Council of the Organization of American States," *Weekly Compilation of Presidential Documents: Administration of Ronald Reagan*, vol. 18, no. 8 (Mar. 1, 1982), pp. 217-223.

[54] Section 213(a) of CBERA (19 U.S.C. 2703(a)) establishes criteria, or rules of origin, to determine which articles are eligible for duty-free treatment under the act.

[55] U.S. customs duties, otherwise payable at the normal duty rate, are assessed only on the value added to the U.S. components as a result of processing or assembly in the foreign location; the U.S. content is duty-free. Both the dutiable and the duty-free components of GAL imports are reported under HTS statistical reporting number 9802.00.8010.

[56] Public Law 102-182, Title II, 105 Stat. 1236, 19 U.S.C. 3202.

[57] President, "Remarks Following Discussions With President Rodrigo Borja Cevallos of Ecuador," *Weekly Compilation of Presidential Documents: Administration of George Bush*, vol. 26, no. 30 (Jul. 23, 1990), pp. 1140-1143.

[58] Section 204(a) of ATPA (19 U.S.C. 3203(a)) establishes rules of origin to determine which articles are eligible for duty-free treatment under the Act.

[59] ATPA sec. 204(b), 19 U.S.C. 3203(b).

[60] President, "Proclamation 6544—To Modify the Duty-Free Treatment Under the Andean Trade Preference Act, To Modify the Generalized System of Preferences, and for Other Purposes," *Weekly Compilation of Presidential Documents: Administration of William J. Clinton*, vol. 29, No. 15 (Apr. 14, 1993), pp. 583-586; and "Proclamation 6585—To Designate Peru as a Beneficiary Country for Purposes of the Andean Trade Preference Act," *Weekly Compilation of Presidential Documents: Administration of William J. Clinton*, vol. 29, No. 32 (Aug. 12, 1993), pp. 1608-1609.

[61] For items subject to additional import restrictions pursuant to section 22 of the Agricultural Adjustment Act, see *Harmonized Tariff Schedule of the United States (1994)*, ch. 99, subch. IV, p. 99-53. For information on agricultural products subject to import restraints under various U.S. laws and programs, see USITC, *The Economic Effects of Significant U.S. Import Restraints*, publication 2699, Nov. 1993, ch. 4, pp. 29-39; and USITC, *The Economic Effects of Significant U.S. Import Restraints, Phase II: Agricultural Products and Natural Resources*, publication 2314, Sept. 1990.

[62] USITC *Certain Dairy Products*, publication 2659, July 1993, p. 3.

[63] Ambassador Jennifer Hillman, Chief Textile Negotiator, USITC, testimony before the Subcommittee on Commerce, Consumer, and Monetary Affairs of the Committee on Government Operations, U.S. House of Representatives, Oct. 5, 1993, p. 1.

[64] The previous bilateral agreement with China allowed an overall average growth rate of 4.4 percent annually. Ambassador Kantor, USTR, "Briefing Re: Textile and Apparel Agreement With China," news conference, Washington, DC, Jan. 17, 1994, LEGI-SLATE, Federal Information Systems Corp., No. 1031158.

APPENDIX
STATISTICAL TABLES

Table A-1
U.S. merchandise trade with Canada, by SITC Nos. (revision 3), 1991-93
(1,000 dollars)

SITC section	No.	Description	1991	1992	1993
				U.S. exports	
0		Food and live animals	$4,204,056	$4,512,079	$4,869,061
1		Beverages and tobacco	140,741	143,439	138,042
2		Crude materials, inedible, except fuels	2,747,873	2,849,700	3,040,523
3		Mineral fuels, lubricants and related materials	1,240,336	1,359,462	1,231,804
4		Animal and vegetable oils, fats and waxes	63,507	72,684	87,577
5		Chemicals and related products, n.e.s.	6,555,248	7,284,821	8,224,173
6		Manufactured goods classified chiefly by material	10,266,449	10,845,220	11,947,189
7		Machinery and transport equipment	42,289,120	44,272,250	49,289,540
8		Miscellaneous manufactured articles	8,122,351	8,960,464	9,715,988
9		Commodities & transact not class elsewhere in SITC	3,082,109	2,917,410	3,322,005
		Total, all commodities	78,711,789	83,217,528	91,865,900
				U.S. imports	
0		Food and live animals	3,934,951	4,508,403	4,895,036
1		Beverages and tobacco	692,695	827,120	986,698
2		Crude materials, inedible, except fuels	6,253,552	7,044,778	8,382,529
3		Mineral fuels, lubricants and related materials	10,240,523	10,562,904	11,530,935
4		Animal and vegetable oils, fats and waxes	132,576	174,257	213,976
5		Chemicals and related products, n.e.s.	4,348,228	4,942,655	5,493,832
6		Manufactured goods classified chiefly by material	15,316,044	16,261,686	17,747,484
7		Machinery and transport equipment	40,548,726	43,246,884	48,989,407
8		Miscellaneous manufactured articles	3,635,340	4,381,359	5,253,103
9		Commodities & transact not class elsewhere in SITC	5,821,188	6,292,454	6,989,456
		Tota,l all commodities	90,923,823	98,242,500	110,482,456

Note.—All SITC tables (A-1, A-4, A-7, A-10, A-13, A-16, A-19) are missing. Because of rounding, figures may not add to the totals shown.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-2
Leading U.S. exports to Canada, by Schedule B number, 1991-93

(1,000 dollars)

Schedule B No.	Description	1991	1992	1993
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	$3,743,020	$3,573,762	$3,985,369
8708.99	Parts and accessories, nesi, of the motor-vehicles of headings 8701 to 8705	2,544,825	2,755,623	3,167,536
8708.29	Parts and accessories nesi of bodies (including cabs) of the motor vehicles of headings 8701 to 8705	2,457,468	2,648,542	3,063,545
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	2,521,153	2,434,199	2,405,453
9880.00	Estimated low value shipments	2,198,576	1,934,931	1,950,642
8407.34	Reciprocating piston engines of a kind used for the propulsion of vehicles of chapter 87, of a cylinder capacity exceeding 1,000 cc	1,510,785	1,630,287	1,858,123
8708.40	Gear boxes of the motor vehicles of headings 8701 to 8705	1,080,444	1,266,965	1,572,168
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, G.V.W. not exceeding 5 metric tons	1,613,271	1,098,881	1,227,298
8542.11	Digital monolithic electronic integrated circuits	1,065,852	1,286,489	1,206,249
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	920,549	1,024,304	1,189,214
8473.30	Parts and accessories of the machines of heading 8471	1,127,021	1,141,065	1,004,857
8708.39	Brakes and servo-brakes and parts thereof of the motor vehicles of headings 8701 to 8705	450,219	552,356	768,848
8409.91	Parts suitable for use solely or principally with spark-ignition internal combustion piston engines (including rotary engines)	551,176	569,823	726,579
4901.99	Printed books, brochures, leaflets and similar printed matter, other than in single sheets	634,661	695,182	689,603
8701.20	Road tractors for semi-trailers	218,389	387,272	673,018
8408.20	Compression-ignition internal combustion piston engines of a kind used for the propulsion of vehicles of chapter 87	315,033	482,759	664,113
8524.90	Recorded media nesi for sound or other similarly recorded phenomena	466,994	544,904	643,500
8803.30	Parts of airplanes or helicopters, nesi	682,271	522,677	566,195
7606.12	Rectangular plates, sheets and strip, of a thickness exceeding 0.2 mm, of aluminum alloys	489,849	533,913	557,092
4902.90	Newspapers, journals and periodicals except those appearing at least four times a week	560,459	549,633	550,905
	Total	25,152,013	25,633,566	28,470,307
	Total, U.S. exports to Canada	78,711,789	83,217,528	91,865,900

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

Table A-3
Leading U.S. imports from Canada, by Schedule B number, 1991-93

(1,000 dollars)

Schedule B No.	Description	1991	1992	1993
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	$8,859,400	$8,824,858	$12,430,403
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, G.V.W. not exceeding 5 metric tons	5,011,707	6,138,850	6,201,040
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	4,643,350	4,813,746	4,999,274
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of a thickness exceeding 6 mm	2,445,095	3,223,579	4,649,723
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	4,187,250	4,506,462	4,476,804
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported and returned	3,380,737	3,731,751	3,951,022
4801.00	Newsprint, in rolls or sheets	3,930,037	3,565,746	3,546,762
2711.21	Natural gas, in gaseous state	2,334,057	2,728,952	3,245,344
8708.99	Parts and accessories, nesi, of the motor vehicles of headings 8701 to 8705	2,703,407	2,981,525	3,208,656
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	1,860,331	1,600,303	1,663,354
8473.30	Parts and accessories of the machines of heading 8471	1,394,515	1,364,857	1,351,834
7108.12	Nonmonetary gold (including gold plated with platinum) in unwrought forms (excluding powder)	1,131,237	1,140,128	1,336,580
8542.11	Digital monolithic electronic integrated circuits	1,300,012	1,620,029	1,223,328
4703.21	Chemical woodpulp, soda or sulfate, other than dissolving grades, of semibleached or bleached coniferous wood	1,372,707	1,366,547	1,210,595
8407.34	Reciprocating piston engines of a kind used for the propulsion of vehicles of chapter 87, of a cylinder capacity exceeding 1,000 cc	857,484	920,927	1,177,058
9999.95	Estimated low value shipments	878,675	899,820	1,009,399
0102.90	Live bovine animals other than purebred breeding animals	587,803	900,767	909,616
7601.10	Unwrought aluminum, not alloyed	653,199	719,739	803,148
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but n/o 1,500 cc	508,217	582,003	780,574
8704.23	Motor vehicles for transporting goods, with compression-ignition internal-combustion piston engine, G.V.W. exceeding 20 metric tons	307,757	506,866	728,018
	Total	48,346,977	52,137,454	58,902,532
	Total, U.S. imports from Canada	90,923,823	98,242,500	110,482,456

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

Table A-4
U.S. merchandise trade with Mexico, by SITC Nos. (revision 3), 1991-93
(1,000 dollars)

SITC section No.	Description	1991	1992	1993
			U.S. exports	
0	Food and live animals	$2,085,619	$2,664,676	$2,424,434
1	Beverages and tobacco	44,384	75,449	119,564
2	Crude materials, inedible, except fuels	1,625,918	1,833,323	1,798,793
3	Mineral fuels, lubricants and related materials	865,401	1,233,034	1,040,334
4	Animal and vegetable oils, fats and waxes	142,289	164,120	207,773
5	Chemicals and related products, n.e.s	2,624,402	3,120,866	3,422,338
6	Manufactured goods classified chiefly by material	4,419,172	5,433,071	5,448,947
7	Machinery and transport equipment	15,059,415	18,418,563	18,802,646
8	Miscellaneous manufactured articles	3,693,571	4,770,636	5,182,639
9	Commodities & transact not class elsewhere in SITC	1,719,047	1,891,161	1,818,009
	Total all commodities	32,279,218	39,604,899	40,265,478
			U.S. imports	
0	Food and live animals	2,503,296	2,299,990	2,665,882
1	Beverages and tobacco	246,484	277,487	312,869
2	Crude materials, inedible, except fuels	685,441	670,306	640,310
3	Mineral fuels, lubricants and related materials	4,623,646	4,580,704	4,735,367
4	Animal and vegetable oils, fats and waxes	16,956	16,580	13,492
5	Chemicals and related products, n.e.s	699,532	820,082	765,008
6	Manufactured goods classified chiefly by material	2,229,692	2,467,022	2,813,817
7	Machinery and transport equipment	14,492,027	16,985,900	19,911,077
8	Miscellaneous manufactured articles	3,559,289	4,292,654	5,094,578
9	Commodities & transact not class elsewhere in SITC	1,388,770	1,523,838	1,715,264
	Total all commodities	30,445,131	33,934,561	38,667,664

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

Table A-5
Leading U.S. exports to Mexico, by Schedule B number, 1991-93

(1,000 dollars)

Schedule B No.	Description	1991	1992	1993
9880.00	Estimated low value shipments	$1,281,008	$1,375,287	$1,411,996
8708.29	Parts and accessories nesi of bodies (including cabs) of the motor vehicles of headings 8701 to 8705	919,511	1,331,263	1,292,703
8708.99	Parts and accessories, nesi, of the motor vehicles of headings 8701 to 8705	1,400,095	1,282,236	1,252,895
8544.30	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	409,651	656,863	810,170
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	626,205	808,476	717,719
8529.90	Parts suitable for use solely or principally with the apparatus of headings 8525 to 8528, excluding antennas and antenna reflectors of all kinds	683,629	749,142	673,013
8473.30	Parts and accessories of the machines of heading 8471	398,889	421,454	611,548
9401.90	Parts of seats (other than those of heading 9402)	353,720	392,071	456,049
8504.90	Parts of electrical transformers, static converters and inductors	317,852	370,609	432,863
1201.00	Soybeans, whether or not broken	346,051	450,254	420,948
8708.10	Bumpers and parts thereof, for the motor vehicles of headings 8701 to 8705	59,719	94,147	390,430
9032.90	Parts and accessories of automatic regulating or controlling instruments and apparatus	298,681	367,762	389,349
3926.90	Articles of plastics and articles of other materials of headings 3901 to 3914, nesi	218,057	335,576	389,311
1007.00	Grain sorghum	389,001	573,183	386,199
8538.90	Parts nesi, suitable for use solely or principally with the apparatus of headings 8535, 8536 or 8537	325,072	397,326	370,297
8503.00	Parts for use solely or principally with machines of heading 8501 (electric motors & generators) or 8502 (electric generator sets & rotary converters)	201,112	262,533	363,818
8540.11	Cathode-ray color television picture tubes, including video monitor cathode-ray tubes	189,538	246,340	359,588
8407.34	Reciprocating piston engines of a kind used for the propulsion of vehicles of chapter 87, of a cylinder capacity exceeding 1,000 cc	143,861	347,892	327,459
4819.10	Cartons, boxes and cases of corrugated paper or paperboard	196,316	238,346	270,682
8708.21	Safety seat belts for bodies (including cabs) of the motor vehicles of headings 8701 to 8705	169,875	208,691	255,129
	Total	8,927,844	10,909,453	11,582,163
	Total, U.S. exports to Mexico	32,279,218	39,604,899	40,265,478

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

Table A-6
Leading U.S. imports from Mexico, by HTS number, 1991-93

(1,000 dollars)

HTS No.	Description	1991	1992	1993
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	$4,340,803	$4,272,347	$4,185,219
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	2,656,728	2,779,088	3,416,900
8544.30	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	1,197,471	1,478,580	1,620,781
8528.10	Color television receivers	947,626	1,228,167	1,534,477
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported and returned	1,014,974	1,124,284	1,256,962
8708.21	Safety seat belts for bodies (including cabs) of the motor vehicles of headings 8701 to 8705	529,130	710,616	954,002
8529.90	Parts suitable for use solely or principally with the apparatus of headings 8525 to 8528, excluding antennas and antenna reflectors of all kinds	736,635	768,510	753,829
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	409,457	452,111	560,062
9401.90	Parts of seats (other than those of heading 9402)	241,343	458,018	531,952
8473.30	Parts and accessories of the machines of heading 8471	278,619	413,839	484,947
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	164,534	223,058	478,512
8708.99	Parts and accessories, nesi, of the motor vehicles of headings 8701 to 8705	297,320	430,500	457,900
0102.90	Live bovine animals other than purebred breeding animals	360,959	340,914	429,811
8536.50	Switches nesi, for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V	257,388	310,017	399,346
9999.95	Estimated low value shipments	301,928	319,669	358,776
8704.21	Motor vehicles for the transport of goods, with compression-ignition internal-combustion piston engine, G.V.W. not exceeding 5 metric tons	138,338	375,378	351,364
0702.00	Tomatoes, fresh or chilled	249,882	133,166	304,079
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts, not knitted or crocheted, of cotton	146,907	219,548	293,999
8501.40	Other AC motors single-phase, nesi	196,081	240,622	272,632
8407.34	Reciprocating piston engines of a kind used for the propulsion of vehicles of chapter 87, of a cylinder capacity exceeding 1,000 cc	328,368	364,162	259,190
	Total	14,794,492	16,642,592	18,904,741
	Total, U.S. imports from Mexico	30,445,131	33,934,561	38,667,664

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

Table A-7
U.S. merchandise trade with the European Union, by SITC Nos. (revision 3), 1991-93
(1,000 dollars)

SITC section	No.	Description	1991	1992	1993
				U.S. exports	
0		Food and live animals	$3,980,441	$3,930,729	$3,770,169
1		Beverages and tobacco	2,227,635	2,142,823	1,799,344
2		Crude materials, inedible, except fuels	5,795,031	6,081,290	5,144,899
3		Mineral fuels, lubricants and related materials	3,931,703	3,129,617	2,154,865
4		Animal and vegetable oils, fats and waxes	193,553	273,299	196,845
5		Chemicals and related products, n.e.s.	11,259,314	12,051,070	11,238,868
6		Manufactured goods classified chiefly by material	5,885,721	5,890,748	5,283,667
7		Machinery and transport equipment	47,882,280	46,021,812	42,008,670
8		Miscellaneous manufactured articles	12,425,687	13,313,176	12,345,353
9		Commodities & transact not class elsewhere in SITC	4,016,226	4,510,170	7,301,883
		Total all commodities	97,597,591	97,344,734	91,244,562
				U.S. imports	
0		Food and live animals	2,094,190	2,103,250	2,056,221
1		Beverages and tobacco	2,311,302	2,708,783	2,592,030
2		Crude materials, inedible, except fuels	975,435	1,003,778	1,077,751
3		Mineral fuels, lubricants and related materials	3,115,671	3,475,755	3,679,000
4		Animal and vegetable oils, fats and waxes	271,770	299,492	266,678
5		Chemicals and related products, n.e.s.	10,095,234	11,600,370	11,725,115
6		Manufactured goods classified chiefly by material	12,218,659	12,398,982	13,725,289
7		Machinery and transport equipment	36,913,844	39,932,333	42,390,414
8		Miscellaneous manufactured articles	12,950,665	13,606,893	14,243,566
9		Commodities & transact not class elsewhere in SITC	4,151,303	4,695,932	4,760,471
		Total all commodities	85,098,074	91,825,568	96,516,535

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

Table A-8
Leading exports to the European Union, by Schedule B number, 1991-93

(1,000 dollars)

HTS no.	Description	1991	1992	1993
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15000 kg	$8,630,185	$6,828,782	$4,392,348
7108.12	Nonmonetary gold (including gold plated with platinum) in unwrought forms (excluding powder)	610,619	1,198,098	4,197,452
8473.30	Parts and accessories of the machines of heading 8471	4,286,452	4,287,493	4,070,925
8803.30	Parts of airplanes or helicopters, nesi	3,166,927	2,862,152	2,568,974
9880.00	Estimated low value shipments	2,209,631	2,115,722	1,996,006
1201.00	Soybeans, whether or not broken	1,497,964	1,754,598	1,799,625
8411.91	Parts of turbojets or turbopropellers	2,430,565	1,986,088	1,711,474
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	1,562,354	1,642,206	1,613,377
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	2,477,535	2,167,752	1,424,888
8471.92	Automatic data processing machines with or without input or output units or containing storage units in the same housing	1,201,281	1,395,934	1,419,624
8471.93	Storage units of automatic data processing machines, whether or not entered with the rest of a system	1,329,790	1,362,616	1,311,106
8411.12	Turbojets of a thrust exceeding 25 kN	953,236	1,203,554	1,295,480
8542.11	Digital monolithic electronic integrated circuits	1,154,467	1,026,481	1,218,368
8708.99	Parts and accessories, nesi, of the motor-vehicles of headings 8701 to 8705	674,227	799,149	1,000,666
2402.20	Cigarettes containing tobacco	1,237,823	1,083,013	982,388
8524.90	Recorded media for sound or other similarly recorded phenomena	535,741	725,164	871,725
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	768,410	1,093,125	841,969
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts and accessories thereof, nesi	629,633	678,542	750,195
2303.10	Residues of starch manufacture and similar residues	745,538	786,937	744,396
8471.99	Units of automatic data processing machines, nesi	525,526	497,845	717,767
	Total	36,627,905	35,495,249	34,928,751
	Total, U.S. exports to the EU	97,597,591	97,344,734	91,244,562

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

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

Table A-9
Leading U.S. imports from the European Union, by HTS items, 1991-93
(1,000 dollars)

HTS No.	Description	1991	1992	1993
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	$3,442,540	$3,489,786	$3,768,946
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	2,119,886	2,601,916	3,519,790
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported and returned	2,885,281	3,271,141	3,251,355
8411.12	Turbojets of a thrust exceeding 25 kN	1,974,259	2,267,699	2,116,390
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	1,172,992	1,496,492	2,039,815
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15000 kg	1,404,898	2,122,430	2,013,308
8411.91	Parts of turbojets or turbopropellers	1,671,072	2,142,211	1,770,681
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	1,846,479	1,877,642	1,560,883
7102.39	Nonindustrial diamonds, nesi	1,133,761	1,121,251	1,282,590
7113.19	Articles of jewelry and parts thereof, of precious metal, (excluding silver)	1,005,641	1,108,459	1,260,253
8473.30	Parts and accessories of the machines of heading 8471	830,584	723,309	1,078,666
8803.30	Parts of airplanes or helicopters, nesi	1,475,231	1,282,638	1,056,946
9999.95	Estimated low value shipments	862,825	942,014	966,508
9701.10	Paintings, drawings and pastels, executed entirely by hand, framed or not framed	730,583	753,842	920,998
8708.99	Parts and accessories, nesi, of the motor-vehicles of headings 8701 to 8705	773,700	827,448	889,134
8542.11	Digital monolithic electronic integrated circuits	477,090	581,563	867,204
8802.30	Airplanes and other aircraft, of an unladen weight exceeding 2000 kg but not exceeding 15000 kg	796,102	704,557	733,728
3004.90	Certain medicaments put up in measured doses or in forms or packings for retail sale, nesi	398,365	459,565	636,147
9022.11	Apparatus based on the use of X-rays for medical, surgical, dental or veterinary use	508,188	573,927	595,510
8701.90	Tractors (other than tractors of heading 8709), nesi	682,337	676,454	582,383
	Total	26,191,814	29,024,343	30,911,234
	Total, U.S. imports from the EU	85,098,074	91,825,568	96,516,535

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

Table A-10
U.S. merchandise trade with Japan, by SITC Nos. (revision 3), 1991-93

(1,000 dollars)

SITC section No.	Description	1991	1992	1993
			U.S. exports	
0	Food and live animals	$7,408,330	$8,446,926	$8,448,403
1	Beverages and tobacco	1,797,777	1,911,274	1,816,861
2	Crude materials, inedible, except fuels	6,076,825	5,815,326	6,118,753
3	Mineral fuels, lubricants and related materials	1,305,916	1,161,517	1,135,336
4	Animal and vegetable oils, fats and waxes	71,579	64,023	83,839
5	Chemicals and related products, n.e.s.	5,047,738	4,709,782	4,966,111
6	Manufactured goods classified chiefly by material	4,004,656	3,045,443	2,741,094
7	Machinery and transport equipment	14,312,851	14,477,190	13,950,842
8	Miscellaneous manufactured articles	5,199,331	5,217,572	5,874,010
9	Commodities & transact not class elsewhere in SITC	919,065	1,000,522	909,800
	Total all commodities	46,144,069	45,849,575	46,045,048
			U.S. imports	
0	Food and live animals	287,884	287,408	299,722
1	Beverages and tobacco	31,552	34,094	34,914
2	Crude materials, inedible, except fuels	163,823	187,115	197,502
3	Mineral fuels, lubricants and related materials	94,685	190,457	164,324
4	Animal and vegetable oils, fats and waxes	20,277	16,172	16,267
5	Chemicals and related products, n.e.s.	2,738,844	3,217,698	3,572,487
6	Manufactured goods classified chiefly by material	6,362,098	6,111,902	5,991,537
7	Machinery and transport equipment	71,161,148	74,298,218	83,295,316
8	Miscellaneous manufactured articles	8,991,581	9,534,476	10,741,469
9	Commodities & transact not class elsewhere in SITC	1,367,352	1,642,036	1,848,955
	Total all commodities	91,219,246	95,519,576	106,162,495

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

Table A-11
Leading U.S. exports to Japan, by Schedule B number, 1991-93

(1,000 dollars)

Schedule B No.	Description	1991	1992	1993
4403.20	Coniferous wood in the rough, whether or not stripped of bark or sapwood or roughly squared, not treated with preservatives	$1,333,694	$1,503,461	$1,835,123
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	1,888,153	2,574,413	1,765,101
1005.90	Corn (maize) excluding seed	1,516,602	1,475,626	1,529,472
2402.20	Cigarettes containing tobacco	1,348,899	1,291,988	1,264,909
8473.30	Parts and accessories of the machines of heading 8471	1,387,790	1,376,195	1,215,078
1201.00	Soybeans, whether or not broken	867,339	878,180	981,202
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	1,066,081	1,028,983	792,052
8803.30	Parts of airplanes or helicopters, nesi	894,927	806,962	783,229
2844.20	Uranium enriched in U235 and plutonium and their compounds; alloys, dispersions, ceramic products and mixtures containing these products	680,646	657,256	699,449
8542.11	Digital monolithic electronic integrated circuits	687,993	600,972	696,998
0202.30	Boneless meat of bovine animals, frozen	535,474	651,727	684,677
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	374,670	501,582	634,309
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of a thickness exceeding 6 mm	492,348	498,787	613,091
1001.90	Wheat and meslin, excluding durum wheat	422,071	584,270	518,974
9880.00	Estimated low value shipments	551,305	512,563	515,705
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	529,863	527,945	483,620
0201.30	Boneless meat of bovine animals, fresh or chilled	274,486	378,440	476,004
0303.10	Pacific salmon, frozen, excluding fillets, other meat portions and livers and roes	345,810	558,019	474,190
8471.93	Storage units of automatic data processing machines, whether or not entered with the rest of a system	320,365	405,944	407,382
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	343,056	386,396	401,794
	Total	15,861,575	17,199,706	16,772,358
	Total, U.S. exports to Japan	46,144,069	45,849,575	46,045,048

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

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

Table A-12
Leading U.S. imports from Japan, by HTS number, 1991-93

(1,000 dollars)

HTS No.	Description	1991	1992	1993
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	$19,343,444	$19,290,792	$21,300,783
8471.92	Automatic data processing machines with or without input or output units or containing storage units in the same housing	3,624,681	4,018,319	4,366,032
8542.11	Digital monolithic electronic integrated circuits	2,534,363	3,027,493	4,240,769
8471.93	Storage units of automatic data processing machines, whether or not entered with the rest of a system	2,400,067	3,161,152	3,455,847
8473.30	Parts and accessories of the machines of heading 8471	2,552,493	2,600,253	3,179,044
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	3,529,561	2,660,242	3,156,501
9504.10	Video games of a kind used with a television receiver and parts and accessories thereof	1,196,403	1,567,387	2,063,334
8525.30	Television cameras	2,195,240	1,587,100	1,844,586
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but n/o 1,500 cc	1,763,722	1,846,703	1,842,040
8708.99	Parts and accessories, nesi, of the motor-vehicles of headings 8701 to 8705	1,232,453	1,346,231	1,351,067
9009.12	Electrostatic photocopying apparatus, operating by reproducing the original image via an intermediate onto the copy (indirect process)	1,033,288	1,232,425	1,333,817
8471.20	Digital automatic data processing machines, containing in the same housing at least a central processing unit and an input and output unit	101,855	468,494	1,139,095
8521.10	Magnetic tape-type video recording or reproducing apparatus	1,407,650	1,367,615	1,093,294
9009.90	Parts and accessories for photocopying apparatus incorporating an optical system or of the contact type, and thermocopying apparatus	754,746	891,966	1,043,774
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, G.V.W. not exceeding 5 m tons	1,713,040	1,224,799	986,997
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported and returned	793,929	828,067	984,565
8517.82	Electrical telegraphic apparatus, nesi	792,363	791,301	850,422
9999.95	Estimated low value shipments	542,982	732,892	807,461
8519.99	Sound reproducing apparatus nesi, not incorporating a sound recording device	673,468	747,469	697,529
8479.89	Machines and mechanical appliances having individual functions, nesi	655,691	537,666	693,264
	Total	48,841,439	49,928,364	56,430,220
	Total, U.S. imports from Japan	91,219,246	95,519,576	106,162,495

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

Table A-13
U.S. merchandise trade with Korea, by SITC Nos. (revision 3), 1991-93
(1,000 dollars)

SITC section	No.	Description	1991	1992	1993
				U.S. exports	
0		Food and live animals	$946,960	$1,060,635	$836,108
1		Beverages and tobacco	124,320	121,808	122,867
2		Crude materials, inedible, except fuels	2,558,595	2,399,858	2,383,371
3		Mineral fuels, lubricants and related materials	670,952	696,576	626,305
4		Animal and vegetable oils, fats and waxes	44,689	47,820	48,099
5		Chemicals and related products, n.e.s.	1,658,079	1,493,929	1,676,000
6		Manufactured goods classified chiefly by material	1,275,991	882,462	853,816
7		Machinery and transport equipment	6,523,301	6,106,253	6,332,571
8		Miscellaneous manufactured articles	1,116,161	1,141,932	1,237,510
9		Commodities & transact not class elsewhere in SITC	292,050	269,159	241,889
		Total all commodities	15,211,098	14,220,431	14,358,535
				U.S. imports	
0		Food and live animals	177,140	155,711	153,766
1		Beverages and tobacco	4,942	5,560	7,000
2		Crude materials, inedible, except fuels	58,562	97,404	98,733
3		Mineral fuels, lubricants and related materials	31,460	101,808	161,106
4		Animal and vegetable oils, fats and waxes	1,254	856	1,044
5		Chemicals and related products, n.e.s.	240,866	265,537	300,744
6		Manufactured goods classified chiefly by material	2,018,764	1,980,098	1,861,143
7		Machinery and transport equipment	7,194,489	7,508,524	8,838,882
8		Miscellaneous manufactured articles	6,963,738	6,242,633	5,385,777
9		Commodities & transact not class elsewhere in SITC	171,167	165,030	178,166
		Total all commodities	16,862,383	16,523,160	16,986,362

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

Table A-14
Leading U.S. exports to Korea, by Schedule B number, 1991-93

(1,000 dollars)

Schedule B No.	Description	1991	1992	1993
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	$790,473	$931,877	$929,212
8542.11	Digital monolithic electronic integrated circuits	466,012	540,051	680,987
4101.21	Whole raw hides and skins of bovine animals nesi, fresh or wet-salted	529,148	535,468	494,572
8803.30	Parts of airplanes or helicopters, nesi	233,119	298,627	424,359
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	445,702	487,449	413,981
5201.00	Cotton, not carded or combed	356,255	346,950	294,718
7204.49	Ferrous waste and scrap, nesi	224,951	156,027	275,466
1201.00	Soybeans, whether or not broken	240,018	246,726	246,669
1001.90	Wheat and meslin, excluding durum wheat	209,458	235,559	227,603
4403.20	Coniferous wood in the rough, whether or not stripped of bark or sapwood or roughly squared, not treated with preservatives	230,476	185,217	212,742
8479.90	Parts of machines and mechanical appliances having individual functions, nesi	168,713	143,139	205,745
8525.20	Transmission apparatus incorporating reception apparatus	72,098	146,298	195,987
8473.30	Parts and accessories of the machines of heading 8471	198,593	145,964	168,441
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	186,523	151,303	154,047
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	170,412	150,572	139,651
8708.99	Parts and accessories, nesi, of the motor-vehicles of headings 8701 to 8705	121,973	99,992	135,073
8479.89	Machines and mechanical appliances having individual functions, nesi	86,202	80,892	126,329
0202.30	Boneless meat of bovine animals, frozen	139,838	159,488	122,902
4703.29	Chemical woodpulp, soda or sulfate, other than dissolving grades, of semibleached or bleached nonconiferous wood	117,346	175,360	119,900
9504.90	Game machines nesi, board games, and bowling equipment	63,262	88,291	118,568
	Total	5,050,571	5,305,250	5,686,950
	Total, U.S. exports to Korea	15,211,098	14,220,431	14,358,535

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

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

Table A-15
Leading U.S. imports from Korea, by HTS number, 1991-93

(1,000 dollars)

HTS No.	Description	1991	1992	1993
8542.11	Digital monolithic electronic integrated circuits	$1,492,930	$1,720,740	$2,235,668
8471.92	Automatic data processing machines with or without input or output units or containing storage units in the same housing	623,004	754,268	1,063,832
8473.30	Parts and accessories of the machines of heading 8471	185,246	382,705	725,560
8521.10	Magnetic tape-type video recording or reproducing apparatus	510,897	617,881	620,647
4203.10	Articles of apparel of leather or of composition leather	704,784	639,224	457,840
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but n/o 1,500 cc	697,935	451,621	385,366
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	350,958	301,155	351,390
6403.91	Footwear, covering the ankles, with outer soles of rubber, plastics or composition leather and uppers of leather	740,510	480,332	287,442
8516.50	Microwave ovens of a kind used for domestic purposes	226,854	257,265	285,742
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	723,542	464,848	238,513
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	274,739	238,399	226,613
6201.93	Men's/boys' anoraks (incl. ski-jackets), windbreakers & like articles (incl. padded, sleeveless jackets), of man-made fibers, nt knit/crochet	140,094	164,703	202,972
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	259,080	74,472	193,949
8527.11	Reception apparatus for radiotelephony, radiotelegraphy or radio broadcasting combined with sound recording or reproducing apparatus	149,491	197,335	190,186
8523.13	Prepared unrecorded magnetic tapes for sound recording or similar recording of other phenomena, of a width exceeding 6.5 mm	236,948	203,405	184,590
8527.21	Radio broadcast receivers not capable of operating without an external source of power combined with sound recording or reproducing apparatus	157,086	178,514	181,845
6404.11	Sports footwear; tennis, basketball, gym, training shoes and the like, with outer soles of rubber or plastics and uppers of textile materials	261,465	256,224	179,288
6205.30	Men's or boys' shirts, not knitted or crocheted, of man-made fibers	140,894	166,913	157,782
8542.19	Monolithic electronic integrated circuits, other than digital	166,968	140,294	156,375
8525.20	Transmission apparatus incorporating reception apparatus	124,014	139,724	146,538
	Total	8,167,440	7,830,019	8,472,139
	Total, U.S. imports from Korea	16,862,383	16,523,160	16,986,362

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

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

Table A-16
U.S. merchandise trade with Taiwan, by SITC Nos. (revision 3), 1991-93

(1,000 dollars)

SITC section	No.	Description	1991	1992	1993
				U.S. exports	
0		Food and live animals	$1,148,075	$1,199,541	$1,256,865
1		Beverages and tobacco	163,992	135,892	128,842
2		Crude materials, inedible, except fuels	1,396,601	1,225,482	1,273,488
3		Mineral fuels, lubricants and related materials	440,709	404,828	448,527
4		Animal and vegetable oils, fats and waxes	4,235	8,584	9,199
5		Chemicals and related products, n.e.s.	1,839,906	1,988,599	2,000,383
6		Manufactured goods classified chiefly by material	1,053,593	860,247	915,229
7		Machinery and transport equipment	5,482,287	6,866,740	7,539,600
8		Miscellaneous manufactured articles	859,115	1,042,887	1,288,688
9		Commodities & transact not class elsewhere in SITC	329,562	800,680	724,538
		Total all commodities	12,718,074	14,533,478	15,585,360
				U.S. imports	
0		Food and live animals	296,515	280,181	282,776
1		Beverages and tobacco	4,489	5,843	5,102
2		Crude materials, inedible, except fuels	94,011	82,749	103,713
3		Mineral fuels, lubricants and related materials	67	100	1,013
4		Animal and vegetable oils, fats and waxes	1,315	2,434	2,438
5		Chemicals and related products, n.e.s.	394,278	404,902	396,111
6		Manufactured goods classified chiefly by material	3,130,832	3,382,932	3,472,753
7		Machinery and transport equipment	9,404,296	10,907,426	12,150,233
8		Miscellaneous manufactured articles	9,337,661	9,132,046	8,219,319
9		Commodities & transact not class elsewhere in SITC	278,103	332,175	347,366
		Total all commodities	22,941,568	24,530,788	24,980,824

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

Table A-17
Leading U.S. exports to Taiwan, by Schedule B number, 1991-93

(1,000 dollars)

Schedule B No.	Description	1991	1992	1993
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15000 kg	$453,179	$865,987	$1,339,814
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	537,014	1,244,540	984,703
8542.11	Digital monolithic electronic integrated circuits	556,341	737,735	840,301
1005.90	Corn (maize) excluding seed	633,721	587,090	599,820
1201.00	Soybeans, whether or not broken	466,862	454,244	554,995
8803.30	Parts of airplanes or helicopters, nesi	501,044	264,196	425,448
7108.12	Nonmonetary gold (including gold plated with platinum) in unwrought forms (excluding powder)	41,478	472,525	375,440
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	203,995	222,994	271,272
2902.50	Styrene	129,090	111,019	237,586
9306.90	Bombs, grenades, torpedoes, mines, missiles and similar munitions of war and parts thereof	69,187	80,800	218,650
8542.19	Monolithic electronic integrated circuits, other than digital	162,963	157,941	188,466
9880.00	Estimated low value shipments	158,927	165,182	177,538
8473.30	Parts and accessories of the machines of heading 8471	129,862	135,183	159,358
7403.11	Cathodes and sections of cathodes of refined copper	205,211	122,589	151,233
1001.90	Wheat and meslin, excluding durum wheat	109,002	118,804	147,205
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	189,627	146,600	135,674
8528.10	Color television receivers	66,992	92,058	120,184
2903.15	1,2-Dichloroethane (Ethylene dichloride)	13,581	39,869	114,830
4101.21	Whole raw hides and skins of bovine animals nesi, fresh or wet-salted	117,799	106,549	111,344
8479.89	Machines and mechanical appliances having individual functions, nesi	86,010	64,922	108,620
	Total	4,831,886	6,190,826	7,262,482
	Total, U.S. exports to Taiwan	12,718,074	14,533,478	15,585,360

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

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

Table A-18
Leading U.S. imports from Taiwan, by HTS number, 1991-93

(1,000 dollars)

HTS No.	Description	1991	1992	1993
8471.92	Automatic data processing machines with or without input or output units or containing storage units in the same housing	$1,208,679	$1,647,308	$2,004,175
8473.30	Parts and accessories of the machines of heading 8471	1,100,472	1,409,954	1,755,430
8542.11	Digital monolithic electronic integrated circuits	420,832	605,332	886,659
8471.20	Digital automatic data processing machines, containing in the same housing at least a central processing unit and an input and output unit	258,296	342,201	479,017
8471.99	Units of automatic data processing machines, nesi	212,019	301,560	438,059
8542.19	Monolithic electronic integrated circuits, other than digital	159,025	218,221	359,429
9403.60	Wooden furniture, other than of a kind used in the bedroom	356,227	343,736	354,044
8712.00	Bicycles and other cycles (including delivery tricycles), not motorized	365,247	338,804	345,758
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	338,296	283,420	324,740
8414.51	Table, floor, wall, window, ceiling or roof fans, with a self-contained electric motor of an output not exceeding 125 W	298,489	326,193	284,991
8534.00	Printed circuits	170,505	218,866	262,625
9403.20	Metal furniture, other than of a kind used in offices	200,774	241,441	254,486
7318.15	Threaded screws and bolts, of iron or steel, nesi, whether or not with their nuts or washers	173,433	185,767	208,420
9506.91	Gymnasium, playground or other exercise articles and equipment; parts and accessories thereof	207,740	222,330	199,987
9999.95	Estimated low value shipments	160,152	201,078	197,115
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	674,577	578,373	197,026
8471.93	Storage units of automatic data processing machines, whether or not entered with the rest of a system	58,885	53,411	172,017
9405.20	Electric table, desk, bedside or floor-standing lamps	192,123	192,530	168,978
3926.90	Articles of plastics and articles of other materials of headings 3901 to 3914, nesi	193,626	195,644	163,515
9405.10	Chandeliers & other electric ceiling or wall lighting fittings, excl. those of a kind used for lighting public open spaces or thoroughfares	132,663	172,998	160,337
	Total	6,882,059	8,079,169	9,216,808
	Total, U.S. imports from Taiwan	22,941,568	24,530,788	24,980,824

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

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

Table A-19
U.S. merchandise trade with China, by SITC Nos. (revision 3), 1991-93
(1,000 dollars)

SITC section	No.	Description	1991	1992	1993
				U.S. exports	
0		Food and live animals	$401,837	$322,892	$349,828
1		Beverages and tobacco	8,949	11,081	12,435
2		Crude materials, inedible, except fuels	817,333	664,609	423,632
3		Mineral fuels, lubricants and related materials	54,794	200,139	239,783
4		Animal and vegetable oils, fats and waxes	1,327	9,275	1,452
5		Chemicals and related products, n.e.s.	1,670,797	1,208,356	838,819
6		Manufactured goods classified chiefly by material	411,787	448,444	413,380
7		Machinery and transport equipment	2,491,628	3,946,461	5,715,640
8		Miscellaneous manufactured articles	331,387	437,590	526,886
9		Commodities & transact not class elsewhere in SITC	48,216	89,745	97,455
		Total all commodities	6,238,054	7,338,594	8,619,310
				U.S. imports	
0		Food and live animals	469,487	638,941	568,743
1		Beverages and tobacco	12,611	19,410	46,931
2		Crude materials, inedible, except fuels	213,696	190,797	207,243
3		Mineral fuels, lubricants and related materials	607,766	511,602	275,307
4		Animal and vegetable oils, fats and waxes	1,342	1,572	2,748
5		Chemicals and related products, n.e.s.	386,970	501,000	576,022
6		Manufactured goods classified chiefly by material	1,718,761	2,258,495	2,704,273
7		Machinery and transport equipment	3,196,838	4,413,961	6,007,001
8		Miscellaneous manufactured articles	12,058,633	16,547,364	20,756,807
9		Commodities & transact not class elsewhere in SITC	188,936	431,187	280,290
		Total all commodities	18,855,041	25,514,328	31,425,366

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

Table A-20
Leading exports to China, by Schedule B number, 1991-93

(1,000 dollars)

Schedule B No.	Description	1991	1992	1993
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15000 kg	$825,247	$1,713,338	$1,999,993
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	3,111	82,439	323,828
3100.00	Fertilizers	981,718	629,079	292,685
1001.90	Wheat and meslin, excluding durum wheat	361,174	272,951	274,186
8525.20	Transmission apparatus incorporating reception apparatus	34,549	67,353	249,810
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	54,040	194,449	232,768
8803.30	Parts of airplanes or helicopters, nesi	237,098	219,900	153,165
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	2,535	11,017	128,560
8517.90	Parts of telephonic or telegraphic apparatus	15,559	39,618	100,137
4403.20	Coniferous wood in the rough, whether or not stripped of bark or sapwood or roughly squared, not treated with preservatives	165,988	121,283	95,816
8479.89	Machines and mechanical appliances having individual functions, nesi	70,687	73,456	88,958
8402.90	Parts of steam- or other vapor-generating boilers	7,986	27,043	83,074
4804.11	Uncoated, unbleached kraftliner paper or paperboard, in rolls or sheets, nesi	120,301	83,998	80,381
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	50,511	63,431	75,451
2917.36	Terephthalic acid and its salts	114,479	67,943	66,740
8529.90	Parts suitable for use solely or principally with the apparatus of headings 8525 to 8528, excluding antennas and antenna reflectors of all kinds	7,768	32,515	66,195
8431.43	Parts for boring or sinking machinery of subheading 8430.41 or 8430.49	64,067	58,811	61,415
8411.12	Turbojets of a thrust exceeding 25 kN	73,932	95,533	60,862
8517.30	Electrical telephonic or telegraphic switching apparatus	11,344	24,975	58,541
8703.32	Passenger motor vehicles with compression-ignition internal-combustion piston engine, cylinder capacity over 1,500 but not over 2,500 cc	456	7,538	54,827
	Total	3,202,549	3,886,670	4,547,392
	Total, U.S. exports to China	6,238,054	7,338,594	8,619,310

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

Table A-21
Leading U.S. imports from China, by HTS number, 1991-93

(1,000 dollars)

HTS No.	Description	1991	1992	1993
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	$680,275	$968,454	$1,302,674
6402.99	Footwear with outer soles and uppers of rubber or plastics, nesi	932,874	1,006,229	1,211,578
9503.90	Other toys and models, nesi	540,435	853,162	955,521
6206.10	Women's or girls' blouses, shirts and shirt-blouses, not knitted or crocheted, of silk or silk waste	233,784	442,176	764,179
6110.90	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of textile materials, nesi	617,425	762,876	750,548
6403.91	Footwear, covering the ankles, with outer soles of rubber, plastics or composition leather and uppers of leather	278,795	497,408	690,142
9503.41	Stuffed toys representing animals or non-human creatures and parts and accessories thereof	320,739	503,334	568,200
9502.10	Dolls representing only human beings and parts and accessories thereof, whether or not dressed	479,448	530,392	503,049
9505.10	Articles for Christmas festivities and parts and accessories thereof	255,500	377,760	447,390
6402.91	Footwear covering the ankle, with outer soles and uppers of rubber or plastics, excluding waterproof footwear	197,865	292,240	442,369
8527.11	Reception apparatus for radiotelephony, radiotelegraphy or radio broadcasting combined with sound recording or reproducing apparatus	366,732	431,963	439,233
4203.10	Articles of apparel of leather or of composition leather	151,554	285,832	413,317
8525.20	Transmission apparatus incorporating reception apparatus	225,785	280,322	412,690
4202.92	Trunks, cases, bags and similar containers, with outer surface of plastic sheeting or of textile materials	226,668	306,391	410,421
3926.90	Articles of plastics and articles of other materials of headings 3901 to 3914, nesi	182,739	275,183	380,495
6702.90	Artificial flowers, foliage & fruit & parts thereof, & articles made up of artificial flowers, foliage or fruit, of materials other than plastics	252,306	340,448	353,710
4202.22	Handbags, with outer surface of plastic sheeting or of textile materials	254,833	282,999	332,537
6404.19	Footwear, nesi, with outer soles of rubber or plastics and uppers of textile materials	172,926	233,989	309,336
8473.30	Parts and accessories of the machines of heading 8471	68,766	147,773	300,187
9503.49	Toys representing animals or non-human creatures, other than stuffed toys, and parts and accessories thereof	250,635	313,658	292,930
	Total	6,690,085	9,132,592	11,280,507
	Total, U.S. imports from China	18,855,041	25,514,328	31,425,366

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

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

Table A-22
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1993

Reporting country	Country of origin	Product	Initiation date[1]	Provisional measures[2]	Date and final outcome[3]
Australia	Austria	A4 cut ream copy paper	06-07-93		
	Belgium	Further processed glass products	12-18-92	NPF	
	Belgium	Propylene oxide based polyether polyols	01-11-93	NPF	
	Belgium	Clear float glass	05-14-93-R		
	Belgium	Phthalic anhydride	06-07-93		
	Brazil	Certain cotton yarns	01-25-93	NPF	
	Brazil	Polyvinyl chloride	02-25-93-R		
	Brazil	A4 cut ream copy paper	06-07-93		
	China	Disposable plastic cutlery	09-29-92	01-13-93	
	China	Clear float glass	11-27-92-R		03-17-93-DD
	China	Further processed glass products	12-18-92	NPF	
	China	Insect screening	03-29-93		
	China	Clear float glass	05-14-93-R		
	Finland	Polyvinyl chloride	05-05-93		
	Finland	A4 cut ream copy paper	06-07-93		
	France	A4 cut ream copy paper	06-07-93		
	Germany	Clear float glass	05-14-93-R		
	Germany	A4 cut ream copy paper	06-07-93		
	Germany	Triethanolamine	07-17-92	10-25-92	04-28-93-DD
	Germany	Sodium cyanide	09-09-92	NPF	
	Germany	Further processed glass products	12-18-92	NPF	
	Hong Kong	Disposable plastic cutlery	09-29-92	01-13-93	
	India	Sodium cyanide	09-09-92	01-22-93	06-09-93-DD
	India	Phthalic anhydride	06-07-93		
	Indonesia	Clear float glass	11-27-92-R		03-17-93-DD
	Indonesia	Further processed glass products	12-18-92	NPF	
	Indonesia	Canned tuna	12-21-92	NPF	
	Indonesia	Clear float glass	05-14-93-R		
	Indonesia	A4 cut ream copy paper	06-07-93		
	Indonesia	Phthalic anhydride	06-07-93		
	Italy	Welding wire	03-17-93	NPF	
	Korea	Clear float glass and further processed glass products	12-18-92	NPF	
	Korea	Polypropylene homopolymer	12-30-92	04-14-93	
	Korea	Disposable plastic cutlery	09-29-92	01-13-93	
	Korea	High density polyethylene	01-21-93-R		
	Korea	Expandable polystyrene	02-03-93-R		
	Korea	XLPE aerial bundled cable	02-04-93	NPF	
	Korea	Welding wire	03-17-93	NPF	
	Korea	Certain malleable cast iron pipe fittings	06-24-93-R		
	Malaysia	Disposable plastic cutlery	09-29-92	01-13-93	

See footnotes at end of table.

Table A-22—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1993

Reporting country	Country of origin	Product	Initiation date[1]	Provisional measures[2]	Date and final outcome[3]
Australia	Malaysia	Clear float glass and further processed glass products	12-18-92	NPF	
	Malaysia	Edible vegetable oils	12-18-92	NPF	
	Mexico	Triethanolamine	07-17-92	10-25-92	04-28-93-DD
	Mexico	Polyvinyl chloride	02-25-93-R		
	Netherlands	Propylene oxide based polyether polyols	01-11-93	NPF	
	Philippines	Clear float glass	05-14-93-R		
	Saudi Arabia	High density polyethylene	01-21-93-R		
	Singapore	Disposable plastic cutlery	09-29-92	NPF	
	Singapore	Edible vegetable oils	12-18-92	NPF	
	Singapore	High density polyethylene	01-23-93-R		
	Singapore	Expandable polystyrene	02-03-93-R		
	South Africa	Access floor panels	03-02-93	06-11-93	
	South Africa	A4 cut ream copy paper	06-07-93		
	Taiwan	Disposable plastic cutlery	09-29-92	NPF	
	Taiwan	Welding wire	03-17-93	NPF	
	Taiwan	Certain malleable cast iron pipe fittings	06-24-93-R		
	Thailand	Disposable plastic cutlery	09-29-92	01-13-93	
	Thailand	Further processed glass products	12-18-92	NPF	
	Thailand	Canned tuna	12-21-92	NPF	
	Thailand	Clear float glass	01-15-93	04-17-93-NPM	
	Thailand	Clear float glass	05-14-93-R		
	United Kingdom	Phthalic anhydride	06-07-93		
	United States	Sodium cyanide	09-09-92	01-22-93	06-09-93-DD
	United States	Propylene oxide based polyether polyols	01-11-93	NPF	
	United States	Polyvinyl chloride	02-25-93-R		
	United States	A4 cut ream copy paper	06-07-93		
Austria	Czech Republic	Tractors, other tractors (except road tractors) with a gross vehicle weight exceeding 3,700 kg, new and used	03-18-93		
	Czech Republic	Tractors, other tractors (except road tractors) with a gross vehicle weight of 3,700 kg or less, new and used	03-18-93		
	Slovak Republic	Tractors, other tractors (except road tractors) with a gross vehicle weight exceeding 3,700 kg, new and used	03-18-93		

See footnotes at end of table.

Table A-22—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1993

Reporting country	Country of origin	Product	Initiation date[1]	Provisional measures[2]	Date and final outcome[3]
Austria	Slovak Republic	Tractors, other tractors (except road tractors) with a gross vehicle weight of 3,700 kg or less, new and used	03-18-93		
Canada	Belgium	Carbon steel plate	08-24-92	01-06-93	05-06-93-DD
	Belgium	Carbon steel plate, whether or not heat-treated	05-14-93-R		
	Brazil	Carbon steel plate	08-24-92	01-06-93	05-06-93-DD
	Brazil	Women's leather and non-leather footwear	11-12-92-R		04-15-93-DD
	Brazil	Integral induction motors	01-15-93-R		05-14-93-DD
	Brazil	Tillage tools	01-15-93-R		05-14-93-DD
	Brazil	Carbon steel plate, whether or not heat-treated	05-14-93-R		
	China	Waterproof plastic footwear	07-09-92	10-07-92	02-04-93-NI
	China	Bicycles	01-15-93-R		05-14-93-DD
	China	Waterproof rubber footwear	06-23-93-R		
	China	Photo albums with pocket sheets			02-25-93-DD
	Czech Republic	Waterproof plastic footwear	07-09-92	10-07-92	02-04-93-NI
	Czech Republic	Carbon steel plate	08-24-92	01-06-93	05-06-93-DD
	Czech Republic	Carbon steel plate, whether or not heat-treated	05-14-93-R		
	Czech Republic	Waterproof rubber footwear	06-23-93-R		
	Denmark	Carbon steel plate	08-24-92	01-06-93	05-06-93-DD
	Denmark	Carbon steel plate, whether or not heat-treated	05-14-93-R		
	France	Flat hot-rolled carbon steel sheet	09-16-92	01-29-93	05-31-93-NI
	France	Cold-rolled carbon steel sheet	11-16-92	03-31-93	
	Germany	Carbon steel plate	08-24-92	01-06-93	05-06-93-DD
	Germany	Flat hot-rolled carbon steel sheet	09-16-92	01-29-93	05-31-93-NI
	Germany	Cold-rolled carbon steel sheet	11-16-92	03-31-93	
	Germany	Carbon steel plate, whether or not heat-treated	05-14-93-R		
	Hong Kong	Waterproof rubber footwear	06-23-93-R		
	Italy	Flat hot-rolled carbon steel sheet	09-16-92	01-29-93	05-31-93-NI

See footnotes at end of table.

Table A-22—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1993

Reporting country	Country of origin	Product	Initiation date[1]	Provisional measures[2]	Date and final outcome[3]
Canada	Italy	Cold-rolled carbon steel sheet	11-16-92	03-31-93	
	Korea	Waterproof plastic footwear	07-09-92	10-07-92	02-04-93-NI
	Korea	Waterproof rubber footwear	06-23-93-R		
	Malaysia	Waterproof rubber footwear	06-23-93-R		
	New Zealand	Flat hot-rolled carbon steel sheet	09-16-92	01-29-93	05-31-93-NI
	Poland	Waterproof rubber footwear	06-23-93-R		
	Romania	Carbon steel plate	08-24-92	01-06-93	05-06-93-DD
	Romania	Carbon steel plate, whether or not heat-treated	05-14-93-R		
	Slovak Republic	Waterproof plastic footwear	07-09-92	10-07-92	02-04-93-NI
	Slovak Republic	Carbon steel plate	08-24-92	01-06-93	04-05-93-ND
	Slovak Republic	Carbon steel plate, whether or not heat-treated	05-14-93-R		
	Slovak Republic	Waterproof rubber footwear	06-23-93-R		
	Taiwan	Waterproof plastic footwear	07-09-92	10-07-92	02-04-93-NI
	Taiwan	Women's leather and non-leather footwear	11-12-92-R		04-15-93-DD
	Taiwan	Bicycles	01-15-93-R		05-14-93-DD
	Taiwan	Waterproof rubber footwear	06-23-93-R		
	United Kingdom	Carbon steel plate	08-24-92	01-06-93	05-06-93-DD
	United Kingdom	Flat hot-rolled carbon steel sheet	09-16-92	01-29-93	05-31-93-NI
	United Kingdom	Cold-rolled carbon steel sheet	11-16-92	03-31-93	
	United Kingdom	Carbon steel plate, whether or not heat-treated	05-14-93-R		
	United States	Gypsum wallboard	06-24-92	09-22-92	01-20-93-DD
	United States	Gypsum wallboard	02-24-93-R		
	United States	Cauliflower	06-30-92	09-03-92	01-04-93-NI
	United States	Frozen pot pies and frozen prepared dinners	11-03-92-R		01-14-93-PU
	United States	Carbon steel plate	08-24-92	01-06-93	05-06-93-NI
	United States	Tomato paste	09-01-92	11-30-92	03-30-93-NI
	United States	Flat hot-rolled carbon steel sheet	09-16-92	01-29-93	05-31-93-NI
	United States	Cold-rolled carbon steel sheet	11-16-92	03-31-93	
	United States	Fiberglass pipe insulation	02-04-93		06-18-93-PU
	United States	Copper and brass fittings	02-05-93	06-18-93	
	United States	Carbon steel plate, whether or not heat-treated	05-14-93-R		
	United States	Waterproof rubber footwear	06-23-93-R		
	Yugoslavia-Macedonia	Carbon steel plate	08-24-92	01-06-93	05-06-93-DD

See footnotes at end of table.

Table A-22—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1993

Reporting country	Country of origin	Product	Initiation date[1]	Provisional measures[2]	Date and final outcome[3]
Canada	Yugoslavia-Slovenia	Carbon steel plate	08-24-92		01-06-93-ND
	Yugoslavia-Macedonia	Carbon steel plate, whether or not heat-treated	05-14-93-R		
EEC	Belarus	Potassium chloride	06-26-93-R		
	Bulgaria	Urea	05-05-93		
	China	Paint brushes	10-04-88		05-25-93-NI
	China	Magnetic disks	07-05-91	04-21-93	
	China	Bicycles	10-12-91	03-11-93	09-09-93-DD
	China	Magnesium oxide	10-26-91	09-26-92	06-17-93-DD
	China	Certain types of refractory charrottes	04-15-93		
	China	Paint, distemper and similar brushes			05-05-93-TRM
	China	Fluorspar		09-07-93	
	China	Photo albums		09-09-93	
	China	Ferro-silicon		09-22-93	
	China	Artificial corundum			09-18-93-DD
	Croatia	Seamless pipes and tubes of iron or steel	12-12-91	11-14-92	05-15-93-DD/PU
	Czech Republic	Urea	03-18-93-R		
	Hungary	Seamless pipes and tubes of iron or steel	12-12-91	11-14-92	05-15-93-DD/PU
	India	Synthetic fibers of polyester	11-21-90	07-16-92	01-15-93-DD
	Japan	Electronic typewriters	12-14-90		06-30-93-NI
	Japan	Outer rings of tapered roller bearings	01-04-91	07-18-92	01-15-93-DD
	Japan	Electronic weighing scales	01-26-91		04-29-93-DD
	Japan	Magnetic disks	07-05-91	04-21-93	
	Japan	Certain television camera systems	03-10-93		
	Kazakhstan	Low carbon ferro-chrome	04-02-93		
	Korea	Synthetic fibers of polyester	11-21-90	07-16-92	01-15-93-DD
	Korea	Large aluminum electric capacitors	03-10-93		
	Korea	Electronic weighing scales	04-04-92	05-06-93	
	Korea	DRAMs	03-06-92	09-17-92	03-18-93-DD
	Korea	Monosodium glutamate			09-04-93-PU
	Malaysia	Compact discs			07-28-93-TRM
	Mexico	Acrylic fibers	06-05-93-R		
	Poland	Urea	05-05-93		
	Poland	Seamless pipes and tubes of iron or steel	12-12-91	11-14-92	05-15-93-DD/PU
	Russia	Low carbon ferro-chrome	04-02-93-R		
	Russia	Potassium chloride	06-26-93-R		
	Russia	Artificial corundum			09-18-93-DD

See footnotes at end of table.

Table A-22—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1993

Reporting country	Country of origin	Product	Initiation date[1]	Provisional measures[2]	Date and final outcome[3]
EEC	Singapore	Electronic weighing scales	01-10-92	05-06-93	
	Singapore	Ball bearings, less than 30 mm			09-18-93-TRM
	Singapore	Compact discs			07-28-93-TRM
	South Africa	Manganese steel wear parts	07-25-92		05-18-93-NI
	Taiwan	Large aluminum electric capacitors	03-10-93		
	Taiwan	Compact discs			07-28-93-TRM
	Taiwan	Bicycles			09-08-93-TRM
	Thailand	Ball bearings, less than 30mm			07-06-93-DD/PU
	Ukraine	Potassium chloride	06-26-93-R		
	Ukraine	Artificial corundum			09-18-93-DD
	United States	Ethanolamine		08-04-93	
India	Argentina	PVC resin (suspension grade)	06-10-92	02-02-93	
	Brazil	PVC resin (suspension grade)	06-10-92	02-02-93	
	Japan	Styrene butadiene rubber	08-12-92		02-17-93-NI
	Japan	Bisphenol-A	08-12-92		
	Korea	PVC resin (suspension grade)	06-10-92	02-02-93	
	Korea	Styrene butadiene rubber	08-12-92		02-17-93-NI
	Mexico	PVC resin (suspension grade)	06-10-92	02-02-93	
	United States	PVC resin (suspension grade)	06-10-92	02-02-93	
Mexico	Brazil	Polypropylene film	02-12-92		06-03-93-NI/R
	Brazil	Special steel products	02-16-93	04-05-93	
	China	Threaded connections of malleable iron	02-19-92		04-15-93-DD
	China	Acid-grade fluorite	10-30-92	04-15-93-R	
	China	Footwear	03-03-93	04-15-93	
	China	Bicycles, bicycle tires and tubes	04-14-93	04-15-93	
	China	Tools and implements	04-14-93	04-15-93	
	China	Toys	04-14-93	04-15-93	
	China	Machines, appliances, and electrical equipment and parts	04-14-93	04-15-93	
	China	Organic chemical products	04-14-93	04-15-93	
	China	Clothing and clothing accessories, other ready-made articles	04-14-93	04-15-93	
	China	Textile products, threads and fabrics of vegetable fibers; threads and fabrics of synthetic fibers; gauze	04-14-93	04-15-93	
	Colombia	Polypropylene film	02-12-92		06-03-93-NI/R
	Colombia	Zip fasteners	01-28-93	03-05-93	

See footnotes at end of table.

Table A-22—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1993

Reporting country	Country of origin	Product	Initiation date[1]	Provisional measures[2]	Date and final outcome[3]
	EEC	Frozen bovine meat	02-04-93	03-05-93	
	Germany	Polystyrene (transparent and high impact)	01-18-93	04-08-93	
	Korea	Short-fiber polyester	03-26-92	01-20-93-R	
	Korea	Refrigerators	03-08-93	04-23-93	
	United States	Non-alloy iron or steel wire	08-28-91		02-08-93-NI/R
	United States	Cold-rolled strip	03-05-92		04-28-93-DD
	United States	Hot-rolled strip	03-05-92		04-28-93-DD
	United States	Plate in coils	03-05-92		04-28-93-DD
	United States	Hydrogen peroxide	08-04-92	04-23-93-R	
	United States	Plate cut into sheets	12-11-92	04-28-93-R	
	United States	Coated flat steel products	12-11-92	04-28-93-R	
	United States	Polystyrene (crystal and impact)	01-18-93	04-08-93	
	United States	Various pork products	01-25-93	03-05-93	
	United States	Polypropylene homopolymer (raffia and injection)	03-03-93	04-23-93	
	United States	Caustic soda	03-17-93	04-16-93	
	Venezuela	Zip fasteners	01-22-92		04-09-93-NI/R
	Venezuela	Grey portland cement	02-03-93	04-08-93	
New Zealand	Belgium	Refined sugar	03-10-93-R		
	Denmark	Refined sugar	03-10-93-R		
	Germany	Refined sugar	03-10-93-R		
	Malaysia	Refined sugar	03-10-93-R		
	Netherlands	Refined sugar	03-10-93-R		
	Thailand	Refined sugar	03-10-93-R		
	United Kingdom	Home brew beer kits	11-30-92		04-28-93-NI

[1] Initiation date codes: R = Review of existing antidumping measures.
[2] Provisional measures codes: NPF = Negative preliminary finding; NPM = No provisional measures; R = Revision.
[3] Final outcome codes: A= Amendment; CW = Case withdrawn; DD = Definitive duty; ND = No dumping; NFF = Negative final finding; NG = Negligible imports; NI = No injury; NX = No exports; PU = Price undertaking; R = Revision, TRM = Termination.

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

Table A-23
Countervailing duty actions reported by signatories to the GATT Committee on Subsidies and Countervailing Measures during 1993

Reporting country	Country of origin	Product	Initiation date[1]	Provisional measures[2]	Date and final outcome[3]
Austria	Czech Republic	Tractors, other tractors (except road tractors) with a gross vehicle weight exceeding 3,700 kg, new and used	03-18-93		
	Czech Republic	Tractors, other tractors (except road tractors) with a gross vehicle weight of 3,700 kg or less, new and used	03-18-93		
	Slovak Republic	Tractors, other tractors (except road tractors) with a gross vehicle weight exceeding 3,700 kg, new and used	03-18-93		
	Slovak Republic	Tractors, other tractors (except road tractors) with a gross vehicle weight of 3,700 kg or less, new and used	03-18-93		
Canada	Brazil	Women's leather footwear	11-12-92-R		04-15-93-DD
EEC	Thailand	Ball bearings of up to 30 mm outside diameter	07-18-92	03-09-93	
New Zealand	Australia	Passenger motor vehicle alloy wheels	03-10-93-R		

[1] Initiation date codes: R = Review of existing countervailing measure.
[2] Provisional measures codes: NPF = Negative preliminary finding.
[3] Final outcome codes: DD = Definitive duty.

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

Table A-24

Antidumping cases active in 1993, filed under authority of title VII of the Tariff Act of 1930, by final outcomes and by USITC investigation number

(Affirmative (A); Partial Affirmative (P); Negative (N); Suspension Agreement (S); Terminated (T); Discontinued (D))

USITC Investigation No.	Product	Country of origin	Date original petition filed	Preliminary determination		Final determination		Date of final action[2]
				Commission	ITA[1]	ITA[1]	Commission	
				Affirmative				
731-TA-469[3]	High-information content flat panel displays	Japan	July 18, 1990	A	A	P	A	Mar. 1, 1993
731-TA-515[4]	Portable electric typewriters	Singapore	Apr. 18, 1991	A	A	S	A	Sept. 24, 1993
731-TA-539E	Uranium	Ukraine	Nov. 8, 1991	A	A	A	A	Aug. 16, 1993
731-TA-546	Steel wire rope	Korea	Apr. 9, 1992	A	A	A	A	Mar. 15, 1993
731-TA-547	Steel wire rope	Mexico	Apr. 9, 1992	A	A	A	A	Mar. 15, 1993
731-TA-552	Hot rolled lead and bismuth carbon steel products	Brazil	Apr. 13, 1992	A	A	A	A	Mar. 10, 1993
731-TA-553	Hot rolled lead and bismuth carbon steel products	France	Apr. 13, 1992	A	A	A	A	Mar. 10, 1993
731-TA-554	Hot rolled lead and bismuth carbon steel products	Germany	Apr. 13, 1992	A	A	A	A	Mar. 10, 1993
731-TA-555	Hot rolled lead and bismuth carbon steel products	United Kingdom	Apr. 13, 1992	A	A	A	A	Mar. 10, 1993
731-TA-556	Dynamic random access memories	Korea	Apr. 22, 1992	A	A	A	A	May 3, 1993
731-TA-561	Sulfanilic acid	India	May 8, 1992	A	A	A	A	Feb. 18, 1993
731-TA-563	Stainless steel butt-weld pipe fittings	Korea	May 20, 1992	A	A	A	A	Feb. 16, 1993
731-TA-564	Stainless steel butt-weld pipe fittings	Taiwan	May 20, 1992	A	A	A	A	June 3, 1993
731-TA-566	Ferrosilicon	Kazakhstan	May 22, 1992	A	A	A	A	Mar. 23, 1993
731-TA-567	Ferrosilicon	China	May 22, 1992	A	A	A	A	Mar. 4, 1993
731-TA-568	Ferrosilicon	Russia	May 22, 1992	A	A	A	A	June 16, 1993
731-TA-569	Ferrosilicon	Ukraine	May 22, 1992	A	A	A	A	Mar. 23, 1993
731-TA-570	Ferrosilicon	Venezuela	May 22, 1992	A	A	A	A	June 16, 1993
731-TA-571	Professional electric cutting and sanding/grinding tools	Japan	May 29, 1992	A	A	A	A	July 2, 1993
731-TA-573	Flat-rolled carbon steel products[5]	Belgium	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-574	Flat-rolled carbon steel products[5]	Brazil	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-575	Flat-rolled carbon steel products[5]	Canada	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-576	Flat-rolled carbon steel products[5]	Finland	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-578	Flat-rolled carbon steel products[5]	Germany	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-582	Flat-rolled carbon steel products[5]	Mexico	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-583	Flat-rolled carbon steel products[5]	Poland	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-584	Flat-rolled carbon steel products[5]	Romania	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-585	Flat-rolled carbon steel products[5]	Spain	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-586	Flat-rolled carbon steel products[5]	Sweden	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-587	Flat-rolled carbon steel products[5]	United Kingdom	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-604	Flat-rolled carbon steel products[6]	Germany	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-607	Flat-rolled carbon steel products[6]	Korea	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-608	Flat-rolled carbon steel products[6]	Netherlands	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-612	Flat-rolled carbon steel products[7]	Australia	June 30, 1992	A	A	A	A	Aug. 9, 1993

See footnotes at end of table.

Table A-24—Continued
Antidumping cases active in 1993, filed under authority of title VII of the Tariff Act of 1930, by final outcomes and by USITC investigation number

(Affirmative (A); Partial Affirmative (P); Negative (N); Suspension Agreement (S); Terminated (T); Discontinued (D))

USITC Investigation No.	Product	Country of origin	Date original petition filed	Preliminary determination		Final determination		Date of final action[2]
				Commission	ITA[1]	ITA[1]	Commission	
			Affirmative					
731-TA-614	Flat-rolled carbon steel products[7] ...	Canada	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-615	Flat-rolled carbon steel products[7] ...	France	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-616	Flat-rolled carbon steel products[7] ...	Germany	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-617	Flat-rolled carbon steel products[7] ...	Japan	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-618	Flat-rolled carbon steel products[7] ...	Korea	June 30, 1992	A	A	A	A	Aug. 9, 1993
731-TA-621	Compact ductile iron waterworks fittings and parts	China	July 8, 1992	A	A	A	A	Aug. 19, 1993
731-TA-624	Helical spring lockwashers	China	Sept. 8, 1992	A	A	A	A	Oct. 8, 1993
731-TA-625	Helical spring lockwashers	Taiwan	Sept. 8, 1992	A	A	A	A	June 21, 1993
731-TA-638	Stainless steel wire rod	India	Dec. 30, 1992	A	A	A	A	Nov. 23, 1993
731-TA-636	Stainless steel wire rod	Brazil	Dec. 30, 1992	A	A	A	A	Jan. 21, 1994
731-TA-637	Stainless steel wire rod	France	Dec. 30, 1992	A	A	A	A	Jan. 21, 1994
731-TA-639	Stainless steel flanges	India	Dec. 31, 1992	A	A	A	A	Feb. 2, 1994
731-TA-640	Stainless steel flanges	Taiwan	Dec. 31, 1992	A	A	A	A	Feb. 2, 1994
731-TA-641	Ferrosilicon	Brazil	Jan. 12, 1993	A	A	A	A	Jan. 24, 1994
731-TA-643	Defrost timers	Japan	Jan. 19, 1993	A	A	A	A	Feb. 22, 1994
			Negative					
731-TA-539D	Uranium	Taajikistan	Nov. 8, 1991	A	A	A	N	Aug. 16, 1993
731-TA-548	Sulfur dyes	China	Apr. 10, 1992	A	A	A	N	Feb. 18, 1993
731-TA-550	Sulfur dyes	India	Apr. 10, 1992	A	A	A	N	Apr. 12, 1993
731-TA-551	Sulfur dyes	United Kingdom ..	Apr. 10, 1992	A	A	A	N	Feb. 18, 1993
731-TA-559	New steel rails	United Kingdom ..	May 1, 1992	A	A	A	N	Mar. 26, 1993
731-TA-560	Sulfanilic acid	Hungary	May 8, 1992	A	A	A	N	Feb. 18, 1993
731-TA-565	Ferrosilicon	Argentina.	May 22, 1992	A	N	N	([8])	May 10, 1993
731-TA-572	Special quality carbon & alloy hot-rolled steel bars & rods	Brazil	June 9, 1992	A	A	A	N	July 24, 1993
731-TA-577	Flat-rolled carbon steel products[5] ...	France	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-579	Flat-rolled carbon steel products[5] ...	Italy	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-581	Flat-rolled carbon steel products[5] ...	Korea	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-588	Flat-rolled carbon steel products[9] ...	Belgium	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-589	Flat-rolled carbon steel products[9] ...	Brazil	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-590	Flat-rolled carbon steel products[9] ...	Canada	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-591	Flat-rolled carbon steel products[9] ...	France	June 30, 1992	A	P	A	N	Aug. 9, 1993
731-TA-592	Flat-rolled carbon steel products[9] ...	Germany	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-594	Flat-rolled carbon steel products[9] ...	Japan	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-595	Flat-rolled carbon steel products[9] ...	Korea	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-596	Flat-rolled carbon steel products[9] ...	Netherlands	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-597	Flat-rolled carbon steel products[6] ...	Argentina	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-599	Flat-rolled carbon steel products[6] ...	Austria	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-600	Flat-rolled carbon steel products[6] ...	Belgium	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-601	Flat-rolled carbon steel products[6] ...	Brazil	June 30, 1992	A	A	A	N	Aug. 9, 1993

See footnotes at end of table.

Table A-24—Continued

Antidumping cases active in 1993, filed under authority of title VII of the Tariff Act of 1930, by final outcomes and by USITC investigation number

(Affirmative (A); Partial Affirmative (P); Negative (N); Suspension Agreement (S); Terminated (T); Discontinued (D))

USITC Investigation No.	Product	Country of origin	Date original petition filed	Preliminary determination		Final determination		Date of final action[2]
				Commission	ITA[1]	ITA[1]	Commission	
			Negative					
731-TA-602	Flat-rolled carbon steel products[6] ...	Canada	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-603	Flat-rolled carbon steel products[6] ...	France	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-605	Flat-rolled carbon steel products[6] ...	Italy	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-606	Flat-rolled carbon steel products[6] ...	Japan	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-609	Flat-rolled carbon steel products[6] ...	Spain	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-613	Flat-rolled carbon steel products[7] ...	Brazil	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-619	Flat-rolled carbon steel products[7] ...	Mexico	June 30, 1992	A	A	A	N	Aug. 9, 1993
731-TA-622	Dry film photoresist	Japan	July 16, 1992	A	A	A	N	Apr. 28, 1993
731-TA-627	Pads for woodwind instruments	Italy	Oct. 21, 1992	A	A	A	N	Sep. 21, 1993
731-TA-642	Ferrosilicon	Egypt	Jan. 12, 1993	AA	A	A	N	Oct. 22, 1993
731-TA-649	Steel wire rod	Trinidad & Tobago	Apr. 23, 1993	N	(8)	(8)	(8)	June 7, 1993
731-TA-664	Phthalic anhydride	Brazil	Oct. 22, 1993	N	(8)	(8)	(8)	Dec. 8, 1993
731-TA-665	Phthalic anhydride	Hungary	Oct. 22, 1993	N	(8)	(8)	(8)	Dec. 8, 1993
731-TA-666	Phthalic anhydride	Israel	Oct. 22, 1993	N	(8)	(8)	(8)	Dec. 8, 1993
731-TA-667	Phthalic anhydride	Mexico	Oct. 22, 1993	N	(8)	(8)	(8)	Dec. 8, 1993
			Discontinued					
731-TA-632	Cordage products	Costa Rica	Dec. 15, 1992	D	(8)	(8)	(8)	Jan. 4, 1993
731-TA-633	Cordage products	Korea	Dec. 15, 1992	D	(8)	(8)	(8)	Jan. 4, 1993
731-TA-634	Cordage products	Mexico	Dec. 15, 1992	D	(8)	(8)	(8)	Jan. 4, 1993
731-TA-635	Cordage products	Portugal	Dec. 15, 1992	D	(8)	(8)	(8)	Jan. 4, 1993
731-TA-654	Cordage products	Costa Rica	July 28, 1993	D	(8)	(8)	(8)	Aug. 16, 1993
731-TA-655	Cordage products	Korea	July 28, 1993	D	(8)	(8)	(8)	Aug. 16, 1993
731-TA-656	Cordage products	Mexico	July 28, 1993	D	(8)	(8)	(8)	Aug. 16, 1993
731-TA-657	Cordage products	Portugal	July 28, 1993	D	(8)	(8)	(8)	Aug. 16, 1993
			In Progress					
731-TA-644	Welded stainless steel pipe	Malaysia	Feb. 16, 1993	A	A	A	(10)	(10)
731-TA-645	Calcium aluminate cement and cement clinker	France	Mar. 31, 1993	A	P	(10)	(10)	(10)
731-TA-646	Steel wire rod	Brazil	Apr. 23, 1993	A	A	(10)	(10)	(10)
731-TA-647	Steel wire rod	Canada	Apr. 23, 1993	A	A	(10)	(10)	(10)
731-TA-648	Steel wire rod	Japan	Apr. 23, 1993	A	A	(10)	(10)	(10)
731-TA-650	Nitromethane	China	May 24, 1993	A	A	(10)	(10)	(10)
731-TA-651	Silicon carbide	China	June 21, 1993	A	A	(10)	(10)	(10)
731-TA-652	Aramid fiber	Netherlands	July 2, 1993	A	A	(10)	(10)	(10)
731-TA-653	Sebacic acid	China	July 19, 1993	A	A	(10)	(10)	(10)
731-TA-658	Class 150 stainless steel threaded pipe fittings	Taiwan	Aug. 2, 1993	A	(10)	(10)	(10)	(10)

See footnotes at end of table.

Table A-24—Continued
Antidumping cases active in 1993, filed under authority of title VII of the Tariff Act of 1930, by final outcomes and by USITC investigation number

(Affirmative (A); Partial Affirmative (P); Negative (N); Suspension Agreement (S); Terminated (T); Discontinued (D))

USITC Investigation No.	Product	Country of origin	Date original petition filed	Preliminary determination		Final determination		Date of final action[2]
				Commission	ITA[1]	ITA[1]	Commission	
				In Progress				
731-TA-659	Grain oriented silicon electrical steel	Italy	Aug. 26, 1993	A	A	(10)	(10)	(10)
731-TA-660	Grain oriented silicon electrical steel	Japan	Aug. 26, 1993	A	A	(10)	(10)	(10)
731-TA-661	Photographic paper and certain chemical components	Japan	Aug. 31, 1993	A	(10)	(10)	(10)	(10)
731-TA-662	Photographic paper and certain chemical components	Netherlands	Aug. 31, 1993	A	(10)	(10)	(10)	(10)
731-TA-663	Paper clips	China	Oct. 13, 1993	A	(10)	(10)	(10)	(10)
731-TA-668	Phthalic anhydride	Venezuela	Oct. 22, 1993	A	(10)	(10)	(10)	(10)
731-TA-669	Cased pencils	China	Nov. 10, 1993	A	(10)	(10)	(10)	(10)
731-TA-670	Cased pencils	Thailand	Nov. 10, 1993	A	(10)	(10)	(10)	(10)
731-TA-671	Silicomanganese	Brazil	Nov. 9, 1993	A	(10)	(10)	(10)	(10)
731-TA-672	Silicomanganese	China	Nov. 9, 1993	A	(10)	(10)	(10)	(10)
731-TA-673	Silicomanganese	Ukraine	Nov. 9, 1993	A	(10)	(10)	(10)	(10)
731-TA-674	Silicomanganese	Venezuela	Nov. 9, 1993	A	(10)	(10)	(10)	(10)
731-TA-675	Saccharin	China	Nov. 18, 1993	A	(10)	(10)	(10)	(10)
731-TA-676	Saccharin	Korea	Nov. 18, 1993	A	(10)	(10)	(10)	(10)
731-TA-677	Coumarin	China	Dec. 30, 1993	A	(10)	(10)	(10)	(10)
731-TA-678	Stainless steel bar	Brazil	Dec. 30, 1993	A	(10)	(10)	(10)	(10)
731-TA-679	Stainless steel bar	India	Dec. 30, 1993	A	(10)	(10)	(10)	(10)
731-TA-680	Stainless steel bar	Italy	Dec. 30, 1993	A	(10)	(10)	(10)	(10)
731-TA-681	Stainless steel bar	Japan	Dec. 30, 1993	A	(10)	(10)	(10)	(10)
731-TA-682	Stainless steel bar	Spain	Dec. 30, 1993	A	(10)	(10)	(10)	(10)

[1] U.S. Department of Commerce, International Trade Administration (ITA).
[2] For cases in which the final action was taken by the ITA, the date shown is the Federal Register notice date of that action.
[3] Court remand.
[4] ITA rescission of initiation and dismissal of petition (10/2/91); Court of International Trade decision to reverse and remand (9/3/92); ITA resumption of proceeding (Dec. 15, 1992); and ITA affirmative preliminary determination (2/8/93).
[5] Cut-to-length plate.
[6] Cold-rolled sheet and strip.
[7] Corrosion-resistant sheet.
[8] Not applicable.
[9] Hot-rolled sheet and strip.
[10] In progress.

Source: U.S. International Trade Commission.

Table A-25
Antidumping orders and findings in effect as of Dec. 31, 1993

Country and commodity	Effective date of original action[1]
Argentina:	
Silicon metal	Sept. 26, 1991
Rectangular tubing	May 26, 1989
Carbon steel wire rods	Nov. 23, 1984
Barbed wire	Nov. 13, 1983
Armenia:	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
Australia:	
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Canned bartlett pears	Mar. 23, 1973
Austria: Railway track equipment	Feb. 17, 1978
Arzerbaijan:	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
Bangladesh: Shop towels	Mar. 20, 1992
Belarus-Baltic:	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
Belgium:	
Cut-to-length carbon steel plate	Aug. 19, 1993
Phosphoric acid	Aug. 20, 1987
Sugar	June 13, 1979
Brazil:	
Cut-to-length carbon steel plate	Aug. 19, 1993
Lead and bismuth steel	Mar. 22, 1993
Circular welded non-alloy pipe	Nov. 2, 1992
Silicon metal	July 31, 1991
Nitrocellulose	July 10, 1990
Orange juice	May 5, 1987
Brass sheet and strip	Jan. 12, 1987
Butt-weld pipe fittings	Dec. 17, 1986
Pipe fittings	May 21, 1986
Construction castings	May 9, 1986
Canada:	
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Cut-to-length carbon steel plate	Aug. 19, 1993
Magnesium	Aug. 31, 1992
Steel rail	Sept. 15, 1989
Color picture tubes	Jan. 7, 1988
Brass sheet and strip	Jan. 12, 1987
Oil country tubular goods	June 16, 1986
Construction castings	Mar. 5, 1986
Raspberries	June 24, 1985
Sugar and syrups	Apr. 9, 1980
Paving equipment	Sept. 7, 1977
Racing plates	Feb. 27, 1974
Elemental sulphur	Dec. 17, 1973
Steel jacks	Sept. 13, 1966
Chile:	
Standard carnations	Mar. 20, 1987
Colombia:	
Fresh cut flowers	Mar. 18, 1987
Dominican Republic:	
Portland cement	May 4, 1963
Ecuador: Fresh cut flowers	Mar. 18, 1987
Estonia:	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
Finland:	
Cut-to-length carbon steel plate	Aug. 19, 1993
Rayon staple fiber	Mar. 21, 1979

See footnote at end of table

Table A-25—Continued
Antidumping orders and findings in effect as of Dec. 31, 1993

Country and commodity	Effective date of original action[1]
France:	
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Lead and bismuth steel	Mar. 22, 1993
Ball bearings	May 15, 1989
Cylindrical roller bearings	May 15, 1989
Spherical plain bearings	May 15, 1989
Brass sheet and strip	Mar. 6, 1987
Nitrocellulose	Aug. 10, 1983
Sorbitol	Apr. 9, 1982
Anhydrous sodium metasilicate	Jan. 7, 1981
Sugar	June 13, 1979
Large power transformers	June 14, 1972
Georgia:	
Urea	July 14, 1987
Titanium Sponge	Aug. 28, 1968
Germany:	
Cold-rolled carbon steel flat products	Aug. 19, 1993
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Cut-to-length carbon steel plate	Aug. 19, 1993
Lead and bismuth steel	Mar. 22, 1993
Rayon yarn	June 30, 1992
Sodium thiosulfate	Feb. 19, 1991
Nitrocellulose	July 10, 1990
Industrial belts (except synchronous and V-belts)	June 14, 1989
Ball bearings	May 15, 1989
Cylindrical roller bearings	May 15, 1989
Spherical plain bearings	May 15, 1989
Crankshafts	Sept. 23, 1987
Urea	July 14, 1987
Brass sheet and strip	Mar. 6, 1987
Barium carbonate	June 25, 1981
Sugar	June 13, 1979
Animal glue	Dec. 22, 1977
Drycleaning machinery	Nov. 2, 1972
Greece: Electrolytic manganese dioxide	Apr. 17, 1989
Hong Kong:	
Manmade-fiber sweaters	Sept. 24, 1990
Photo albums	Dec. 16, 1985
Hungary: Tapered roller bearings	June 19, 1987
India:	
Stainless steel wire rod	Dec. 1, 1993
Pipes and tubes	May 12, 1986
Iran: Pistachio Nuts	July 17, 1986
Israel:	
Phosphoric acid	Aug. 19, 1987
Oil country tubular goods	Mar. 6, 1987
Italy:	
Synchronous industrial belts and V-belts	June 14, 1989
Ball bearings	May 15, 1989
Cylindrical roller bearings	May 15, 1989
Granular polytetrafluoroethylene resin	Aug. 30, 1988
Tapered roller bearings	Aug. 14, 1987
Brass sheet and strip	Mar. 6, 1987
Brass fire protection equipment	Mar. 1, 1985
Woodwind pads	Sept. 21, 1984
Spun acrylic yarn	Apr. 8, 1980
Pressure sensitive tape	Oct. 21, 1977
Large power transformers	June 14, 1972
Japan:	
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Electric cutting tools	July 12, 1993
Lenses	Apr. 15, 1992
Electroluminescent flat-panel displays	Sept. 4, 1991
Personal word processors	Aug. 28, 1991
PET film	June 5, 1991

See footnote at end of table

Table A-25—Continued
Antidumping orders and findings in effect as of Dec. 31, 1993

Country and commodity	Effective date of original action[1]
Japan—Continued:	
Cement	May 10, 1991
Benzyl paraben	Feb. 13, 1993
Nitrocellulose	July 10, 1990
Mechanical transfer presses	Feb. 16, 1990
Laser light-scattering instruments	Nov. 19, 1990
Drafting machines	Dec. 29, 1989
Small business telephone systems	Dec. 11, 1989
Industrial belts	June 14, 1989
Ball bearings	May 15, 1989
Cylindrical roller bearings	May 15, 1989
Spherical plain bearings	May 15, 1989
Electrolytic manganese dioxide	April 17, 1989
Microdisks	April 3, 1989
Granular polytetrafluoroethylene resin	Aug. 24, 1988
Brass sheet and strip	Aug. 12, 1988
Nitrile rubber	June 16, 1988
Forklift trucks	June 7, 1988
Stainless steel butt-weld pipe fittings	March 25, 1988
Color picture tubes	Jan. 7, 1988
Tapered roller bearings over 4 inches	Oct. 6, 1987
Filament fabric	Sept. 23, 1990
Cast-iron pipe fittings	July 6, 1987
Butt-weld pipe fittings	Feb. 10, 1987
Cellular mobile telephones	Dec. 19, 1985
Neoprene laminate	July 19, 1985
Calcium hypochlorite	Apr. 18, 1985
Titanium sponge	Nov. 30, 1984
Cyanuric acid	Apr. 27, 1984
Pagers	Aug. 16, 1983
High powered amplifiers	July 20, 1982
Large electric motors	Dec. 24, 1980
Portable electric typewriters	May 9, 1980
Spun acrylic yarn	Apr. 8, 1980
Steel wire strand	Dec. 8, 1978
Impression fabric	May 25, 1978
Melamine	Feb. 2, 1977
Acrylic sheet	Aug. 30, 1976
Tapered roller bearings 4 inches and under	Aug. 17, 1976
Steel wire rope	Oct. 15, 1973
Synthetic methionine	July 10, 1973
Roller chain	Apr. 12, 1973
Bicycle speedometers	Nov. 22, 1972
Cadmium	Aug. 4, 1972
Large power transformers	June 14, 1972
Fishnetting	June 9, 1972
Polychloroprene rubber	Dec. 9, 1971
Ferrite cores	Mar. 13, 1971
Television receiving sets	Mar. 10, 1971
Tuners	Dec. 12, 1970
Kazakhstan:	
Ferrosilicon	Apr. 7, 1993
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
Kenya: Standard carnations	Apr. 23, 1987
Kyrgyzstan:	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
Latvia-Baltic:	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
Lithuania:	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968

See footnote at end of table

Table A-25—Continued
Antidumping orders and findings in effect as of Dec. 31, 1993

Country and commodity	Effective date of original action[1]
Malaysia: Extruded rubber thread	Oct. 7, 1992
Mexico:	
Cut-to-length carbon steel plate	Aug. 19, 1993
Steel wire rope	Mar. 25, 1993
Circular welded non-alloy pipe	Nov. 2, 1992
Cement	Aug. 30, 1990
Fresh cut flowers	Apr. 23, 1987
Cookware	Dec. 2, 1986
Moldova:	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
Netherlands:	
Cold-rolled carbon steel flat products	Aug. 19, 1993
Brass sheet and strip	Aug. 12, 1988
New Zealand:	
Kiwifruit	June 2, 1992
Brazing copper wire and rod	Dec. 4, 1985
Norway: Atlantic salmon	Apr. 12, 1991
People's Republic of China:	
Lock washers	Oct. 19, 1993
CDIW fittings and glands	Sept. 7, 1993
Ferrosilicon	Mar. 11, 1993
Sulfanilic acid	Aug. 19, 1992
Butt-weld pipe fittings	July 6, 1992
Tungsten ore concentrates	Nov. 21, 1991
Lug nuts	Sept. 20, 1991
Sparklers	June 18, 1991
Silicon metal	June 10, 1991
Sodium thiosulfate	Feb. 19, 1991
Hammers/sledges	Feb. 19, 1991
Picks/mattocks	Feb. 19, 1991
Bars/wedges	Feb. 19, 1991
Axes/adzes	Feb. 19, 1991
Nitrocellulose	July 10, 1990
Tapered roller bearings	June 15, 1987
Cookware	Dec. 2, 1986
Candles	Aug. 28, 1986
Construction castings	May 9, 1986
Paint brushes	Feb. 14, 1986
Barium chloride	Oct. 17, 1984
Chloropicrin	Mar. 22, 1984
Potassium permanganate	Jan. 31, 1984
Shop towels	Oct. 4, 1983
Printcloth	Sept. 16, 1983
Poland: Cut-to-length carbon steel plate	Aug. 19, 1993
Romania:	
Cut-to-length carbon steel plate	Aug. 19, 1993
Ball bearings	May 15, 1989
Urea	July 14, 1987
Tapered roller bearings	June 19, 1987
Russia:	
Ferrosilicon	June 24, 1993
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
Singapore:	
V-belts	June 14, 1989
Ball bearings	May 15, 1989
Color picture tubes	Jan. 7, 1988
Rectangular pipes and tubes	Nov. 13, 1986
South Africa: Brazing copper wire and rod	Jan. 29, 1986
South Korea:	
Cold-rolled carbon steel flat products	Aug. 19, 1993
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
DRAMS	May 10, 1993

See footnote at end of table

Table A-25—Continued
Antidumping orders and findings in effect as of Dec. 31, 1993

Country and commodity	Effective date of original action[1]
South Korea—Continued:	
Steel wire rope	Mar. 26, 1993
Stainless steel butt-weld pipe fittings	Feb. 23, 1993
Welded stainless steel pipes	Dec. 30, 1992
Circular welded non-alloy pipe	Nov. 2, 1992
PET film	June 5, 1991
Manmade-fiber sweaters	Sept. 24, 1990
Nitrocellulose	July 10, 1990
Small business telephone systems	Feb. 7, 1990
Color picture tubes	Jan. 7, 1988
Stainless steel coookware	Jan. 20, 1987
Brass sheet and strip	Jan. 12, 1987
Pipe fittings	May 23, 1986
Photo albums	Dec. 16, 1985
Television receiving sets	Apr. 30, 1992
Spain:	
Cut-to-length carbon steel plate	Aug. 19, 1993
Potassium permanganate	Jan. 17, 1984
Sweden:	
Cut-to-length carbon steel plate	Aug. 19, 1993
Ball bearings	May 15, 1989
Cylindrical roller bearings	May 15, 1989
Seamless stainless steel hollow products	Dec. 3, 1987
Brass sheet and strip	Mar. 6, 1987
Staples	Dec. 20, 1983
Staplers	Dec. 20, 1983
Stainless steel plate	June 8, 1973
Taiwan:	
Lockwashers	June 28, 1993
Stainless steel butt-weld pipe fittings	June 16, 1993
Welded stainless steel pipes	Dec. 30, 1992
Circular welded non-alloy pipe	Nov. 2, 1992
Lug nuts	Sept. 20, 1991
Manmade-fiber sweaters	Sept. 24, 1990
Small business telephone systems	Dec. 11, 1989
Rectangular tubing	March 27, 1989
Stainless steel cookware	Jan. 20, 1987
Butt-weld pipe fittings	Dec. 17, 1986
Cookware	Dec. 2, 1986
Oil country tubular goods	June 18, 1986
Pipe fittings	May 23, 1986
Circular pipes and tubes	May 7, 1984
Television receiving sets	Apr. 30, 1984
Fireplace mesh panels	June 7, 1982
Carbon steel plate	June 13, 1979
Clear sheet glass	Aug. 21, 1971
Tajikistan:	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
Thailand:	
Butt-weld pipe fittings	July 6, 1992
Ball bearings	May 15, 1989
Pipe fittings	Aug. 20, 1987
Circular welded pipes and tubes	Mar. 11, 1986
Turkey:	
Pipes and tubes	May 15, 1986
Turkmenistan:	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
Ukraine:	
Uranium	Aug. 30, 1993
Ferrosilicon	Apr. 7, 1993
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968

See footnote at end of table

Table A-25—Continued
Antidumping orders and findings in effect as of Dec. 31, 1993

Country and commodity	Effective date of original action[1]
United Kingdom:	
Cut-to-length carbon steel plate	Aug. 19, 1993
Lead and bismuth steel	Mar. 22, 1993
Sodium thiosulfate	Feb. 19, 1991
Nitrocellulose	July 10, 1990
Ball bearings	May 15, 1989
Cylindrical roller bearings	May 15, 1989
Crankshafts	Sept. 21, 1987
Uzbekistan:	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
Venezuela:	
Ferrosilicon	June 24, 1993
Circular welded non-alloy pipe	Nov. 2, 1992
Aluminum sulfate	Dec. 15, 1989
Electrical conductor aluminum redraw rods	Aug. 22, 1988
Yugoslavia:	
Nitrocellulose	Oct. 16, 1990
Tapered roller bearings	Aug. 14, 1987
Suspension agreements in effect:	
Canada: Potassium chloride	Jan. 19, 1988
Hungary: Truck trailer axles	Jan. 4, 1982
Japan:	
Erasable programmable read-only memory chips	Aug. 1, 1986
Small motors	Nov. 6, 1980
Kazakhstan: Uranium	Oct. 16, 1992
Kyrgyzstan: Uranium	Oct. 16, 1992
Russia: Uranium	Oct. 16, 1992
Singapore: PETs	July 26, 1993
Tajikistan: Uranium	Oct. 16, 1992
Uzbekistan: Uranium	Oct. 16, 1992
Venezuela: Cement	Feb. 27, 1992

[1] The U.S. Department of Commerce conducts a periodic review of outstanding antidumping duty orders and suspension agreements, upon request, to determine if the amount of the net margin of underselling has changed. If a change has occurred, the imposed antidumping duties are adjusted accordingly. The results of the periodic review must be published together with a formal notice of any antidumping duty to be assessed, estimated duty to be deposited, or investigation to be resumed.

Source: U.S. Department of Commerce, International Trade Administration.

Table A-26
Countervailing cases active in 1992, filed under authority of section 303 or title VII of the Tariff Act of 1930, by final outcomes and by USITC investigation number

(Affirmative (A); Partial Affirmative (P); Negative (N); Suspension Agreement (S); Terminated (T); Discontinued (D))

USITC Investigation No.	Product	Country of origin	Date original petition filed	Preliminary determination		Final determination		Date of final action[2]
				Commission	ITA[1]	ITA[1]	Commission	
				Affirmative				
701-TA-312[3]	Softwood lumber	Canada	Oct. 31, 1991	A	A	A	A	Oct. 26, 1993
701-TA-314	Hot-rolled lead and bismuth carbon steel products	Brazil	Apr. 13, 1992	A	A	A	A	Mar. 10, 1993
701-TA-315	Hot-rolled lead and bismuth carbon steel products	France	Apr. 13, 1992	A	A	A	A	Mar. 10, 1993
701-TA-316	Hot-rolled lead and bismuth carbon steel products	Germany	Apr. 13, 1992	A	A	A	A	Mar. 10, 1993
701-TA-317	Hot-rolled lead and bismuth carbon steel products	United Kingdom	Apr. 13, 1992	A	A	A	A	Mar. 10, 1993
701-TA-318	Sulfanilic acid	India	May 8, 1992	A	A	A	A	Feb. 18, 1993
701-TA-319	Flat-rolled carbon steel products[4]	Belgium	June 30, 1992	A	A	A	A	Aug. 9, 1993
701-TA-320	Flat-rolled carbon steel products[4]	Brazil	June 30, 1992	A	A	A	A	Aug. 9, 1993
701-TA-322	Flat-rolled carbon steel products[4]	Germany	June 30, 1992	A	A	A	A	Aug. 9, 1993
701-TA-325	Flat-rolled carbon steel products[4]	Mexico	June 30, 1992	A	A	A	A	Aug. 9, 1993
701-TA-326	Flat-rolled carbon steel products[4]	Spain	June 30, 1992	A	A	A	A	Aug. 9, 1993
701-TA-327	Flat-rolled carbon steel products[4]	Sweden	June 30, 1992	A	A	A	A	Aug. 9, 1993
701-TA-328	Flat-rolled carbon steel products[4]	United Kingdom	June 30, 1992	A	A	A	A	Aug. 9, 1993
701-TA-340	Flat-rolled carbon steel products[5]	Germany	June 30, 1992	A	A	A	A	Aug. 9, 1993
701-TA-342	Flat-rolled carbon steel products[5]	Korea	June 30, 1992	A	A	A	A	Aug. 9, 1993
701-TA-348	Flat-rolled carbon steel products[6]	France	June 30, 1992	A	A	A	A	Aug. 9, 1993
701-TA-349	Flat-rolled carbon steel products[6]	Germany	June 30, 1992	A	A	A	A	Aug. 9, 1993
701-TA-350	Flat-rolled carbon steel products[6]	Korea	June 30, 1992	A	A	A	A	Aug. 9, 1993
303-TA-23	Ferrosilicon	Venezuela	May 22, 1992	A	A	A	A	June 16, 1993
				Negative				
701-TA-321	Flat-rolled carbon steel products[4]	France	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-323	Flat-rolled carbon steel products[4]	Italy	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-324	Flat-rolled carbon steel products[4]	Korea	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-329	Flat-rolled carbon steel products[7]	Belgium	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-330	Flat-rolled carbon steel products[7]	Brazil	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-331	Flat-rolled carbon steel products[7]	France	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-332	Flat-rolled carbon steel products[7]	Germany	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-334	Flat-rolled carbon steel products[7]	Korea	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-336	Flat-rolled carbon steel products[5]	Austria	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-337	Flat-rolled carbon steel products[5]	Belgium	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-338	Flat-rolled carbon steel products[5]	Brazil	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-339	Flat-rolled carbon steel products[5]	France	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-341	Flat-rolled carbon steel products[5]	Italy	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-344	Flat-rolled carbon steel products[5]	Spain	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-347	Flat-rolled carbon steel products[6]	Brazil	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-351	Flat-rolled carbon steel products[6]	Mexico	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-352	Flat-rolled carbon steel products[6]	New Zealand	June 30, 1992	A	A	A	N	Aug. 9, 1993

Table A-26—Continued
Countervailing cases active in 1992, filed under authority of section 303 or title VII of the Tariff Act of 1930, by final outcomes and by USITC investigation number

(Affirmative (A); Partial Affirmative (P); Negative (N); Suspension Agreement (S); Terminated (T); Discontinued (D))

USITC Investigation No.	Product	Country of origin	Date original petition filed	Preliminary determination		Final determination		Date of final action[2]
				Commission	ITA[1]	ITA[1]	Commission	
701-TA-353	Flat-rolled carbon steel products[6] ...	Sweden	June 30, 1992	A	A	A	N	Aug. 9, 1993
701-TA-357	Phthalic anhydride	Israel	Oct. 22, 1993	N	(8)	(8)	(8)	Dec. 8, 1993
701-TA-358	Phthalic anhydride	Mexico	Oct. 22, 1993	N	(8)	(8)	(8)	Dec. 8, 1993
				Discontinued				
701-TA-356	Phthalic anhydride	Brazil	Oct. 22, 1993	D	(8)	(8)	(8)	Nov. 18, 1993
				In Progress				
701-TA-355	Grain oriented silicon electrical steel	Italy	Aug. 26, 1993	A	A	(9)	(9)	(9)
303-TA-24	Phthalic anhydride	Venezuela	Oct. 22, 1993	A	A	(9)	(9)	(9)

[1] U.S. Department of Commerce, International Trade Administration (ITA).
[2] For cases in which the final action was taken by the ITA, the date shown is the Federal Register notice date of that action.
[3] Court Remand.
[4] Cut-to-length plate.
[5] Cold-rolled sheet and strip.
[6] Corrosion-resistant sheet.
[7] Hot-rolled sheet and strip.
[8] Not applicable.
[9] In progress.

Note.—The International Trade Commission conducts preliminary and final investigations under section 701 if the imports originate in a country that has signed the International Subsidies Code or undertaken comparable obligations. Similarly, it conducts preliminary and final investigations under section 303 if the imports enter the United States free of duty and the international obligations of the United States so require. Most of the major free-world trading nations have signed the code. With respect to dutiable imports from those countries that have neither signed the code nor undertaken substantially equivalent obligations, countervailing duties may be imposed after an affirmative finding by the Department of Commerce under section 303 of the Tariff Act of 1930 without an injury investigation by the International Trade Commission. Exceptions are granted in instances in which the exporting country becomes a signatory to the code or to an equivalent agreement during the investigation.

Source: U.S. International Trade Commission.

Table A-27
Countervailing-duty orders and findings in effect as of Dec. 31, 1993

Country and commodity	Effective date of original action[1]
Argentina:	
Leather	Oct. 2, 1990
Welded carbon steel pipe and tube products	Sept. 27, 1988
Apparel	Mar. 12, 1985
Textile mill products	Mar. 12, 1985
Oil country tubular goods	Nov. 22, 1984
Cold-rolled flat products	Apr. 26, 1984
Wool	Apr. 4, 1983
Leather wearing apparel	Mar. 18, 1983
Nonrubber footwear	Jan. 17, 1979
Woolen garments	Nov. 16, 1978
Belgium: Cut-to-length carbon steel plate	Aug. 17, 1993
Brazil:	
Cut-to-length carbon steel plate	Aug. 17, 1993
Lead and bismuth steel	Mar. 22, 1993
Brass sheet and strip	Jan. 8, 1987
Construction castings	May 15, 1986
Agricultural tillage tools	Oct. 22, 1985
Pig iron	Apr. 4, 1980
Cotton yarn	Mar. 15, 1977
Certain castor oil products	Mar. 16, 1976
Canada:	
Alloy magnesium	Aug. 31, 1992
Pure magnesium	Aug. 31, 1992
Lumber	July 13, 1992
Steel rail	Sept. 22, 1989
Standard carnations	Mar. 12, 1987
Live swine	Aug. 15, 1985
Chile: Standard carnations	Mar. 19, 1987
Ecuador: Fresh cut flowers	Jan. 13, 1987
European Community[2]: Sugar	July 31, 1978
France:	
Corrosion-resistant carbon steel flat products	Aug. 17, 1993
Lead and bismuth steel	Mar. 22, 1993
Brass sheet and strip	Mar. 6, 1987
Germany:	
Cold-rolled carbon steel flat products	Aug. 17, 1993
Corrosion-resistant carbon steel flat products	Aug. 17, 1993
Cut-to-length carbon steel flat products	Aug. 17, 1993
Lead and bismuth steel	Mar. 22, 1993
India:	
Sulfanilic Acid	Mar. 2, 1993
Certain iron-metal castings	Oct. 16, 1980
Iran:	
Roasted pistachios	Oct. 7, 1986
Raw pistachios	Mar. 11, 1986
Israel:	
Industrial phosphoric acid	Aug. 19, 1987
Oil country tubular goods	Mar. 6, 1987
Fresh cut roses	Sept. 4, 1980
Malaysia:	
Extruded rubber thread	Aug. 25, 1992
Carbon steel wire rod	Apr. 22, 1988
Mexico:	
Cut-to-length carbon steel flat products	Aug. 17, 1993
Porcelain cookware	Dec. 12, 1986
Textile mill products	Mar. 18, 1985
Ceramic tile	May 10, 1982
Leather wearing apparel	Apr. 10, 1981
Netherlands: Standard chrysanthemums	Mar. 12, 1987
New Zealand:	
Steel wire nails	Oct. 5, 1987
Steel wire	Sept. 2, 1986
Carbon steel wire rod	Mar. 7, 1986

See footnote at end of table

Table A-27—Continued
Countervailing-duty orders and findings in effect as of Dec. 31, 1993

Country and commodity	Effective date of original action[1]
New Zealand—Continued:	
Lamb meat	Sept. 17, 1985
Brazing copper rod and wire	Aug. 5, 1985
Norway: Atlantic salmon	Apr. 12, 1991
Pakistan: Shop towels	Mar. 9, 1984
Peru:	
Pompon chrysanthemums	Apr. 23, 1987
Rebars	Nov. 27, 1985
Apparel	Mar. 12, 1985
Textiles	Mar. 12, 1985
Cotton sheeting and sateen	Feb. 1, 1983
Cotton yarn	Feb. 1, 1983
Saudi Arabia: Carbon steel wire rod	Feb. 3, 1986
Singapore: Antifriction bearings	May 3, 1989
South Africa: Ferrochrome	Mar. 11, 1981
South Korea:	
Cold-rolled carbon steel flat products	Aug. 17, 1993
Corrosion-resistant carbon steel flat products	Aug. 17, 1993
Stainless steel cookware	Jan. 20, 1987
Spain:	
Cut-to-length carbon steel flat products	Aug. 17, 1993
Stainless steel wire rod	Jan. 3, 1983
Sri Lanka:	
Apparel	Mar. 12, 1985
Textiles	Mar. 12, 1985
Sweden:	
Cut-to-length carbon steel flat products	Aug. 17, 1993
Certain carbon steel products	Oct. 11, 1985
Viscose rayon staple fiber	May 15, 1979
Taiwan: Stainless steel cookware	Jan. 20, 1987
Thailand:	
Steel wire rope	Sept. 11, 1991
Butt-weld pipe fittings	Jan. 18, 1990
Ball bearings	May 3, 1989
Malleable pipe fittings	Feb. 10, 1989
Steel wire nails	Oct. 2, 1987
Rice	Apr. 10, 1986
Pipes and tubes	Aug. 14, 1985
Certain apparel	Mar. 12, 1985
Turkey:	
Acetylsalicylic acid (aspirin)	Aug. 26, 1987
Pipes and tubes	Mar. 7, 1986
United Kingdom:	
Cut-to-length carbon steel flat products	Aug. 17, 1993
Lead and bismuth steel	Mar. 22, 1993
Uruguay: Leather wearing apparel	July 17, 1982
Venezuela:	
Ferrosilicon	May 10, 1993
Circular welded nonalloy steel pipe	Sept. 17, 1992
Aluminum sulfate	Dec. 19, 1989
Electrical conductor redraw rods	Aug. 22, 1988
Zimbabwe: Wire rod	Aug. 15, 1986
Suspension agreements in effect:	
Argentina: Wire rod	Sept. 27, 1982
Brazil:	
Crankshafts	July 28, 1987
Orange juice	Mar. 2, 1983
Colombia:	
Miniature carnations	Jan. 13, 1987
Cut flowers	Jan. 9, 1986
Textiles	Mar. 12, 1985
Costa Rica: Cut flowers	Jan. 13, 1987
Peru: Shop Towels	Sept. 12, 1984
Singapore: Compressors	Nov. 7, 1983
Thailand: Textiles	Mar. 12, 1985

See footnote at end of table

Table A-27—Continued
Countervailing-duty orders and findings in effect as of Dec. 31, 1993

Country and commodity	Effective date of original action[1]

[1] The U.S. Department of Commerce conducts a periodic review of outstanding countervailing-duty orders and suspension agreements, upon request, to determine if the amount of the net subsidy has changed. If a change has occurred, the imposed countervailing duties are adjusted accordingly.

[2] Includes Belgium, Denmark, France, Ireland, Italy, the United Kingdom, Germany, Luxembourg, the Netherlands, and Greece.

Source: U.S. Department of Commerce, International Trade Administration.

Table A-28
Section 337 investigations completed by the U.S. International Trade Commission during 1993 and those pending on Dec. 31, 1993

Status of Investigation	Article	Country[1]	Commission Determination
Completed:			
337-TA-315	Plastic Encapsulated Integrated Circuits	No foreign respondents	Modified cease and desist order as to one respondent.
337-TA-317	Internal Mixing Devices and Components	Italy	Terminated based on a settlement agreement.
337-TA-333	Woodworking Accessories	Taiwan	Issued a limited exclusion order.
337-TA-334	Condensers, Parts Thereof and Products Containing Same, Including Air Conditioners For Automobiles	Japan	Terminated based on a finding of no violation.
337-TA-337	Integrated Circuit Telecommunication Chips and Products Containing Same, Including Dialing Apparatus	Taiwan	Issued a limited exclusion order and cease and desist orders.
337-TA-338	Bulk Bags and Process For Making Same	Brazil, Canada, Philippines	Terminated based on a settlement agreement.
337-TA-339	Commercial Food Portioners, Components Thereof, Including Software, and Process Thereof	Denmark	Terminated based on a settlement agreement.
337-TA-340	Specimen Container Systems and Components Including Alignment Indicator Labels, and Method of Use	Canada	Terminated based on a consent order.
337-TA-341	Static Random Access Memories, Components Thereof and Products Containing Same	Taiwan	Terminated one respondent based on a settlement agreement and the remaining respondent based on withdrawal of complaint.
337-TA-342	Circuit Board Testers	United Kingdom	Terminated based on a settlement agreement.
337-TA-343	Mechanical Gear Couplings and Components Thereof	Canada	Terminated based on a consent order.
337-TA-344	Cutting Tools For Flexible Plastic Conduit and Components Thereof	Taiwan	Issued a limited exclusion order and a cease and desist order.

See footnote at end of table.

Table A-28—Continued
Section 337 investigations completed by the U.S. International Trade Commission during 1993 and those pending on Dec. 31, 1993

Status of Investigation	Article	Country[1]	Commission Determination
Completed—Continued			
337-TA-346	Magnetic Switches For Coaxial Transmission Lines and Products Containing The Same	Canada	Terminated with prejudice based on withdrawal of complaint.
337-TA-348	In-Line Roller Skates With Ventilated Boots And In-Line Roller Skates With Axle Aperture Plugs and Component Parts Thereof	Canada, Hong Kong, Italy, Taiwan, Austria	Terminated some respondents based on consent orders, other respondents based on patent licensing agreements, and the remaining respondents based on withdrawal of complaint.
337-TA-353	Lens Panels For Lighting Fixtures, Kits Containing Same, and Fixtures Containing Same	Taiwan	Terminated based on withdrawal of complaint.
Pending:			
337-TA-228	Fans with Brushless DC Motors	Japan	Advisory opinion proceeding suspended pending final judgement of U.S. district court.
337-TA-333	Woodworking Accessories	Taiwan	Ancillary proceeding pending before Commission.
337-TA-345	Anisotropically Etched One Megabit and Greater DRAMs, Components Thereof, and Products Containing Such DRAMs	Republic of Korea	Pending before the ALJ.
337-TA-347	Anti-Theft Deactivatable Resonant Tags and Components Thereof	Canada, Bermuda, Japan, Switzerland	Pending before the Commission.
337-TA-349	Diltiazem Hydrochloride and Diltiazem Preparations	Israel, Italy, Finland	Investigation suspended pending completion of U.S. Patent Office re-examination proceeding.
337-TA-350	Sputtered Carbon Coated Computer Disks and Products Containing Same, Including Disk Drives	Japan, Taiwan	Pending before the ALJ.
337-TA-351	Removable Hard Disk Cartridges and Products Containing Same	France	Pending before the ALJ.

See footnote at end of table.

Table A-28—Continued
Section 337 investigations completed by the U.S. International Trade Commission during 1993 and those pending on Dec. 31, 1993

Status of Investigation	Article	Country[1]	Commission Determination
Pending—Continued			
337-TA-352	Personal Computers With Memory Management Information Stored In External Memory and Related Materials	Taiwan	Pending before the ALJ.
337-TA-354	Tape Dispensers	Hong Kong, Taiwan	Pending before the Commission.
337-TA-355	Vehicle Security Systems and Components Thereof	Taiwan	Pending before the ALJ.
337-TA-356	Integrated Circuit Devices, Processes For Making Same, Components Thereof, and Products Containing Same	Japan	Pending before the ALJ.
337-TA-357	Sports Sandals and Components Thereof	Peoples Republic of China	Pending before the ALJ.
337-TA-358	Recombinantly Produced Human Growth Hormones[2]	Denmark, Israel	Pending before the ALJ.
337-TA-359	Dielectric Miniature Microwave Filters and Multiplexers Containing Same	Canada	Pending before the ALJ.
337-TA-360	Devices For Connecting Computers Via Telephone Lines	Taiwan	Pending before the ALJ.
337-TA-361	Portable On-Car Disc Brake Lathes and Components	Germany	Pending before the ALJ.
337-TA-362	Methods of Assembling Plastic Ball Valves and Components	Germany	Pending before the ALJ.

[1] This column lists the countries of the foreign respondents named in the investigation.
[2] Subsequent to the filing of this Section 337 Complaint, the Commission initiated a related Section 603 investigation. The Section 337 investigation was instituted upon termination of the Section 603 investigation.

Source: U.S. International Trade Commission, Office of Unfair Import Investigations.

Table A-29
Outstanding sec. 337 exclusion orders as of Dec. 31, 1993

Investigation No.	Article	Country[1]	Date patent expires
337-TA-44	Certain Roller Units	No foreign respondents	May 24, 1994
337-TA-55	Certain Novelty Glasses	Hong Kong	Non-patent
337-TA-59	Certain Pump-Top Insulated Containers	Korea, Taiwan	Sept. 12, 1995
337-TA-69	Certain Airtight Cast-Iron Stoves	Taiwan, Korea	Non-patent
337-TA-74	Certain Rotatable Photograph and Cards Display Unit and Components Thereof	Hong Kong	Non-patent
337-TA-83	Certain Adjustable Window Shades and Components Thereof	Taiwan	Feb. 7, 1994
337-TA-87	Certain Coin-Operated Audio-Visual Games and Components Thereof	Japan, Taiwan	Non-patent
337-TA-105	Certain Coin-Operated Audio Visual Games and Components Thereof	Japan, Taiwan	Non-patent
337-TA-112	Certain Cube Puzzles	Taiwan, Japan, Canada	Non-patent
337-TA-114	Certain Miniature Plug-In Blade Fuses	Taiwan	Non-patent Aug. 9, 1994 Nov. 8, 1994 Dec. 26, 1995
337-TA-118	Certain Sneakers With Fabric Uppers and Rubber Soles	Korea	Non-patent
337-TA-137	Certain Heavy-Duty Staple Gun Tackers	Taiwan, Hong Kong, Korea	Non-patent
337-TA-139	Certain Caulking Guns	Taiwan, Korea	Mar. 28, 1995
337-TA-140	Certain Personal Computers and Components Thereof	Taiwan, Hong Kong, Singapore, Switzerland	Jan. 23, 1996 July 14, 1998
337-TA-143	Certain Amorphous Metal Alloys and Amorphous Metal Articles	Japan, West Germany	Sept. 9, 1997
337-TA-146	Certain Canape Makers	No foreign respondents	Mar. 22, 1997
337-TA-148 /169	Certain Processes for the Manufacture of Skinless Sausage Casings and Resulting Products	Spain	Non-patent (Order expires Nov. 26, 1994.)
337-TA-152	Certain Plastic Food Storage Containers	Hong Kong, Taiwan	Non-patent
337-TA-161	Certain Trolley Wheel Assemblies	Korea	Aug. 29, 1995
337-TA-167	Certain Single Handle Faucets	Taiwan	Non-patent
337-TA-170	Certain Bag Closure Clips	Israel	Nov. 2, 1999 July 26, 2000
337-TA-174	Certain Woodworking Machines	Taiwan, South Africa	Non-patent Nov. 13, 1996 Mar. 13, 2001
337-TA-195	Certain Cloisonne Jewelry	Taiwan	Non-patent
337-TA-197	Certain Compound Action Metal Cutting Snips and Components Thereof	Taiwan	Non-patent
337-TA-228	Certain Fans With Brushless DC Motors	Japan	Jan. 15, 2002
337-TA-229	Certain Nut Jewelry and Parts Thereof	Philippines, Taiwan	Non-patent
337-TA-231	Certain Soft Sculpture Dolls, Popularly Known as "Cabbage Patch Kids," Related Literature, and Packaging Therefor	No foreign respondents	Non-patent
337-TA-240	Certain Laser Inscribed Diamonds and the Method of Inscription Thereof	Israel	July 12, 2000
337-TA-242	Certain Dynamic Random Access Memories, Components Thereof, and Products Containing Same	Japan, Korea	Aug. 23, 1994 Mar. 28, 1995 Aug. 6, 2002 Sept. 24, 2002
337-TA-254	Certain Small Aluminum Flashlights and Components Thereof	Hong Kong, Taiwan	Mar. 18, 2003
337-TA-266	Certain Reclosable Plastic Bags and Tubing	Singapore, Taiwan, Korea, Thailand, Hong Kong	Non-patent
337-TA-267	Certain Minoxidil Powder, Salts and Compositions for Use in Hair Treatment	Austria, Canada, Finland, Italy, Mexico, Switzerland	Feb. 13, 1996

See footnote at end of table.

Table A-29—Continued
Outstanding sec. 337 exclusion orders as of Dec. 31, 1993

Investigation No.	Article	Country[1]	Date patent expires
337-TA-268	Certain High Intensity Retroreflective Sheeting	Japan	May 24, 1994
337-TA-275	Certain Nonwoven Gas Filter Elements	Holland	Nov. 1, 1994
337-TA-276	Certain Erasable Programmable Read Only Memories, Components Thereof, Products Containing Such Memories, and Processes for Making Such Memories	Republic of Korea	Sept. 16, 1997 July 25, 1995 July 12, 2000 May 21, 2002 Aug. 4, 2004
337-TA-279	Certain Plastic Light Duty Screw Anchors	Taiwan	Non-patent
337-TA-285	Certain Chemiluminescent Compositions and Components Thereof and Methods of Using, and Products Incorporating, the Same	France	Non-patent Feb. 28, 1995 Feb. 2, 1999
337-TA-287	Certain Strip Lights	Taiwan	Non-patent Mar. 15, 2000
337-TA-293	Certain Crystalline Cefadroxil Monohydrate	Italy, Spain, Switzerland	Mar. 12, 2002
337-TA-295	Certain Novelty Teleidoscopes	Hong Kong	Non-patent
337-TA-308	Certain Key Blanks For Keys of High Security Cylinder Locks	Korea	Jan. 13, 2004
337-TA-314	Certain Battery-Powered Ride-On Toy Vehicles and Components Thereof	Taiwan	Sept. 22, 2001 Dec. 10, 2002 Jan. 31, 2003 Dec. 1, 2004 Jan. 27, 2004
337-TA-315	Certain Plastic Encapsulated Integrated Circuits	No foreign respondents	Aug. 23, 1994
337-TA-319	Certain Automotive Fuel Caps and Radiator Caps and Related Packaging and Promotional Materials	Taiwan	Non-patent Apr. 11, 1995 Dec. 11, 1996 June 30, 2004 Aug. 23, 2005
337-TA-320	Certain Rotary Printing Apparatus Using Heated Composition, Components Thereof, and Systems Containing Said Apparatus and Components	France, Spain	Dec. 24, 2002
337-TA-321	Certain Soft Drinks and Their Containers	Colombia	Non-patent
337-TA-324	Certain Acid-Washed Denim Garments and Accessories	Hong Kong, Taiwan, Brazil, Chile	Apr. 26, 2005
337-TA-333	Certain Woodworking Accessories	Taiwan	Feb. 21, 2006
337-TA-337	Certain Integrated Circuit Telecommunication Chips and Products Containing Same, Including Dialing Apparatus	Taiwan	May 1, 2001
337-TA-344	Certain Cutting Tools For Flexible Plastic Conduit and Components Thereof	Taiwan	June 29, 1999

[1] This column lists the countries of the foreign respondents named in the investigation.

Source: U.S. International Trade Commission, Office of Unfair Import Investigations.

Table A-30
U.S. imports for consumption of leading GSP-duty-free goods, 1993

(1,000 dollars)

Rank	HTS subheading No.	Description	Total U.S. imports for consumption	Imports of GSP articles	
				GSP-eligible[1]	GSP duty-free[2]
1	9401.90.10	Parts of seats of a kind used for motor vehicles	$1,139,548	$513,847	$468,041
2	8544.30.00	Insulated ignition wiring sets and other wiring sets	2,252,313	1,972,581	330,343
3	8517.10.00	Telephone sets	996,528	448,434	297,928
4	8525.20.50	Cordless handset telephones	1,053,849	308,948	266,048
5	1701.11.01	Raw cane sugar not flavored or colored	461,547	384,794	252,383
6	9403.60.80	Wooden (except bent-wood) furniture other than seats	1,161,911	349,466	246,290
7	7113.19.50	Articles of jewelry and parts thereof of precious metal	1,894,130	791,996	216,507
8	8708.99.50	Accessories, of motor vehicles of headings 8701 to 8705	5,971,026	571,802	214,795
9	8525.20.30	Transceivers nesi, for radiotelephony, radiotelegraphy	533,147	229,716	201,189
10	8471.92.40	Display units, nesi for automatic data processing machines	4,447,833	378,208	199,217
11	2401.10.40	Oriental or Turkish type cigarette leaf, not stemmed	481,787	344,661	186,451
12	8521.10.60	Color, cartridge or cassette magnetic tape-type video	2,669,818	914,384	185,654
13	8520.20.00	Telephone answering machines	279,458	170,354	166,076
14	9503.90.60	Toys, nesi, not having a spring mechanism	1,060,827	170,561	148,166
15	4409.10.40	Standard wood moldings of pine	167,493	157,485	146,728
16	9502.10.40	Dolls, except stuffed, not over 33 cm in height	421,040	146,901	139,501
17	9503.41.10	Stuffed toys representing animals or non-human creatures	765,511	145,971	139,109
18	7113.19.10	Rope, cable, chain, etc. in continuous lengths, of precious metal	173,261	166,266	136,101
19	7901.11.00	Unwrought zinc, not alloyed	485,526	137,877	133,220
20	8527.39.00	Radiobroadcast receivers nesi, including apparatus	447,215	195,124	126,163
		Total, above items	26,863,768	8,499,376	4,199,910
		Total, all GSP items	222,920,463	41,058,166	19,519,829

[1] These import data show total imports of the top 20 products under an HTS subheading that is eligible for duty-free entry under GSP. For a variety of reasons, all imports from beneficiary countries under HTS provisions that are "eligible" for GSP do not always and necessarily actually receive duty-free entry under GSP. Such "eligible" imports may not actually receive duty-free entry under GSP for at least four types of reasons: (1) the importer fails to claim GSP benefits affirmatively; (2) the goods are from a beneficiary country that has lost GSP on that product or category for exceeding the so-called competitive need limits; (3) the goods are from a beneficiary country that has lost GSP benefits on that product because of a petition to remove that country from GSP for that product; and (4) the goods fail to meet the rule of origin or direct shipment requirements of the GSP statute.

[2] These import data show total imports of the top 20 products that actually received duty-free entry under the GSP.

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

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

Table A-31
U.S. imports for consumption and imports eligible for GSP treatment, by import categories under the Harmonized Tariff Schedule (HTS), 1993
(Million dollars)

HTS section	Description	Total U.S. imports for consumption	Imports of GSP articles	
			GSP-eligible[1]	GSP duty-free[2]
I	Live animals; animal products	9,635	189	133
II	Vegetable products	7,906	1,305	344
III	Animals or vegetable fats, and waxes	963	90	86
IV	Prepared foodstuffs, beverages, and tobacco	12,673	2,092	1,243
V	Mineral products	55,686	101	68
VI	Products of the chemical and allied industries	26,581	1,548	917
VII	Plastics and rubber, and articles thereof	14,843	1,790	1,022
VIII	Hides and skins; leather and articles thereof; travel goods, handbags, and similar containers	5,717	584	479
IX	Articles of wood, cork, or plaiting material	8,820	1,202	724
X	Wood pulp; paper, paperboard, and articles thereof	12,548	246	187
XI	Textiles and textile articles	39,257	482	191
XII	Footwear, and headgear, and artificial flowers	12,744	487	228
XIII	Articles of stone or ceramics; glass and glassware	5,689	783	675
XIV	Pearls; precious stones and metals; jewelry; coin	13,669	1,586	739
XV	Base metals and articles of base metal	28,645	2,383	1,454
XVI	Machinery and mechanical appliances; electrical equipment; parts and accessories thereof	159,317	17,680	6,679
XVII	Vehicles, aircraft, and other transport equipment	96,350	2,777	881
XVIII	Optical, photographic, measuring, and medical apparatus; clocks and watches; musical instruments	20,211	2,113	603
XIX	Arms and ammunition; parts and accessories	682	61	29
XX	Miscellaneous manufactured articles	20,741	3,559	2,838
XXI	Works of art, collectors' pieces and antiques	2,661	0	0
XXII	Special classification provisions	17,906	0	0
	Total, above items	573,245	41,058	19,520

[1] The import data show total imports, by sector, that are reported in an HTS provision that is eligible for duty-free entry under GSP. For a variety of reasons, all imports from beneficiary countries under HTS provisions that appear to be "eligible" for GSP do not always and necessarily actually receive duty-free entry under GSP. Such "eligible" imports may not actually receive duty-free entry under GSP for at least four types of reasons: (1) the importer fails to claim GSP benefits affirmatively; (2) the goods are from a beneficiary country that has lost GSP benefits on that product for exceeding the so-called competitive need limits; (3) the goods are from a beneficiary country that has lost GSP benefits on that product because of a petition to remove that country from GSP for that product; and (4) the goods fail to meet the rule of origin or direct shipment requirements of the GSP statute.

[2] These import data show the total imports, by sector, that actually received duty-free entry under the GSP.

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

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

Table A-32
U.S. imports for consumption of leading CBERA duty-free imports, 1992-93
(1,000 dollars)

HTS No.	Description	1992	1993
6406.10.65	Footwear uppers, other than formed, of leather	132,127	162,741
2918.90.30	Aromatic drugs derived from carboxylic acids with additional oxygen	78,594	152,260
1701.11.00	Raw cane sugar not flavored or colored	193,629	130,974
0202.30.60	Nonretail cuts of meat of bovine animals, frozen, boneless, nesi	68,581	113,250
7113.19.50	Articles of jewelry and parts of precious metal, nesi	40,038	84,682
0201.30.60	Nonretail cuts of meat of bovine animals, fresh, chilled boneless, nesi	55,125	64,556
9018.90.80	Instruments and appliances, medical, surgical dental and other	42,656	53,103
0807.10.20	Cantaloupes, fresh, if entered from 9/16-7/31	35,693	44,844
2207.10.60	Undenatured ethyl alcohol of 80 percent volume alcohol, for nonbeverage use	23,830	40,690
2402.10.80	Cigars, cheroots and cigarillos containing tobacco valued over $.23 each	32,721	38,539
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates	33,742	35,431
0302.69.40	Fish, nesi, excluding fillets, livers and roes, fresh or chilled	20,129	28,138
8516.31.00	Electrothermic hair dryers	20,213	26,991
8535.40.00	Lightning arrestors, voltage limiters and surge suppressors	5,612	26,946
2401.10.60	Cigarette leaf not stemmed not oriental or turkish	20,294	25,916
0807.10.70	Melons, nesi, fresh, if entered from 12/1-5/31	20,057	24,227
7113.19.10	Rope, curb, etc. in continuous lengths, of precious metal	13,849	22,825
9506.69.20	Baseballs and softballs	21,610	22,532
7213.31.30	Bars and rods, hot-rolled, of iron or non-alloy steel	15,421	21,679
2401.20.80	Tobacco, partly or wholly stemmed (stripped)	15,788	21,024
	Total of above items	889,709	1,141,348
	Total, all items entering under CBERA	1,498,556	1,903,613

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

Table A-33
U.S. imports for consumption from CBERA countries, customs value of duty-free imports by designated country, 1989-93

(1,000 dollars)

Rank	Country	1989	1990	1991	1992	1993
1	Dominican Republic	299,174	311,075	402,507	543,124	657,673
2	Costa Rica	190,756	218,380	249,553	294,803	388,252
3	Guatemala	112,627	154,205	137,157	189,649	208,262
4	Bahamas	9,086	8,578	10,652	93,324	167,110
5	Honduras	52,648	67,891	80,464	112,511	127,399
6	Jamaica	51,543	60,689	60,080	48,154	76,496
7	Nicaragua[1]	(3)	174	16,849	40,018	74,408
8	Trinidad and Tobago	32,369	38,274	26,542	44,695	44,602
9	Panama[2]	(3)	12,344	17,417	23,753	38,524
10	Haiti	67,549	63,793	50,053	17,277	33,378
11	El Salvador	27,606	28,313	30,041	27,075	26,530
12	Barbados	14,851	15,198	15,728	15,478	20,177
13	St. Kitts and Nevis	14,033	10,136	5,857	14,172	15,986
14	Belize	14,029	18,566	5,445	23,733	12,526
15	St. Lucia	2,971	3,552	3,195	3,935	4,463
16	Netherlands Antilles	2,530	4,518	5,241	2,964	3,490
17	Dominica	844	1,330	1,365	1,008	1,293
18	Guyana	2,769	521	506	1,202	1,246
19	Antigua	2,310	675	548	324	1,111
20	Montserrat	96	0	0	41	271
21	St. Vincent and Grenadines	5,642	1,517	140	165	233
22	Grenada	2,201	2,809	1,307	1,081	144
23	Aruba	0	4	0	10	21
24	British Virgin Islands	138	157	52	68	17
	Total	905,762	1,022,686	1,120,697	1,498,556	1,903,613

[1] Nicaragua was designated as a beneficiary effective Nov. 8, 1990.
[2] Panama lost its beneficiary status effective Apr. 8, 1988, and was reinstated effective Mar. 1990.
[3] Not applicable.

Note.—Figures may not add to the totals given due to rounding.

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

Table A-34

U.S. imports for consumption from Andean countries, customs value of duty-free imports under ATPA by designated country, 1992-93

(1,000 dollars)

Rank	Country	1992	1993
1	Colombia	95,024	323,369
2	Ecuador	([1])	34,335
3	Bolivia	2,093	32,124
4	Peru	([1])	11,594
	Total	97,117	401,421

[1] Not applicable. Ecuador and Peru were not designated as beneficiaries until 1993.

Note.—Figures may not add to the totals given due to rounding.

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

Table A-35
U.S. imports for consumption of leading Andean Trade Preference Act (ATPA) duty-free imports, 1993
(1,000 dollars)

HTS no.	Commodity	1993
0603.10.70	Chrysanthemums, standard carnations, anthuriums and orchids	$122,488
0603.10.60	Roses, fresh cut	86,468
3921.12.11	Certain cellular plastics	26,077
0603.10.80	Cut flowers and flower buds suitable for bouquets	21,597
7113.19.50	Articles of jewelry and parts thereof of precious metals	19,942
0603.10.30	Miniature (spray) carnations, fresh cut	12,617
0302.69.40	Fish, nesi, excl. fillets, livers and roes, fresh or chilled	9,912
7113.19.29	Necklaces and neck chains of gold, nesi.	8,812
4202.11.00	Trunks, suitcases, vanity cases, occupational luggage	6,786
1604.14.40	Tunas and skipjack, not in airtight containers, not.	5,467
4202.91.00	Cases, bags and containers nesi, with outer surface.	5,285
0709.20.90	Asparagus, nesi, fresh or chilled.	4,589
7113.19.10	Rope, curb, etc. in continuous lengths, of base metal clad with precious metal	4,021
7801.10.00	Refined lead, unwrought.	2,549
3808.20.20	Fungicides, nesi, which contain thioamide, thiocarbamate, etc.	2,451
4421.90.95	Other articles of wood	2,149
7312.10.30	Stranded wire of iron or steel (except stainless steel)	2,067
4412.29.50	Veneer panels and similar laminated wood, nesi	2,046
4202.21.90	Handbags, with or without shoulder strap	2,035
6908.10.50	Glazed ceramic tiles, cubes & similar articles	1,870
	Total of items shown	349,228
	Total other	52,193
	Total all commodities	401,421

Note.—Top 20 commodities sorted by imports for consumption, customs value in 1993.
Source.—Compiled from official statistics of the U.S. Department of Commerce.

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Other Recent USITC Publications

Potential Impact on the U.S. Economy and Industries of the GATT Uruguay Round Agreements: Volume 1 and Volume 2 (Inv. 332-353, USITC Publication 2790 (Vol. 1) and 2791 (Vol. 2), June 1994). This report reviews and analyzes studies of the economy-wide effects of the General Agreement on Tariffs and Trade Uruguay Round Agreements and analyzes the impact of both tariff and nontariff provisions of the Uruguay Round Agreements on the agricultural, industrial, and service sectors of the U.S. economy.

Semiannual Steel Monitoring Report: U.S. Conditions (Inv. 332-327, USITC Publication 2759, April 1994). MUST BE PURCHASED FROM GPO. This report, based on a survey of steel producers and processors, examines current conditions in the U.S. steel industry, including developments in steel capacity, production, capital expenditures, environmental expenditures, spending on research and development, employment, and financial performance. (To order from GPO, cite *Steel Semiannual Monitoring Report* and send your check for $7.00 ($8.75 foreign) or provide your VISA or MasterCard number and expiration date to Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15220-7954 (FAX to 202-512-2233)).

U.S. Imports of Textiles and Apparel Under the Multifiber Arrangement: Annual Report for 1993 (Inv. 332-343, USITC Publication 2763, March 1994). This report is the second of three annual reports on U.S. imports of textiles and apparel under the Multifiber Arrangement (MFA). The MFA is a multilateral agreement which provides a general framework and guiding principles for the negotiation of bilateral agreements between textile importing and exporting countries, or for unilateral action by an importing country if an agreement cannot be reached. The United States maintains quotas on MFA goods from some 40 countries that supply almost 80 percent of the import volume of such products.

Production Sharing: U.S. Imports Under Harmonized Tariff Schedule Provisions 9802.00.60 and 9802.00.80, 1989-1992 (Inv. 332-237, USITC Publication 2729, February 1994). This report, updated each year, assesses by industry sector the products and countries that make use of the production sharing provisions of the Harmonized Tariff Schedule of the United States, which provide reduced tariff treatment for eligible goods that are processed in foreign locations but contain U.S.-made components. This report also examines the implications of the North American Free-Trade Agreement for the maquiladora industry in Mexico and phased-in access to the Mexican market for maquila production.

Synthetic Organic Chemicals, U.S. Production and Sales, 1992 (Inv. 332-135, USITC Publication 2720, February 1994). This report contains 1992 data about synthetic organic chemicals, the raw materials for many consumer and industrial products. The report is one of the few publicly available reports containing such comprehensive information. It covers about 6,000 individual chemicals and chemical products and includes a list of manufacturers of each item for which production and/or sales was reported. The report presents data aggregated in the format of the *Harmonized Tariff Schedule of the United States* on an 8-digit basis.

Selected Publications of the United States International Trade Commission (USITC Publication 2776, May 1994). This publication lists selected publications issued by the U.S. International Trade Commission that are currently in print.

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