

THE YEAR IN TRADE

1992

OPERATION OF THE TRADE
AGREEMENTS PROGRAM

44TH REPORT

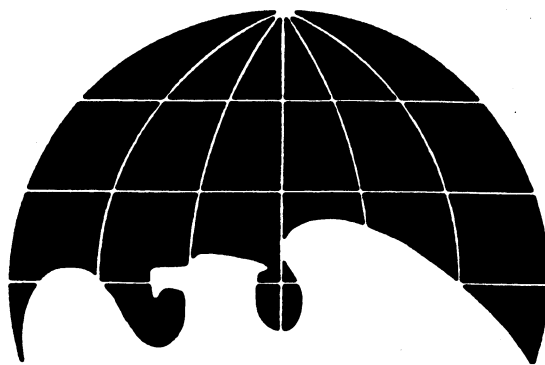


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**44th REPORT
1992**



UNITED STATES

INTERNATIONAL

TRADE COMMISSION

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JULY 1993**

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U.S. International Trade Commission

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TABLE OF CONTENTS

	<i>Page</i>
Introduction	
Trade policy in 1992	ix
The international economic environment and world trade in 1992	xiii
North America	xiv
European Community	xvii
Asia	xviii
Latin America	xx
Central and Eastern Europe/and the Former Soviet Union	xx
Chapter 1. North American Free-Trade Agreement	
Reaching an accord	1
The final NAFTA text: Selected topics	1
Tariffs	2
Rules of origin	2
Auto and auto parts	2
Textiles and apparel	3
Standards	3
Services	4
Government procurement	5
Foreign investment	5
Emergency actions	5
Dispute settlement	6
Intellectual property rights	6
Agriculture	6
Energy	7
Parallel issues	7
Labor	7
Environment	8
The next steps	9
Chapter 2. The General Agreement on Tariffs and Trade (GATT)	
The Uruguay Round	15
Agriculture	18
Services	20
Market access	22
Yearend discussions	23
Principal GATT activities	24
Dispute settlement	24
Reviews of free-trade areas	28
Environment	29
Organization for Economic Cooperation and Development	37
Export credit arrangement	37
Investment codes	38
United Nations Conference on Trade and Development	39
UNCTAD VIII	39
The Generalized System of Preferences	40
Restrictive business practices	40
Negotiation and operation of international commodity arrangements	40

TABLE OF CONTENTS—Continued

	<i>Page</i>
Chapter 3. Other multilateral trade agreement activities— Continued	
The Generalized System of Preferences	40
Restrictive business practices	40
Negotiation and operation of international commodity arrangements	40
Other trade-related activities	43
Enterprise for the Americas Initiative	43
Chapter 4. U.S. relations with major trading partners	
The European Community	47
Blair House agreement—Oilseeds	47
Third Country Meat Directive	49
Airbus	50
EC integration and enlargement	51
Canada	54
Beer	54
Lumber	56
Interprovincial trade barriers	57
Automobile content dispute	58
Japan	58
Automobiles and parts	59
Semiconductors	60
Machine tools	61
Paper and paper products	62
Mexico	62
The Pact for Stability, Competitiveness and Employment	63
Efforts to control the trade deficit	64
Agricultural reform	66
China	67
Agreement on intellectual property rights	67
Market-access agreement	68
China and the GATT	69
Taiwan	70
Protection of intellectual property rights	70
GATT application	71
Trade and investment framework agreement	72
Republic of Korea	72
Telecommunications	73
Trade and investment agreement	73
Korean 5-year plan	74
Chapter 5. Administration of U.S. trade laws and regulations	
Import relief laws	89
Safeguard actions	89
Market disruption	89
Adjustment assistance	89
Laws against unfair trade practices	90
Antidumping investigations	91
Countervailing-duty investigations	91
Reviews of outstanding antidumping and countervailing-duty orders	92
Enforcement of trade agreements and response to unfair foreign practices	92
Section 337 investigations	93

TABLE OF CONTENTS—Continued

	<i>Page</i>
Chapter 5. Administration of U.S. trade laws and regulations—Continued	
Other import administration laws and programs	97
Generalized System of Preferences	97
Caribbean Basin Economic Recovery Act	99
Andean Trade Preference Act	99
Arrangement Regarding International Trade in Textiles	100
Steel import program	104
Figures	
A. Selected trade events, 1992	x
B. U.S. merchandise trade with the world, by product sectors, 1992	xv
C. U.S. exports, imports, and trade balances with major trading partners, 1992	xvi
2-1. Recent disputes under the Tokyo Round agreements	26
5-1. U.S. imports of textiles and apparel by major suppliers, 1985 and 1992	103
Tables	
2-1. Contracting Parties to the GATT: Status as of Dec. 31, 1992	16
2-2. Signatories to the Tokyo Round agreements: Status as of Dec. 31, 1992	17
3-1. Summary of international commodity agreements, 1992	42
4-1. Share of U.S. apparent consumption of Japanese machine tools allowed under the 1992 U.S.–Japan VRA	62
5-1. Summary of activity on Sec. 301 investigations during 1992	94
5-2. U.S. imports for consumption from GSP beneficiaries and the world, 1992	97
5-3. U.S. imports for consumption under the GSP from leading beneficiaries, and total, 1992	98
5-4. U.S. imports for consumption from countries designated under CBERA, by duty treatments, 1990–92	100
5-5. U.S. imports for consumption from countries designated under ATPA provisions, by duty treatments, 1992	101
5-6. Countries with U.S. textile and apparel agreements or quotas: U.S. general imports of textiles and apparel subject to the MFA, in 1991, and expiration dates of agreements or quotas in place during 1991, as of July 13, 1992	102
Appendix Statistical tables	
A-1. U.S. merchandise trade with Canada, by SITC Nos. (revision 3), 1990–92	110
A-2. Leading exports to Canada, by HTS number, 1990–92	111
A-3. Leading imports from Canada, by HTS number, 1990–92	112
A-4. U.S. merchandise trade with Mexico, by SITC Nos. (revision 3), 1990–92	113
A-5. Leading exports to Mexico, by HTS number, 1990–92	114
A-6. Leading imports from Mexico, by HTS number, 1990–92	115
A-7. U.S. merchandise trade with the European Community, by SITC Nos. (revision 3), 1990–92	116
A-8. Leading exports to the European Community, by HTS number, 1990–92	117
A-9. Leading imports from the European Community, by HTS number, 1990–92	118
A-10. U.S. merchandise trade with Japan, by SITC Nos. (revision 3), 1990–92	119
A-11. Leading exports to Japan, by HTS number, 1990–92	120
A-12. Leading imports from Japan, by HTS number, 1990–92	121

TABLE OF CONTENTS—Continued

	<i>Page</i>
Appendix Statistical tables—Continued	
A-13. U.S. merchandise trade with Korea, by SITC Nos. (revision 3), 1990-92	122
A-14. Leading exports to Korea, by HTS number, 1990-92	123
A-15. Leading imports from Korea, by HTS number, 1990-92	124
A-16. U.S. merchandise trade with Taiwan, by SITC Nos. (revision 3), 1990-92	125
A-17. Leading exports to Taiwan, by HTS number, 1990-92	126
A-18. Leading imports from Taiwan, by HTS number, 1990-92	127
A-19. U.S. merchandise trade with China, by SITC Nos. (revision 3), 1990-92	128
A-20. Leading exports to China, by HTS number, 1990-92	129
A-21. Leading imports from China, by HTS number, 1990-92	130
A-22. Countervailing duty actions reported by signatories to the GATT Committee on Subsidies and Countervailing Measures, by reporting countries, 1992	131
A-23. Antidumping actions reported by signatories to the GATT Committee	133
A-24. Antidumping cases active in 1992, filed under authority of title VII of the Tariff Act of 1930, by final outcome and by USITC investigation number	143
A-25. Antidumping orders and findings in effect as of Dec. 31, 1992	148
A-26. Countervailing cases active in 1992, filed under authority of sec. 303 or title VII of the Tariff Act of 1930, by final outcome and by USITC investigation number	153
A-27. Countervailing duty orders and findings in effect as of Dec. 31, 1992	155
A-28. Section 337 investigations completed by the U.S. International Trade Commission during 1992 and those pending on Dec. 31, 1992.	157
A-29. Outstanding sec. 337 exclusion orders as of Dec. 31, 1992	159
A-30. U.S. imports for consumption of leading GSP-duty free imports, 1992	161
A-31. U.S. imports for consumption and imports eligible for GSP treatment, by import categories based on the Harmonized Tariff Schedule (HTS), 1992	162
A-32. U.S. imports for consumption of leading CBERA duty-free imports, 1989-92	163
A-33. U.S. imports for consumption, designated and nondesignated countries under the CBERA, 1988-92	164
A-34. U.S. imports for consumption of leading Andean Trade Preference Act (ATPA) duty free imports, 1992	165
List of Abbreviations & Acronyms	167
Index	169

INTRODUCTION

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 a 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 44th in a series to be 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 the present introduction, five chapters, a statistical appendix, and an index. Chapter 1 focuses on special topics—for this edition, the North American Free Trade Agreement (NAFTA). Chapter 2 focuses on activities in the General Agreement on Tariffs and Trade (GATT), the main area of multilateral trade agreement activities. Activities in forums other than the GATT are reported in chapter 3. Chapter 4 discusses bilateral relations between the United States and its major trading partners. Actions taken under U.S. laws, including decisions taken on remedial actions available to U.S. industry and labor, are discussed in chapter 5. The period covered in the report is calendar year 1992, although events in early 1993 are occasionally mentioned to help the reader understand developments more fully. The sections below sketch the policy and international economic environment within which U.S. trade policy was conducted in 1992.

Trade Policy in 1992

Progress on international trade issues proceeded slowly during 1992 against a backdrop of economic uncertainty in major industrialized countries and political upheaval in key areas of the world. Much of Europe was mired in weak growth and high unemployment, the Japanese economy entered a

slowdown, and the U.S. recovery was relatively weak. Election campaigns in the United States and England, political unrest in the former Soviet Union, and the civil war in the former Yugoslavia were among the issues dominating the attention of policymakers and fueling nationalist sentiments. Although multilateral liberalization efforts had difficulty gaining momentum, global trade flows expanded at a healthy clip, and international trade bodies dealt with a wide variety of trade issues. Among the thorniest issues considered by the GATT was the increasing tension between trade and environmental concerns—a subject made more urgent by the "Earth Summit" held in Rio de Janeiro, Brazil, in June.³ Regional economic integration efforts accelerated in North America and Asia but faced several setbacks in Western Europe. (See figure A for a listing of significant events in trade during the year.) Continued progress in economic reform was made by many developing countries and formerly Communist countries. Mexico's far-reaching agrarian reform effort, launched in January 1992, was just one example of such steps.

The Uruguay Round of multilateral trade negotiations, in its 6th year during 1992, fell victim once again to political exigencies. The Round is the most comprehensive and far-reaching trade-negotiating effort ever pursued, involving 115 nations and promising improved coverage of the vast majority of trade in goods, as well as services, investment, and intellectual property for the first time. A comprehensive text introduced by GATT Director-General Arthur Dunkel in late 1991 was accepted as the basis for further negotiations, and these proceeded in 1992 along a four-track approach that subsumed the previous efforts of seven issue-specific negotiating groups.

Differences between the European Community (EC) and the United States in the area of agriculture continued to weigh down the talks, stalling progress on most other fronts until late in the year. Some progress on one major area of unfinished business—rules on trade in services—was made at the technical level, however. The resolution of the longstanding U.S.-EC oilseed dispute in late November 1992 and apparent agreement (referred to as the "Blair House agreement") on a formula for

Figure A
Selected Trade Events, 1992

January

Jan. 4 – Mexico launches comprehensive agrarian reform program, reversing 7 decades of farming dominated by communal land ownership

Jan. 7–10 – President Bush visits Japan to hold talks on trade

Jan. 13 – GATT Trade Negotiations Committee meets to discuss the comprehensive package of Uruguay Round results proposed by Director-General Arthur Dunkel in December 1991; relaunched negotiations

Jan. 17 – United States and China announce agreement improving intellectual property rights (IPR) protection in China

Jan. 28 – Members of the Association of Southeast Asian Nations (ASEAN) announce plans for a free-trade area by 2008

February

Feb. 7 – The Treaty on European Union (Maastricht Treaty) signed by EC governments reflecting commitment to monetary and political union

Feb. 8 – 25 – Eighth quadrennial conference of the United Nations Conference on Trade and Development (UNCTAD) held in Cartagena, Colombia

Feb. 18 – United States requests waiver of GATT most-favored-nation obligation to implement the Andean Trade Preference Act (ATPA)

Feb 28 – U.S. Eximbank opens its programs to Russia

March

Mar. 31 – Voluntary restraint agreements (VRAs) on U.S. steel imports expire

April

Apr. 29 – United States names India, Taiwan, and Thailand as priority countries under the Special 301 provision of the 1988 Trade Act for failure to provide adequate intellectual property protection

Apr. 29 – United States grants an exception to its embargo on trade with Vietnam to allow sales of food, medicine, and agricultural supplies

May

May 2 – EC and European Free Trade Association sign treaty creating European Economic Area (EEA)

May 13 – President Bush announces U.S. intent to negotiate a free-trade agreement with Chile upon conclusion of the North American Free Trade Agreement (NAFTA)

May 18–19 – Ministerial meeting of the Organization for Economic Cooperation and Development (OECD) Council

June

June 1 – Russia joins the International Monetary Fund

June 2 – Maastricht Treaty defeated in Danish referendum

June 3 – 14 – “Earth Summit” held in Rio de Janeiro, Brazil; overlap between trade and environmental policies discussed

June 5 – United States and Taiwan announce IPR accord

June 30 – U.S. steel producers file 84 antidumping and countervailing-duty complaints against numerous foreign steelmakers

June 30 – United States signs agreements with Japan and Taiwan extending their restraints on machine tool exports through 1993

Figure A—Continued
Selected Trade Events, 1992

July

- July 6 - Leaders of the seven leading industrial nations meet in Munich, Germany
- July 6 - United States designates Bolivia and Colombia as ATPA beneficiaries retroactive to Jan. 1, 1992
- July 7 - United States announces bans on certain Chinese goods, claiming prison labor is used in their production
- July 17 - United States and the EC sign agreement limiting government support for large civil aircraft manufacturers such as Airbus

August

- Aug. 12 - Completion of negotiations on the North American Free-Trade Agreement is announced
- Aug. 24 - Korea and China normalize relations

September

- Sept. 9 - United States and Korea conclude Presidents' Economic Initiative talks
- Sept. 10-11 - Ministers of the Asia-Pacific Economic Cooperation (APEC) forum meet in Bangkok; announce that the United States will assume chairmanship of the regional organization in 1993
- Sept. 17 - Participation of the British pound sterling and the Italian lira in the EC's Exchange Rate Mechanism (ERM) is suspended. Realignment of several other currencies follows
- Sept. 20 - Maastricht Treaty narrowly approved by French voters

October

- Oct. 10 - United States and China sign a market access agreement easing many Chinese import restrictions, removing an obstacle to China's GATT accession
- Oct 23 - President Bush signs the Cuban Democracy Act tightening U.S. economic sanctions against Cuba
- Oct. 25 - President Bush signs the Freedom Support Act authorizing U.S. humanitarian, economic, and technical assistance to the former Soviet Union

November

- Nov. 3 - Arkansas Governor Bill Clinton defeats incumbent George Bush to become 42d President of the United States
- Nov. 13 - United States and the EC reach agreement on sanitary standards for meat processing and meat inspection, improving prospects for a resumption of U.S. exports of beef and pork previously banned by the EC
- Nov. 20 - United States and the EC reach agreement over reform of EC oilseeds regime as well as key differences in the Uruguay Round

December

- Dec. 2-3 - 48th session of Contracting Parties to the GATT. Decision to actively seek political level agreement on a Uruguay Round package reached
- Dec. 6 - Switzerland rejects the EEA treaty, forcing renegotiation
- Dec. 17 - NAFTA is signed by the heads of state in the participating nations
- Dec. 21 - The Czech and Slovak Republic, Hungary, and Poland sign Central European Free-Trade Agreement
- Dec. 22 - Japan and the United States agree to extend agreement on procurement by Nippon Telegraph and Telephone for another 3 years
- Dec. 31 - The European Community formally becomes a single, frontier-free market with more than 90 percent of the measures needed to remove intra-EC barriers in place

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

attaining U.S./EC Uruguay Round agriculture objectives removed a major stumbling block to the negotiations. The talks resumed in early December in an effort to reach political agreement before yearend. However, uncertainty surrounding the change in U.S. administrations and dissatisfaction among some EC members about the Blair House agreement weakened the will to come to closure. With upcoming national elections, France signaled that it might seek a reopening of the Blair House accord. Negotiations on the Round did not resume until late March 1993.

Key regional trade pacts—among them the NAFTA and the free-trade area agreement among six rapidly developing East Asian economies belonging to the Association of Southeast Asian Nations (ASEAN)⁴—were concluded successfully, as were a number of sectoral and bilateral accords. Trade agreements activities in multilateral organizations other than the GATT also made some breakthroughs.

Completion of the NAFTA negotiations was announced in August 1992. The continentwide agreement is expected to liberalize trade in goods and services, ease investment barriers, strengthen intellectual property rights (IPR) protection, and foster greater cooperation among the three nations on economic and other matters. The agreement was formally signed in December by President Bush, Mexican President Carlos Salinas, and Canadian Prime Minister Brian Mulroney. At yearend the agreement was awaiting submission to each national legislative body for approval.

NAFTA is expected to serve as a model for the negotiation of free-trade agreements with other Latin American countries. In May 1992 President Bush announced the United States' intent to enter into negotiations with Chile toward a free-trade agreement upon enactment of NAFTA. Negotiation of trade and investment agreements with other countries of Central and South America under the auspices of the Enterprise for the Americas Initiative continued, with 30 accords finalized by yearend. Meanwhile, the President formally implemented the Andean Trade Preferences Act with the July 1992 designation of Bolivia and Colombia as beneficiaries. Most countries in the Caribbean Basin, meanwhile, continued to benefit from preferential tariff and quota treatment under the U.S. Caribbean Basin Economic Recovery Act. The proportion of total U.S. imports from countries benefiting from such preferences reached an all-time high of 16 percent in 1992.

The Organization for Economic Cooperation and Development (OECD) renewed and updated its arrangement on export credits. The tying of such credit to the purchase of donor country goods and services has been a longstanding concern of the United States. The new arrangement represents a greater level of discipline and cooperation on such matters than did previous accords. Tied-aid credit will be subject to greater scrutiny and justification among OECD members.

The quadrennial meeting of the United Nations Conference on Trade and Development (UNCTAD) in February 1992 was marked by major steps toward institutional reform. Heretofore, the work of UNCTAD was generally carried out through groups of countries, divided along political-economic lines. Known as the "group system," this division of responsibilities contributed to tension and combativeness in many UNCTAD deliberations. Participants in the 1992 conference agreed unanimously to abandon the group system, a step expected to revitalize UNCTAD and ensure greater participation among members. Moreover, participants agreed that future UNCTAD efforts would take a market-oriented approach to developing country trade objectives, a step both welcomed by the United States and reflective of the substantial change in economic thinking within key developing countries over the previous 4 years.

On the sectoral front, the expiration of voluntary restraint agreements on steel, continuation of quantitative limits on textiles and apparel, negotiation of new "voluntary restraints" on machine tool shipments by Japan and Taiwan, and the filing of numerous complaints under U.S. antidumping and countervailing-duty laws by U.S. steelmakers dominated 1992 developments.

Though occasionally contentious, U.S. bilateral trade negotiations with key trading partners were fairly productive in 1992. By yearend the United States and the EC reported apparent resolution of several longstanding disputes notably on oilseeds and development subsidies provided to domestic civil aircraft makers such as Airbus. U.S. efforts to influence the Community's single-market program—a comprehensive initiative launched in 1985 to remove all internal barriers to flows of goods, services, capital, and people by yearend 1992—were somewhat successful. Tensions over some EC policies such as government procurement remained, however.

The extent of economic disarray in the former Soviet Union and the problems associated with economic restructuring in Central and Eastern Europe were painfully apparent throughout the year. While

the EC continued to provide the major share of financial and other assistance to its Eastern neighbors, the United States added some 80 products to the list of items eligible for duty-free treatment after a special review of the Generalized System of Preferences (GSP) was completed in mid-June. It also undertook a review of the entire GSP program, which is slated to expire in mid-1993 unless renewed. The program provided 140 beneficiary countries with duty-free treatment of nearly \$17 billion in U.S. imports in 1992.

Although the United States and Canada worked towards a NAFTA accord, bilateral disputes over beer, lumber, and automotive content filled headlines with news of bitter disagreements and acts of retaliation. At yearend the two sides were engaged in several trade skirmishes and mutual dumping and subsidy complaints, even as they agreed to accelerate tariff reductions associated with the 1988 U.S.-Canada Free-Trade Agreement and availed themselves of its dispute-settlement provisions for less contentious matters.

The progressive improvement that characterized U.S.-Mexican relations in the past few years was capped with the December signing of the NAFTA. At the same time, relations between the two countries came under some strain in the final quarter of 1992. Opposition to the final NAFTA accord by some U.S. interests intensified, and the Salinas Administration, although known as market-oriented and friendly to the United States, imposed several measures that frustrated U.S. exporters. Mexico's actions came in the face of its widening overall trade deficit, exchange-rate pressures, and renewed worries about its rising external indebtedness. Meanwhile, Presidential candidate Bill Clinton's call for side accords on environmental and labor matters as a condition for final approval of the NAFTA accord met with a degree of concern in Mexico City, over potential U.S. interference in internal matters.

The United States and Japan formally agreed on steps to resolve several sectoral matters as an adjunct to President Bush's January 1992 meeting with Prime Minister Miyazawa. However, misunderstanding and charges of bad faith ultimately surrounded bilateral accords on auto parts and semiconductors and set the two countries up for future debate over whether specific sales and market share "goals" were a necessary policy option. In June 1992 Japan issued for the first time its own report chronicling U.S. and other foreign trade barriers as a counterpoint to the U.S. annual report on foreign trade barriers. Publicly chafing at continued U.S. pressure over issues such as opening its market to foreign rice in the Uruguay

Round, Japan asserted that the economic slowdown and flagging consumer and business confidence were the real causes of falling U.S. sales there.

Elsewhere in Asia, U.S. relations improved with the signing of bilateral market access and IPR agreements with China, a telecommunications agreement with Korea, and an agreement to intensify dialogue with Taiwan on outstanding trade and investment concerns. A small step towards resuming trade with Vietnam was also taken in April when Vietnam was granted an exception to the economic embargo for purchase of goods to meet basic human needs. The formally separate but politically linked GATT applications of China and Taiwan began to receive serious consideration by yearend, raising the prospect that two significant U.S. import suppliers could soon be full-fledged members of the world trade organization. The region also moved closer to the top of the U.S. trade policy agenda with the September announcement that the United States would assume the chairmanship of the 15-nation Asia-Pacific Economic Cooperation forum in January 1993.

The International Economic Environment and World Trade in 1992⁵

World real output grew at an estimated annual rate of 0.8 percent in 1992,⁶ higher than the growth rate of 0.3 percent in 1991 but much lower than the 2.2-percent rate recorded in 1990. The relatively lackluster growth in world output reflected the continued sluggish growth in major industrial countries and in Latin America. Output in Eastern Europe and the former Soviet Union actually declined. Asia, meanwhile, continued its strong economic performance.

World trade grew faster than world output in 1992. GATT estimates show that world merchandise trade volume grew by 4.5 percent in 1992, up from 3.0-percent growth in 1991.⁷ The nominal value of world trade expanded by 5.5 percent, to \$3.7 trillion in 1992, compared with 3.5-percent growth in 1991. World trade in commercial services is estimated to have grown by 8 percent, to \$960 billion.

In the 24 industrialized countries of the OECD group, output grew by an estimated 1.5 percent in 1992, from an actual growth rate of 0.8 percent in 1991.⁸ Inflation was estimated at 3.5 percent in 1992, lower than the 4.8-percent rate registered in 1991. Unemployment rose to 7.9 percent in 1992 from 6.8 percent in 1991. OECD exports increased by 3.7 percent in 1992, compared with a 2.8-percent increase

in 1991; imports increased by 4.3 percent, compared with a 2.6-percent increase in 1991.

In developing countries the liberalization of domestic and trade policies improved growth prospects. The real output of developing countries grew by an estimated 6.2 percent in 1992 compared with an actual rate of 3.2 percent in 1991. Brisk output gains were recorded in the Middle East, which expanded by 9.9 percent, and in Asia's newly industrializing economies (NIEs),⁹ which expanded at an estimated rate of 6.6 percent. Developing countries in the Western Hemisphere experienced a growth slowdown, increasing output by 2.7 percent on average.

Debt remained a major concern for several developing nations, particularly the least developed. The International Monetary Fund (IMF) statistics show that the external debt of all developing countries increased by an estimated \$51 billion in 1992, to \$1,564 billion. Some indebted countries experienced faster growth in output and in exports than in debt, and thus their creditworthiness improved. However, arrears of the severely indebted groups grew rapidly.

North America

Output and productivity in the United States, Canada, and Mexico rose in 1992. Total exports by North America increased to \$590.5 billion, whereas regional imports increased to \$701.2 billion. Regional economic integration in North America is expected to further enhance productivity and increase regional output and trade.

United States

In the United States real output grew in May 1992 by 2.1 percent after falling by 1.8 percent in 1991. Real personal consumption spending, the major component of aggregate demand, increased by 2.2 percent, following a decline of 0.6 percent in 1991, reflecting an improvement in consumer confidence and a rise in personal income. Real private domestic fixed investment, bolstered by declining long-term interest rates, lower unit labor costs, and higher capital returns, rose by 3.0 percent after declining by 7.0 percent in 1991. Subdued inflation (to an annual rate of 3.5 percent) allowed the Federal Reserve to undertake a series of actions to strengthen domestic demand and increase bank lending. Bank reserve requirements were reduced, and key interest rates fell to their lowest levels in decades.

Nevertheless, aggregate demand remained weak relative to past recoveries. High levels of consumer and business debt, more cautious bank-lending practices, and the drag of structural adjustments all combined to restrain employment and demand growth. Real Federal Government spending, restrained by the recession and by the Omnibus Budget Reconciliation Act of 1990, decreased by 3.2 percent. The Federal budget deficit deepened in 1992 to \$290 billion (or 4.8 percent of GDP) from \$269 billion in 1991. The sluggish economy reduced government revenue at the same time that the bailout of savings and loan institutions required higher outlays. The unemployment rate rose to 7.3 percent in 1992 from 6.7 percent in 1991.

In the foreign sector the United States ranked as the world's largest merchandise exporter in 1992, followed by Germany and Japan. However, the strengthening of domestic demand led to increased imports. As a result, the 1992 merchandise trade deficit rose to \$100.1 billion (or 1.7 percent of GDP) from \$82.9 billion in 1991 but was considerably lower when compared with the 1990 deficit of \$116.8 billion. Exports rose by 6.0 percent in 1992, to an all-time high of \$425.0 billion. Imports increased by 8.5 percent, to \$525.1 billion. Exports grew in almost every end-use category in 1992: capital goods gained 6.1 percent, automotive vehicles and parts gained 16.8 percent, and consumer goods gained 9.8 percent. Exports of manufactures grew by 6.5 percent, to \$329.2 billion, and constituted 77.5 percent of total U.S. exports. Within the manufactured goods category, exports of advanced-technology products gained 5.1 percent; the United States ran a trade surplus in these products of \$33.3 billion in 1992. Airplanes and parts, scientific instruments, specialized industrial machinery, and general industrial machinery recorded the most positive contributions to the U.S. trade balance in 1992. Imports of oil increased to \$38.5 billion in 1992, from \$36.9 billion in 1991. Figure B shows U.S. exports and imports by aggregate product sectors.

U.S. trade in services has particularly expanded. In 1992, U.S. total exports of services expanded from \$152.3 billion in 1991 to \$166.7 billion in 1992; U.S. imports of services expanded from \$100.0 billion to \$107.7 billion in 1992. The U.S. balance on trade in services mounted to \$59.0 billion in 1992 from \$52.3 billion in 1991. Exports of services comprised three main categories—travel, royalties and license fees, and other private services. The latter included education, financial services (banking and insurance), and telecommunications services. All of these

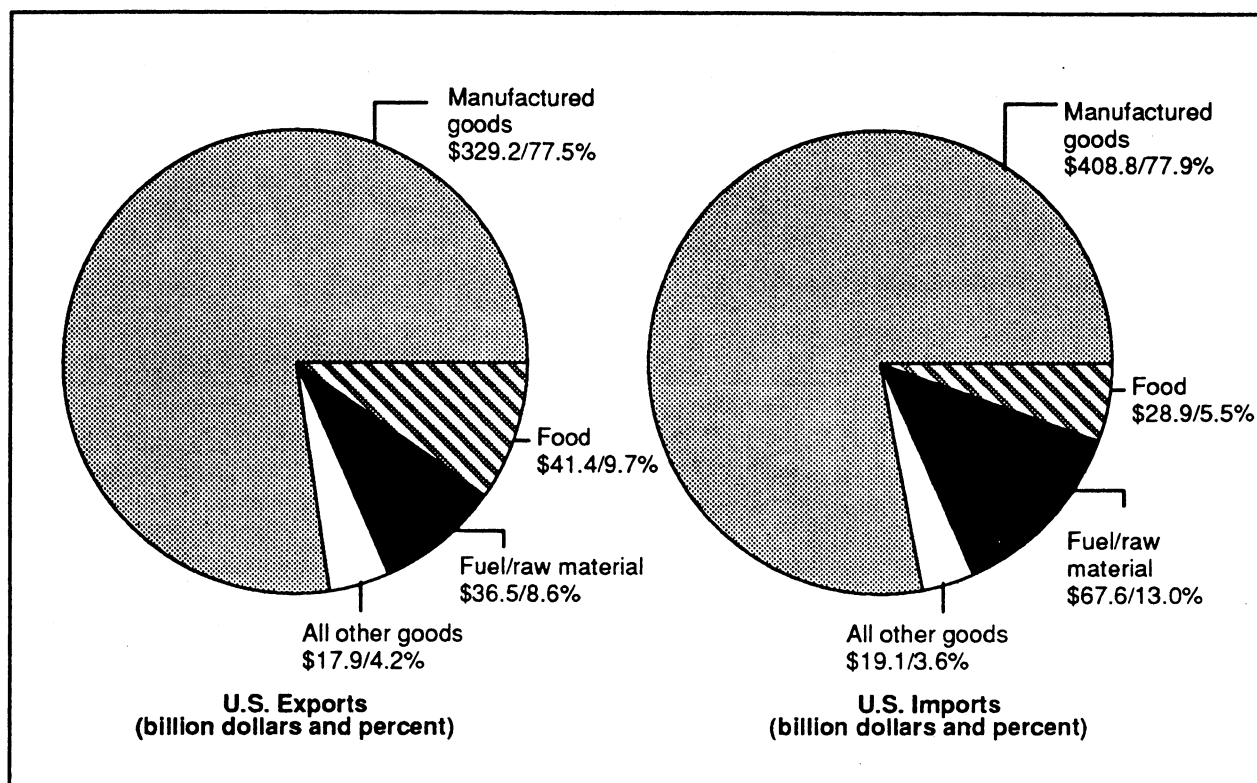
categories grew in 1992. Foreign travel in the United States increased from \$48.8 billion in 1991 to \$54.7 billion in 1992; royalties and license fees expanded from \$17.8 billion to \$19.6 billion. Other private services include receipts of U.S. parent corporations, U.S. affiliates' receipts, unaffiliated services (financial services of banking and insurance, and telecommunications); these receipts increased from \$46.4 billion in 1991 to \$50.9 billion in 1992.

U.S. trade performance improved in 1992 with a few trading partners but worsened with most (figure C). On the plus side, the U.S. merchandise trade deficit with the Organization of Petroleum Exporting Countries declined to \$11.2 billion from \$14.0 billion. The U.S. surplus with Mexico climbed to \$5.7 billion. However, the U.S. merchandise deficits widened with Canada, Germany, the NIEs as a group, Japan, and China. The 1992 trade deficit with Japan and China increased the most. The U.S. merchandise trade surplus with the EC declined to \$8.8 billion from \$17.0 billion in 1991. The United States incurred a

small trade surplus with other Eastern European countries. Leading U.S. exports and imports to U.S. major trading partners are highlighted in appendix A.

The U.S. current account¹⁰ deficit grew to \$62.4 billion in 1992 from \$3.7 billion in 1991. The merchandise trade deficit on a balance-of-payments basis grew to \$96.3 billion in 1992 from \$73.4 billion in 1991. The 1991 surplus on transfer payments (mainly due to contributions from U.S. allies for the Persian Gulf War) disappeared and was replaced by a deficit of \$31.4 billion. The U.S. surplus on services trade increased to \$55.1 billion from \$45.3 billion in 1991. The U.S. surplus on income from foreign investment declined to \$10.1 billion in 1992, from \$16.4 billion in 1991, due to the decline in earnings of U.S. affiliates abroad. Net inflows of foreign capital into the United States increased to \$78.0 billion from \$4.8 billion in 1991, reflecting declining U.S. purchases of foreign portfolio assets and increased purchases by foreigners of U.S. assets and securities.

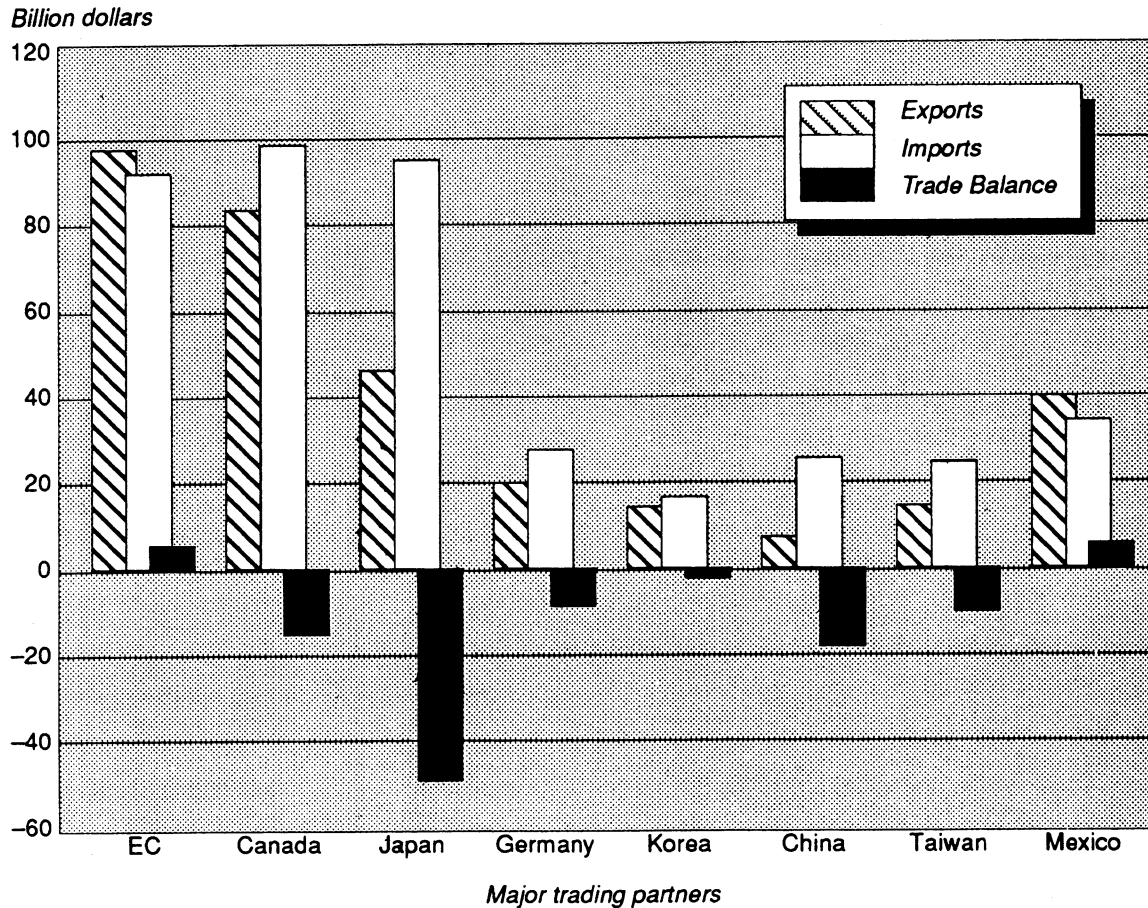
Figure B
U.S. merchandise trade with the world, by product sectors, 1992



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

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

Figure C
U.S. merchandise exports, imports, and trade
balances with major trading partners, 1992



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

Canada

Canada's deep recession, which lasted from the first quarter of 1990 to the first quarter of 1991, resulted in a 3.5-percent output contraction. Although economic activity started picking up in 1992, output grew by just 1.3 percent. The upturn in economic activity was generated by a marked increase in government spending and in exports. Government spending on consumption rose by 1.6 percent, and spending on public investment projects rose by 2.6 percent. Consumer demand revived modestly, increasing by 0.5 percent. Private investment declined by 1.6 percent due to corporate restructuring, falling capacity utilization, and subdued domestic demand. In addition, Canada experienced job losses and an unemployment rate that hit 11.2 percent in 1992, up from 10.3 percent in 1991. Canada's

consumer price index rose by 1.4 percent in 1992, down from an increase of 4.8 percent in 1991.

In the foreign sector Canada's growing exports resulted in a merchandise trade surplus of \$8.0 billion in 1992, up from a surplus of \$5.9 billion in 1991. Exports of goods and services increased by 7.0 percent, to \$138 billion, and imports increased by 4.3 percent, to \$130 billion. Canada's deficit on the current account, however, mounted to \$25.0 billion, due to larger payments on foreign investment, particularly to U.S. corporations.

The value of U.S. trade with Canada totaled \$181.5 billion in 1992, higher than U.S. trade with Japan and only \$7.7 billion lower than U.S. trade with the 12-nation EC. The United States recorded a \$15.0 billion merchandise trade deficit with Canada, higher than the merchandise trade deficit in 1991 of \$12.2 billion and roughly 15.0 percent of the total

U.S. trade deficit. U.S. merchandise exports to Canada rose by 5.7 percent, to \$83.2 billion. Merchandise imports from Canada rose by 8.0 percent, to \$98.2 billion. U.S. exports to Canada rose in 9 of 10 SITC sections (table A-1). Regarding U.S. exports to Canada, 86 percent consisted of manufactured goods, 6.0 percent was food, and 5.0 percent was fuel and raw material. Regarding U.S. imports from Canada, 70 percent was manufactured goods, 5.0 percent was food, and 18.0 percent was fuel and raw material. Exports of U.S. services to Canada climbed from \$18.0 billion in 1991 to \$18.6 billion in 1992.

Mexico

The Mexican economy in 1992 experienced an increasing current account deficit, pressures on exchange rates, and rising interest rates. Real gross national product grew in 1992 by an estimated 2.6 percent, compared with 3.6 percent in 1991.¹¹ A bright spot was the country's success in taming inflation. Consumer price inflation declined to 11.9 percent after rising by 18.8 percent in 1991. Expectations for lower inflation were bolstered by Mexico's adoption of conservative fiscal and monetary policies.

Increased imports and declining exports led to a merchandise trade deficit of \$20.6 billion in 1992. Foreign direct investment inflows increased by \$6 billion, and portfolio investment inflows increased by \$10.6 billion, helping to finance Mexico's current account deficit, which was estimated to reach \$22.6 billion in 1992. Such inflows produced a substantial capital account surplus of \$23 billion and an increase in Mexican reserves of \$19.3 billion in 1991.

Mexico's total trade (exports plus imports) with the United States grew to \$73.5 billion in 1992 from \$62.7 billion in 1991. The United States recorded a merchandise trade surplus of \$5.7 billion with Mexico in 1992, compared with a merchandise surplus of \$1.8 billion in 1991. U.S. exports to Mexico rose in all of the 10 SITC sections (table A-4). Regarding U.S. exports to Mexico, 80 percent consisted of manufactured goods, 7 percent was food, and 8.0 percent was fuel and raw material. Regarding U.S. imports from Mexico, 73 percent consisted of manufactured goods, 16.0 percent was fuel and raw material, and the remainder consisted of food and other goods.

European Community

In the EC, output growth was estimated to average 1.1 percent in 1992, compared with actual growth of

0.8 percent in 1991. Higher interest rates in Germany, fiscal deficits, and uncertainty about European Monetary Union (EMU) worked as a drag on EC economic growth in 1992. Inflation declined to 4.9 percent from 5.4 percent in 1991, and unemployment increased to 9.7 percent from 9.1 percent in 1991.

The flexibility of EC economic and monetary policy makers has been hampered by several factors. As a result, consumer and business confidence flagged and economic activity remained weak. Pressures have been building on foreign-exchange and financial markets. High interest rates in Germany that could not be matched in other Exchange Rate Mechanism (ERM) member countries, large fiscal deficits in Italy, and large current account deficits in the United Kingdom intensified pressures on the other currencies associated with the ERM and anchored to the Deutsche mark. The hike in German interest rates by the Bundesbank to smother reunification-related inflationary pressures led to an appreciation of the mark. Downward pressures on other member currencies intensified and by September led to the realignment of some currencies and to the abandonment of the ERM by some countries. The Italian lira and the pound sterling left the ERM. The Spanish, Portuguese, and Irish currencies were devalued. The currency turmoil placed in jeopardy EC moves toward monetary integration, which began in July 1990. (See chapter 4 for additional details.) To enhance growth and put life back in the Maastricht Treaty, EC heads of state met in Edinburgh, Scotland and adopted a growth initiative in December 1992.

EC world exports reached \$1.46 trillion in 1992, and imports reached \$1.52 trillion, resulting in a small merchandise trade deficit. The EC is the top U.S. trading partner. Total U.S. trade (exports plus imports) with the EC rose to \$189.2 billion in 1992 from \$182.7 billion in 1991. U.S. exports declined to \$97.3 billion from \$97.6 billion, whereas imports rose to \$91.8 billion from \$85.1 billion in 1991. In 1992, U.S. exports to the EC increased in 6 of 10 SITC sections (table A-7), and imports from the EC increased in all sections. Of U.S. exports to the EC, 79 percent was manufactured goods; 6.0 percent was food; and 10.0 percent, fuel and raw material. Of U.S. imports from the EC, 85 percent consisted of manufactured goods; 6.0 percent, food; and 5.0 percent, fuel and raw material. U.S. services exports to the EC rose from \$46.5 billion in 1991 to \$53.0 billion in 1992. Germany and the United Kingdom were the top U.S. trading partners in the EC.

Germany

In Germany tight monetary policy, weak foreign demand, and a hesitant recovery in the eastern section

dampened economic activity. Real output grew by 1.4 percent in 1992 compared with a growth rate of 3.2 percent in 1991. Consumer price inflation increased by 4.8 percent, up from 3.4 percent in 1991. Investment in plant and equipment was virtually flat in 1992 after rising by 10 percent in 1991, reflecting deteriorating business expectations and declining net exports. Germany's unemployment rate rose to 7.6 percent from 6.4 percent in 1991.

Germany's 1992 merchandise trade surplus decreased to \$20.0 billion from \$24.1 billion in 1991, and its current account deficit grew to \$26.0 billion, compared with a deficit of \$19.8 billion in 1991. Short-term capital inflows financed the current account deficit. Total U.S. trade with Germany rose to \$47.5 billion in 1992 from \$45.6 billion in 1991. The United States registered a merchandise trade deficit with Germany of \$7.6 billion in 1992, compared with a deficit of \$5.7 billion in 1991.

The United Kingdom

The British economy began to stabilize in 1992 after six consecutive quarters of steep output decline. Overall, output fell in 1992 by 0.9 percent, following a decline of 1.9 percent in 1991. Consumer spending began to recover, growing by 0.5 percent, as did private investment. Consumer prices moderated, increasing by 5.4 percent from 7.2 percent in 1991, but the unemployment rate continued climbing, to 10.1 percent from 8.5 percent a year earlier. The monetary policy of the United Kingdom remained focused on lowering the inflation rate.

Although British merchandise exports in 1992 increased to \$191.0 billion (from \$182.4 billion in 1991), imports increased to \$222.0 billion (from \$201.0 billion), resulting in a trade deficit of \$31.0 billion. The British current account registered a deficit of \$22.0 billion, following a deficit of \$11.1 billion in 1991. U.S. merchandise exports to the United Kingdom reached \$21.4 billion, and imports reached \$19.6 billion, resulting in a U.S. merchandise trade surplus of \$1.8 billion in 1992. U.S. exports of service to the United Kingdom increased from \$14.9 billion in 1991 to \$17.4 billion in 1992. U.S. exports of services to the United Kingdom increased from \$14.9 billion in 1991 to \$17.4 billion in 1992.

Asia

Economic activity in Japan slowed in 1992. In other Asian countries, the introduction of market-oriented reforms improved the prospects for continued economic expansion.¹² Economic growth has been particularly strong in the export-led

economies of China, Hong Kong, Indonesia, Korea, Malaysia, Singapore, Taiwan, and Thailand, growing on average by an estimated 6.5 percent in 1992.

Japan

In Japan, economic activity continued to expand in 1992 but at a slower pace. Total output grew by 1.8 percent, following a growth rate of 4.4 percent in 1991. Japan's industrial output fell by 8.0 percent in 1992—a sharper fall than in the mid-1980s, when yen appreciation restrained the country's exports. Gross fixed investment declined by 0.2 percent after rising by 3.4 percent in 1991. The Bank of Japan's *Short-Term Survey of Enterprises in Japan* showed a drop in business investment of 13.6 percent. Private consumption declined by 2.1 percent, following increases of 2.7 percent in 1991 and 4.2 percent in 1990. Personal consumption spending on consumer durables and clothing decelerated, reflecting declining income growth, particularly in wages and bonuses. Employee compensation increased by 5.3 percent, compared with a 7.9-percent increase in 1991. Household disposable income increased by 4.9 percent, following an increase of 6.2 percent in 1991.

An increase in public spending cushioned the impact of the decline in investment and consumption spending. Public investment by central and local governments exhibited steady growth estimated at 10 percent in real terms. Overall, the Japanese economy still operated at a high (93.5-percent) level of capacity utilization. The inflation rate in Japan rose slightly, by 2.2 percent from 2.1 percent in 1991.

The contraction was unusual in its severity and also in its causes, notably the bursting of the bubble in domestic asset prices that followed the extremely rapid expansion of domestic credit in the late 1980s. Some analysts have suggested that the current economic contraction could put strains on the ties that bind Japanese industrial conglomerates and their affiliated suppliers (keiretsu) and could raise the cost of capital in Japan. Analysts also warn that Japan's high rates of saving might dwindle as demographic trends and consumer habits change and full access to world markets becomes increasingly uncertain as major trading partners bristle at Japan's persistent trade surplus. Other analysts believe that Japan will adjust successfully to its present economic problems by applying conservative macroeconomic policies combined with well-known corporate flexibility in restructuring production and adapting to financial problems, as it has in past recessions.¹³

Against this background and out of concern about the effect of falling asset prices on the financial system and personal income, the Japanese Government progressively eased monetary policy in

1992, cutting the official discount rate from 6.0 percent to 3.25 percent. A number of measures were announced to reduce the burden of nonperforming real estate debt on bank balance sheets and to relieve downward pressure on the stock market. However, corporate investment in plant and equipment continued to decline because of capital stock adjustments, debt repayments, and flagging optimism in the face of declining sales and profits.

Japan's exports of goods increased by 7.9 percent, to \$330.9 billion in 1992 from \$306.6 billion in 1991. Imports declined to \$198.5 billion from \$203.5 billion in 1991. Japan's merchandise trade surplus grew to \$132.3 billion from \$103.0 billion in 1991, according to Japan's Ministry of International Trade and Industry. The current account surplus is expected to reach \$117.6 billion for the full year 1992 (3.25 percent of gross domestic product (GDP)), up from \$72.9 billion in 1991. The rise in the merchandise trade surplus is expected to be a source of continued friction between Japan and its trading partners.

The U.S. merchandise trade deficit with Japan rose to \$49.7 billion in 1992 from \$45.1 billion in 1991. U.S. exports to Japan in 1992 declined to \$45.8 billion from \$46.1 billion in 1991; imports increased to \$95.5 billion from \$91.2 billion in 1991. U.S. exports increased in 5 of 10 SITC sections, and imports increased in 7 sections (table A-10). Of U.S. exports to Japan, manufactured goods accounted for 60 percent; food consisted of 23.0 percent; fuel and raw material, for 15.0 percent; and the remainder, 2 percent. In contrast, 97 percent of U.S. imports from Japan consisted of manufactured goods. Exports of services from the United States to Japan were valued at \$26.4 billion in 1992, up from \$24.7 billion in 1991.

Korea

In Korea, output growth slowed to 6.5 percent in 1992 from 8.4 percent in 1991. Tight monetary policy lowered domestic demand. Inflation slowed from 10.0 percent to 7.0 percent. Korea's merchandise trade deficit declined from \$7.0 billion to \$2.0 billion, and the current account deficit declined by almost half, to \$4.5 billion from \$8.7 billion in 1991. Increasing demand in Europe and South East Asia, as well as the opening of new markets in the formerly socialist countries, spurred Korea's exports, which totaled \$75.1 billion in 1992, up from \$69.6 billion in 1991. Imports totaled \$77.3 billion, up from \$76.6 billion in 1991, resulting in a trade deficit of \$2.2 billion in 1992.¹⁴

U.S. trade with Korea totaled \$30.7 billion in 1992, down from \$32.1 billion in 1991. The United

States registered a trade deficit with Korea of \$2.3 billion in 1992. U.S. exports to Korea declined from \$15.2 billion in 1991 to \$14.2 billion in 1992, and imports declined from \$16.9 billion in 1991 to \$16.5 billion. In 1992, U.S. exports to Korea increased in 4 of 10 SITC sections and imports increased in 5 sections (table A-13). Of U.S. exports to Korea in 1992, 68 percent consisted of manufactured goods; 9.0 percent, of food; 22.0 percent, fuel and raw material; and 2.0 percent, other goods. Of U.S. imports from Korea, 97 percent consisted of manufactured goods.

Taiwan

In Taiwan, output growth slowed to 6.7 percent in 1992 from 7.3 percent in 1991. Exports declined as a result of a large increase in wages and the appreciation of the Taiwan dollar. Private consumption and investment increased, pushing the inflation rate up to 5.0 percent from 3.6 percent in 1991. Taiwan investment in the mainland, estimated at over \$3 billion, was an important factor boosting trade with China. Total Taiwan exports were \$81.0 billion; its imports, \$72.0 billion. The Taiwan merchandise trade surplus declined to \$9.0 billion from \$15.8 billion in 1991.

Total Taiwan trade with the United States rose to \$39.1 billion in 1992 from \$35.7 billion in 1991. U.S. exports to Taiwan increased to \$14.5 billion from \$12.7 billion in 1991; U.S. imports increased to \$24.5 billion from \$22.9 billion. The U.S. bilateral trade deficit narrowed slightly, to \$10.0 billion. In 1992, U.S. exports to Taiwan increased in 6 of 10 SITC sections while imports increased in 7 (table A-16). Of U.S. exports to Taiwan, 74 percent consisted of manufactured goods; 9.0 percent, of food; 11.0 percent, fuel and raw material; and 5.0 percent, other. Of U.S. imports from Taiwan, 97 percent consisted of manufactured goods.

China

Policy initiatives such as a significant reduction in price controls and increased openness to foreign investment accelerated economic growth in China. According to China's State Statistical Bureau, GDP grew by 12.8 percent in 1992. Major economic problems in 1992 included excessive spending on capital projects, overgrowth in the money supply, and fairly high price rises in urban areas. The increase in the cost of living from 1991 to 1992 ranged from 4.7 percent in rural areas to 10.9 percent in medium and large cities. Investment in fixed assets increased by a total of 37.8 percent over 1991. Industrial production rose by 20.8 percent in 1992. Output of

foreign-funded enterprises grew by 48.8 percent. Output of collective enterprises grew by 28.5 percent, and output of state-owned enterprises grew by 14.4 percent.

China's further opening to the outside world also boosted its foreign trade. China accounts for more than 10 percent of world trade in clothing, footwear, and other leather goods. Exports of more sophisticated consumer durables seem to be expanding. China's merchandise exports amounted to \$86 billion in 1992, 18.2 percent higher than in 1991. Manufactured goods rose to 80 percent of total exports. Imports increased to \$81 billion, up by 26.4 percent over 1991, led by raw materials and machinery and transportation equipment.

China's total trade with the United States increased to \$32.9 billion in 1992 from \$25.1 billion in 1991. U.S. merchandise exports to China increased to \$7.3 billion from \$6.2 billion; imports increased to \$25.5 billion from \$18.9 billion. As a result, the U.S. trade deficit with China widened to \$18.2 billion from \$12.6 billion. In 1992, U.S. exports to China increased in 7 of 10 SITC sections, and imports increased in 8 (table A-19). Of U.S. exports to China, 82 percent consisted of manufactured goods; 5.0 percent, food; 12.0 percent, fuel and raw material; and 1.0 percent, other goods. In contrast, 93 percent of U.S. imports consisted of manufactured goods, and the remainder consisted of food, fuel and raw material, and other goods.

Latin America [excluding Mexico]

In Latin America, growth recovered in a number of countries following the implementation of market-oriented policies.¹⁵ The ensuing structural economic changes earned these countries new confidence in world financial markets and allowed limited access to new credit financing. Moreover, foreign direct investment flows to these countries increased, helping to finance deficits on their current accounts. Debt-servicing problems, although no longer the crises of the 1980s, are still a major concern for several Latin American countries.

Although marked differences remain in performance among individual countries, aggregate output of Latin America as a whole is estimated to have risen at a 3.0-percent rate in 1992. Colombia's output growth hovered at 2.0 percent. Chile's and Panama's output growth exceeded 8.0 percent, and growth in Argentina exceeded 6.0 percent. In other Latin American countries the situation is mixed, due

to political uncertainty and weak fiscal disciplines. Domestic stabilization policies and external adjustment efforts in Ecuador, Guatemala, Nicaragua, Panama, Peru, and Venezuela are expected to enhance economic progress in the future. Output growth is accelerating in Argentina while inflation is declining to about 15 percent, due to the initiation of an adjustment program. In Brazil output growth remained unchanged at the 1991 level of 1.0 percent. Inflation is estimated at 25 percent per month.

Latin America's total merchandise trade with the United States increased to \$63.3 billion in 1992 from \$56.5 billion in 1991. U.S. exports to Latin America increased to \$31.6 billion from \$27.0 billion, and imports rose to \$31.6 billion from \$29.5 billion. The United States posted a \$132 million trade surplus with Latin America in 1992 versus a \$2.4 billion trade deficit in 1991. The largest U.S. trading partners in Latin America during 1992 were Brazil (whose total trade with the United States was \$13.0 billion), Venezuela (\$12.8 billion), Colombia (\$6.0 billion), the Dominican Republic (\$4.3 billion), Argentina (\$4.2 billion), and Chile (\$3.6 billion). Machinery and equipment accounted for one-third of U.S. exports to Latin America in 1992, and energy and chemical products accounted for nearly one-third of imports. U.S. exports of services to Latin America (including Mexico) rose from \$24.8 billion in 1991 to \$27.0 billion in 1992.

Central and Eastern Europe and the Former Soviet Union

Negative growth and rampant inflation were recorded to varying degrees in Eastern Europe and the former Soviet Union. Shortages of industrial inputs and spare parts, the breakdown of traditional distribution channels, hyperinflation, and the collapse of budgetary and monetary controls have contributed to the decline in the regional economy. Moreover, analysts observed that foreign-exchange reserves are inadequate to sustain a credible exchange-rate peg to a major currency—a prerequisite for macroeconomic stabilization.¹⁶ According to the International Monetary Fund (IMF), Eastern European countries as a group recorded a loss of output at an estimated annual rate of 10.4 percent in 1992. The former Soviet Union recorded an estimated decline in output of 18 percent in 1992. The collapse of trade between the countries belonging to the now-defunct Council for Mutual Economic Assistance was an important element in the decline. Inflation ranged from an estimated 11 percent in the Czech and Slovak Federal Republics to 2,000 percent in the Commonwealth of Independent States.

Central and Eastern European world trade declined in 1992 but more slowly than in 1991. The regional exports reached \$85.0 billion and imports, \$90.0 billion. The former Soviet Union's total trade (exports plus imports) with the United States increased to \$4.4 billion in 1992. U.S. merchandise

exports to the region mounted to \$3.6 billion in 1992 from \$3.5 billion in 1991. U.S. merchandise imports from the region increased from \$794 million to \$801 million. The United States sustained a merchandise trade surplus with the former Soviet Union of \$2.8 billion.¹⁷

ENDNOTES

¹ Section 163(b) of the Trade Act of 1974 (Pub. L. 93-618, 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. Among such laws are the Reciprocal Trade Agreements Act of 1934 (which initiated the trade agreements program), the Trade Expansion Act of 1962, the Trade Act of 1974, the Trade Agreements Act of 1979, the Trade and Tariff Act of 1984, and the Omnibus Trade and Competitiveness Act of 1988.

³ Activities by the GATT in 1992 are discussed in chapter 2 of this report. The nature and extent of tensions between trade and environmental policies are more fully explored in last year's report in this series, USITC, *The Year in Trade: Operation of the Trade Agreements Program, 1991*, USITC publication 2554, Aug. 1992, pp. 13-23.

⁴ For further information on the ASEAN Free Trade Agreement, see USITC, *East Asia: Regional Economic Integration and Implications for the United States* (investigation No. 332-326), USITC publication 2621, May 1993.

⁵ This section was compiled using data from the U.S. Department of Commerce; International Monetary Fund (IMF), *World Economic Outlook*, May 1992 and Jan. 1993; GATT, *Annual Report on International Trade, 1992*; OECD, *World Economic Outlook*, Dec. 1992; U.S. Department of Commerce *News*, Mar. 17, 1993; *Economic Report of the President*, Feb. 1993; *International Economic Review*, USITC, Mar. 1993; U.S. Department of Commerce, Bureau of the Census, "U.S. Merchandise Trade: April 1993," (FT 900), June 1993, Feb. 15, 1993; U.S. Department of Commerce, *Survey of Current Business*, vol. 73, Mar. 1993; IMF, *International Financial Statistics*, Mar. 1993; *Monthly Economic Review of Japan* (several issues); *Japan Economic Journal* (several issues); *The Economist*, Mar. 6, 1993; and USITC, *Trade Between the United States and China, the Former Soviet Union, Central and Eastern Europe, the Baltic Nations and Other*

Selected Countries During 1992, USITC publication 2634, May 1993.

⁶ IMF, *World Economic Outlook, Interim Assessment*, Jan. 1993.

⁷ GATT press release, GATT/1570, Mar. 22, 1993.

⁸ OECD, *World Economic Outlook* vol. 52, Dec. 1992.

⁹ The newly industrializing economies (NIEs) include Singapore, Hong Kong, Taiwan, and the Republic of Korea.

¹⁰ The U.S. current account is the record of U.S. international transactions in goods, services, investment returns, and bilateral transfers.

¹¹ U.S. Embassy, Mexico City, *Mexico Economic and Financial Report*, Apr. 1993.

¹² For a discussion of recent liberalization measures in Asia, see World Bank, *Sustaining Rapid Development in East Asia and the Pacific* (Washington, DC: The World Bank, 1993).

¹³ A range of these views was expounded in "A Survey of the Japanese Economy," *The Economist*, Mar. 6, 1993, pp. 4-18.

¹⁴ Republic of Korea, *Economic Bulletin*, June 1993.

¹⁵ For a review of economic liberalization measures in key developing countries in Latin America, see, for example, USITC, *U.S. Market Access in Latin America: Recent Liberalization Measures and Remaining Barriers* (investigation No. 332-318), USITC publication 2521, June 1992; and James Stamps, "Economic Liberalization in South America: 1992 Update," *International Economic Review*, USITC, Oct. 1992, pp. 17-22.

¹⁶ OECD, *Economic Outlook*, vol. 52, Dec. 1992, p. 123.

¹⁷ For further background 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 1992*, USITC publication 2634, May 1993, p. 8.

CHAPTER 1

The North American Free Trade Agreement

A major focus for U.S. trade policy in 1992 was the conclusion of negotiations for a North American Free-Trade Agreement (NAFTA). Building on the liberalization efforts initiated by the 1988 U.S.-Canada Free-Trade Agreement (CFTA) and the substantial trade and investment reforms undertaken by Mexico since the mid-1980s, NAFTA is viewed by many as a key means of expanding trade flows and lowering trade barriers among the United States, Canada, and Mexico—a region comprising 360 million inhabitants and an economic output totaling \$6 trillion. NAFTA is also considered to be a first step toward the eventual economic integration of all of the Americas,¹ and thus an important factor influencing U.S. competitiveness relative to emerging trade blocs in Europe and Asia.

Reaching an Accord

Throughout the first half of 1992, the Governments of the United States, Canada, and Mexico continued their negotiations, begun in June 1991, on a NAFTA. Observers initially speculated that an agreement would be reached by late spring. However, negotiations on such subjects as rules of origin for automobiles and agricultural tariff reductions proved difficult. On August 12, however, United States Trade Representative (USTR) Carla Hills, Canadian International Trade Minister Michael Wilson, and Mexican Commerce Secretary Jaime Serra Puche announced the successful conclusion of the NAFTA negotiations.

On September 18, President Bush notified Congress of his intent to enter into NAFTA and went on to submit the final agreement to Congress. In his notification, the President pointed out a number of direct and indirect benefits that might be expected to result from the implementation of NAFTA. Among other things, he said that the agreement would make the United States more globally competitive by

linking it to Canada and Mexico — the United States' first and third largest trading partners. The President noted NAFTA should expand economic growth in all three partner countries by eliminating tariffs and other barriers to the flow of goods, services, and investment.² Representing months of negotiations and a high-water mark in U.S.-Mexican relations, Ambassador Hills noted that NAFTA would increase opportunities for U.S. exporters in the Mexican market in sectors such as telecommunications, textiles, agriculture, insurance, transportation, and financial services.³

The NAFTA text was initialed by President Bush, President Salinas, and Prime Minister Mulroney at a ceremonial event in San Antonio on October 7; however, in accordance with the rules of "fast-track" negotiating authority, the President was not permitted to sign the agreement until 90 days after his formal notification to Congress of his intention to enter into the agreement. Thus, each of the trio of leaders formally signed the accord on December 17.

The Final NAFTA Text: Selected Topics

The general NAFTA text⁴ is divided into eight parts, covering—

- Objectives and general definitions;
- Trade in goods (including provisions for national treatment, tariff elimination, rules of origin, customs procedures, and special sections governing agricultural, textiles and apparel, energy, and automotive trade);
- Technical barriers to trade;
- Government procurement;
- Investment, services, and related matters;
- Intellectual property;

- Administrative and institutional provisions (including dispute settlement); and
- “Other provisions” (including exceptions to the agreement).

A detailed description of the NAFTA and assessment of its impact on member economies overall and on particular U.S. industries is provided in a recent Commission publication.⁵ Key aspects of NAFTA are briefly described below.

Tariffs

One of the primary goals of NAFTA is to eliminate permanently all tariffs among the United States, Canada, and Mexico. In 1992 Mexico's trade-weighted average tariff applied on imports from the United States was about 10 percent, in contrast to the U.S. average of 3 percent on imports from Mexico. Before the CFTA entered into force, Canada's average tariff on goods from the United States was 7.4 percent; the U.S. average tariff on goods from Canada was 3.7 percent.⁶ The CFTA designates January 1, 1998, as a final date for phasing out tariffs on all goods traded between the United States and Canada. Under NAFTA existing tariffs are to be eliminated according to a four-tier phase-out schedule: immediately, within 5 years, within 10 years, or in exceptional cases within 15 years. (Tariff phaseouts already agreed upon between the United States and Canada in the CFTA are not affected by these schedules.) Fifty-four percent of U.S. exports to Mexico (in terms of value) will be eligible for duty-free treatment immediately upon implementation of the agreement; 65 percent will be eligible within 5 years.⁷

NAFTA also sets out rules for duty-drawback programs, which provide for the refund or waiver of customs duties on certain imported materials that are used in the production of goods subsequently exported to another NAFTA member. Under NAFTA, third country goods exported to another NAFTA member will be eligible only for a limited duty exemption, effectively being subject to the higher of two possible customs duties.⁸ The limitation on drawback and duty deferral programs will take effect after a transition period of 7 years for U.S.-Mexican trade and 2 years for U.S.-Canada trade.⁹

Rules of Origin

To ensure that the benefits of NAFTA accrue primarily to its signatories, the agreement delineates

rules of origin that establish which goods can be treated as “North American” for trade purposes and are thus eligible for preferential tariff rates under NAFTA. Generally, goods are considered to be of North American origin if they are entirely obtained, produced, or fabricated from originating materials in the United States, Canada, or Mexico; if the non-originating materials used to make the goods have undergone transformation sufficient to change their tariff classifications; or if, in certain cases, the non-originating goods not only undergo a change in tariff classification but also meet a specified regional content criterion.¹⁰ Regional value content (RVC) requirements apply to a variety of goods. Special RVC requirements apply to a few key commodities, such as automobiles and apparel. These requirements are discussed below.

Autos and Auto Parts

In the NAFTA negotiations, both Mexico and Canada (whose automobile industries consist of U.S. or other foreign subsidiaries) initially favored language that would require automakers to incorporate 50 percent RVC in their vehicles to qualify for preferential treatment. The United States, on the other hand, favored a rule that would require 70 percent RVC for such preferential treatment. Under the agreement finally reached, the required RVC for preferential treatment under NAFTA is 56 percent on January 1, 1998 and increases gradually to 62.5 percent on January 1, 2002 for passenger automobiles, light trucks, and the engines and transmissions of those kinds of vehicles; the initial RVC is 55 percent with a gradual increase to 60 percent by January 1, 2002 for other vehicles and automotive parts. The RVC for automobiles is to be calculated by using what is called a “net cost” method with certain rules specific to motor vehicles. The value of certain components imported from outside North America must be “traced” through the entire production chain.¹¹

Where required, the RVC test applies to all automotive imports under NAFTA. NAFTA rules of origin would replace the CFTA rules of origin for trade in automotive products except for U.S. automotive exports to Canada under the 1965 Auto Pact.¹²

NAFTA affects other aspects of the auto trade as well. Under the agreement, U.S. tariffs on eligible passenger automobiles imported from Mexico will be eliminated immediately. U.S. tariffs on eligible light-duty trucks imported from Mexico will be lowered immediately to 10 percent and then

eliminated over 5 years. Mexican tariffs on automobiles and light-duty trucks imported from the United States and Canada will be lowered by 50 percent initially, then will be phased out (over 5 years for light-duty trucks, and over 10 years for passenger automobiles). Tariffs on certain auto parts are to be phased out immediately; others will be eliminated over 5 to 10 years.

Despite certain liberalization efforts, a major issue in U.S.-Mexican automotive trade over the years has been Mexico's so-called Auto Decree and Auto Decree Implementing Regulations, which have continued to protect Mexico's automobile industry and place heavy restrictions on foreign automobile trade with Mexico.¹³ Under NAFTA the Auto Decree and Auto Decree Implementing Regulations must be brought into conformity with NAFTA's liberalizing provisions by January 1, 2004.¹⁴ For its part, the United States must amend the "fleet content" definition used in the determination of compliance with its so-called CAFE (Corporate Average Fuel Economy) standards.¹⁵ For the next model year after January 1, 2004, if not before, U.S. automobile companies are required to "consider an automobile to be domestically manufactured in any model year if at least 75 percent of the cost to the manufacturer of such automobile is attributable to value added in Canada, Mexico, or the United States."¹⁶

Textiles and Apparel

NAFTA's rules of origin for textiles and apparel are primarily based on a "yarn forward" approach. Very broadly this means that most textiles and apparel produced in the NAFTA countries must be produced from yarn made in one of those countries in order to qualify for preferential treatment under the agreement. Only the fibers may be imported. However, yarns made of cotton—and most articles composed of manmade fibers¹⁷—must use not only yarn, but also fibers produced in the NAFTA countries (the "fiber forward" rule). Some apparel made in North America of imported fabric may qualify for preferential treatment: for instance, certain underclothing and nightwear made of cotton knit fabrics and apparel made of silk and linen, and other apparel of specified fabrics in short supply in the NAFTA countries. NAFTA also provides for "tariff preference levels," which permit certain fabrics, yarns, and apparel that do not meet the rules of origin to qualify for preferential tariff treatment up to certain import ceilings.¹⁸ U.S. import quotas on textiles and apparel from Mexico will be eliminated immediately on goods that meet NAFTA rules-of-origin requirements and all

U.S. imports of Mexican apparel made from U.S.-formed and -cut fabric. Quotas for Mexican textiles and apparel that do not meet the NAFTA rules-of-origin requirements but still meet U.S. Customs Service rules-of-origin (i.e., substantial transformation), will be phased out over 10 years.

Duties on trade in textiles and apparel between the United States and Mexico that meet the rules-of-origin requirements either are eliminated immediately or phased out over a 6 or a 10 year period.¹⁹ The agreement establishes a Subcommittee on Labelling of Textile and Apparel Goods, which, functioning under the aegis of a Committee on Standards-Related Issues, is charged with developing uniform labelling requirements among the NAFTA partners.²⁰ In cases of conflict NAFTA provisions on textiles and apparel take precedence over the Arrangement Regarding International Trade in Textiles (commonly known as the Multifiber Arrangement).²¹

Standards

The Mexican Government is extensively involved in the setting of product, labor, health, safety, and environmental standards. Since legislation addressing the subject was passed in 1988, the Government has developed about 5,500 national standards, both mandatory and voluntary. This degree of involvement has not, however, ensured a fully transparent system of establishing standards and technical regulations. In Mexico public notification of standards making is virtually nonexistent, and the channels through which the private sector can participate in the process are limited.²²

Mexican standards affecting the environment, labor practices, and working conditions have caused concern in both the United States and Canada because they are in some cases not considered as stringent as U.S. and Canadian standards, are not adequately enforced, or both. (See "Labor" and "Environment" sections below.) Additional concerns have centered on (1) the process through which most standards are established, (2) the potential use of standards as trade barriers, and (3) national sovereignty over the generation and application of standards.

The NAFTA text addresses these issues in two separate chapters dealing with sanitary and phytosanitary (SPS) measures, and "standards-related measures."²³ Under NAFTA, for example, each member nation may establish its own SPS measures and levels of protection for human, animal, and plant life and health. Each member may even adopt measures more stringent than international standards (although each NAFTA country pledges to make

every effort to conform to international standards whenever possible). The measures a country adopts must be based on scientific principles, as well as on risk assessment. Each NAFTA member is enjoined to adopt measures "only to the extent necessary to achieve its appropriate level of protection," and is prohibited from using SPS measures as a "disguised restriction on trade."²⁴

An important goal outlined in the NAFTA provisions is to strive for equivalent SPS measures in all three nations. In keeping with this goal each NAFTA country is encouraged to accept the SPS measures of another as equivalent to its own (provided that the exporting country proves to the importing country's satisfaction that the standards of the exporting country attain the importing country's predetermined level of protection). The agreement also establishes a Committee on Sanitary and Phytosanitary Measures not only to enhance SPS conditions in NAFTA members, but to facilitate technical cooperation.²⁵

Provisions similar to those described above apply to other standards-related measures. Each NAFTA nation may choose its own measures, is requested (though not compelled) to use international standards as a basis for its own standards-related measures, and cannot use such measures as an unnecessary obstacle to trade. The NAFTA parties are enjoined to make their standards-related measures and "conformity assessment procedures" compatible "to the greatest extent practicable."²⁶ A Committee on Standards-Related Measures will serve to monitor the implementation of NAFTA rules on standards-related measures and to facilitate the process through which the three NAFTA nations seek to make their standards-related measures more compatible.

Services

Financial Services

Under current law the U.S. financial services market is generally open to Mexican banks, as is the Canadian market. Mexico opened its Government-owned banks to foreign and domestic investors in 1989. In January of the next year it altered its Constitution to allow privatization of its banks.²⁷ Nonetheless, Mexico still imposes considerable limitations on activities by U.S. banks within its borders. More than 40 U.S. banks maintain representative offices in Mexico, but only one U.S. bank, Citibank, conducts business within Mexico. (Citibank, however, is prohibited from opening new

offices in Mexico and from offering a full range of banking services.) Under current Mexican law foreign ownership in Mexican banks is limited to 30 percent of voting stock.²⁸ Other restrictions include limitations on the entry of U.S. broker-dealers into Mexican capital markets. Again, foreign firms are limited to a roughly 30-percent equity stake and, although they may conduct research, they cannot offer broker-dealer services.

NAFTA allows financial service providers in member countries to set up banking, securities, and insurance operations in other member countries and ensures that members offer national and MFN treatment to these providers. Given these rules, U.S. and Canadian investors may offer the range of banking services already offered by Mexican banks and may do so by acquiring existing banks or establishing separately-capitalized subsidiaries.²⁹ Some special conditions, however, pertain. Under the terms of the agreement, for example, Mexico is permitted to limit to an agreed-upon percentage the market share that financial service providers in the United States and Canada may acquire.³⁰ The market share that other NAFTA members may have in the Mexican commercial banking sector increases from 8 to 15 percent within an initial transition period which ends January 1, 2000. For its part Canada exempts Mexico and the United States from certain nonresident requirements imposed by its Government.³¹

Other Services

In the area of transportation services, NAFTA contains reservations that exclude maritime and air services from the agreement. NAFTA does, however, provide new regulations for trucking, bus, and rail services. The trucking sector was a primary concern of the U.S. NAFTA negotiators because current arrangements severely restrict trucking services between the United States and Mexico. Under NAFTA Mexican truckers will have access to all of the United States for international carriage of cargo, and vice versa, 6 years after the agreement comes into force. After 10 years Mexico is to lift its traditional restrictions on foreign investment in this sector and to allow 100-percent investment in Mexican truck (and bus) companies.³² Bus firms in the NAFTA nations may begin offering cross-border bus service within 3 years. Although foreigners may invest in certain aspects of rail service, such as owning and operating rail terminals, Mexico retains its exclusive right to operate the Mexican railway system and tend to its basic infrastructure.³³

Basic telecommunication services are specifically excluded from the purview of NAFTA. However, "enhanced" and "value-added" services, such as computer data processing and electronic data base services, are covered. Accordingly, Mexico must give U.S. and Canadian firms access to its existing public telecommunication services and transport networks. It must also eliminate its current restrictions on foreign-owned private networks and on enhanced services offered by foreigners who are using leased lines from Mexico to the United States. Further, the agreement places certain restrictions on the prices of public communications and transport services.³⁴

Government Procurement

Both the United States and Canada are signatories to the GATT Government Procurement Code, which requires them to allow suppliers from all code signatories to compete for certain government contracts under conditions no less favorable than those given to domestic suppliers. (The CFTA goes further than the GATT Code in terms of coverage.³⁵) Mexico is not a code signatory. Accordingly, during the NAFTA negotiations an effort was made to open a good portion of Mexico's government procurement market to suppliers from other NAFTA members for goods and services (notably construction services).

Procurement by specific Federal Government departments and agencies in all three countries, such as Mexico's Ministry of Communications and Transport, Canada's Department of Agriculture, and the U.S. Department of Commerce, as well as Federal Government enterprises,³⁶ such as the Mexican Postal Service, Canada's Via Rail, and the U.S. Tennessee Valley Authority are covered by NAFTA.³⁷ The agreement applies to contracts by specified Federal Government departments and agencies of more than \$50,000 in goods and services and more than \$6.5 million for construction services. For covered Federal Government enterprises, NAFTA rules apply to procurements of more than \$250 million in goods and services and more than \$8 million for construction services.³⁸ Mexico is permitted to phase in its transition to the new procurement regime over ten years. By the end of the tenth year, Mexico is obliged to open all its federal procurement, subject to a set-aside limitation of \$1.5 billion.³⁹

The government procurement provisions of the agreement also include enhanced procedures for the submission, receipt, and opening of bids, as well as the awarding of contracts⁴⁰ and requires each NAFTA nation to maintain a bid protest system.⁴¹ The NAFTA government procurement provisions do not,

however, apply to the purchasing of weapons, ammunition, arms, and other devices related to national security.⁴²

Foreign Investment

The United States is Mexico's largest foreign direct investor.⁴³ Such investment is regulated by the 1973 Law to Promote Mexican Investment and to Regulate Foreign Investment and by the Mexican Constitution.⁴⁴ The 1973 law prohibits foreign investment in certain sectors and limits foreign ownership in others, generally to 49 percent.⁴⁵ Executive regulations in 1989 interpreting the 1973 law resulted in greater opportunities for foreign investment in sectors that, all told, account for the majority of Mexico's economic output.⁴⁶ The approval process for foreign investment was simplified as well.⁴⁷ Nonetheless, "activities" in 141 areas—including transportation equipment, transportation services, secondary petrochemicals, mining, and auto parts—remain "classified" and hence limited.⁴⁸

To a certain extent this state of affairs continues under NAFTA, which makes exceptions for activities that are reserved for the state under the Mexican Constitution.⁴⁹ (See, for example, the "Energy" section of this chapter.) In many other sectors, however, NAFTA ensures that investors and investments from member countries will receive national treatment⁵⁰ and most-favored-nation treatment.⁵¹ With some exceptions NAFTA countries may not impose special performance requirements such as minimum domestic content and trade balancing.⁵² Expropriation of the investments of NAFTA investors is prohibited, save for a "public purpose," on a nondiscriminatory basis, and under due process of law. Owners of expropriated investments must be compensated for those investments "without delay" and at market prices.⁵³ Investors may also seek monetary damages through binding international arbitration or may seek to apply remedies available through the host country's domestic courts.⁵⁴

Emergency Actions

All parties in the NAFTA negotiations agreed on the need for "safeguards" to remedy or prevent harm to domestic agricultural and industrial sectors resulting from freer trade among the United States, Canada, and Mexico. There was also concern that this privilege not be abused. As a consequence there are provisions for general emergency safeguard actions in chapter 8 of the NAFTA text and for specific

“emergency actions” that may be taken in a selected sectors (agriculture and textiles) in the chapters pertaining to such goods. Certain procedural requirements must be followed, however.⁵⁵

Chapter 8 of the NAFTA addresses the issue of emergency actions (1) bilaterally, in the context of injury to a domestic injury as a result of implementation of the agreement and (2) in the context of global safeguard actions taken under GATT article XIX (the so-called escape clause). Bilateral “emergency actions” are permitted when, as a result of the reduction or elimination of a duty under the NAFTA, a good is being imported in such increased quantities and under such conditions as to be a substantial cause of serious injury or threat thereof. To prevent or remedy such injury, a NAFTA country may suspend reductions of duties or temporarily increase duties to pre-NAFTA levels for up to 3 years (4 years in the case of sensitive goods).⁵⁶ Except in certain circumstances, NAFTA members must be excluded from so-called “global” emergency actions undertaken by another NAFTA member.⁵⁷ A NAFTA country taking an action against another NAFTA country under either the bilateral or global action provision would be obligated to provide substantially equivalent compensation.⁵⁸

Dispute Settlement

A major goal for the NAFTA negotiators was to establish a swift and effective means of resolving disputes among the United States, Canada, and Mexico. NAFTA provides for a 30- to 45-day consultation period should a potential dispute arise and, should the consultation prove fruitless, parties may appeal to a trilateral Free Trade Commission set up under NAFTA, which is responsible for implementing the agreement.⁵⁹ If that Commission is unable to resolve the matter, a complaining country may elect to request an arbitration panel composed of five members. The panel is required to render a final report on the dispute within 4 months.⁶⁰ If a losing country does not comply with the panel’s recommendation, the winning country may retaliate by withdrawing “equivalent trade concessions.”

Building upon an innovation contained in the CFTA, NAFTA also provides for independent binational panels to review antidumping and countervailing-duty determinations made by a member country.⁶¹ Should a complaining country disagree with a panel decision (which is binding under NAFTA), it may request the establishment of an extraordinary challenge committee to review the matter.⁶²

Intellectual Property Rights

Before the NAFTA negotiations began, the United States repeatedly expressed concern about the adequacy of Mexican intellectual property law. Partly as a result of this concern, in June 1991 the Mexican Congress passed a new industrial property law, which extended product patent protection to pharmaceutical, chemical, metal alloy products and some biotechnological inventions.⁶³ The Mexican Congress also approved a strengthened copyright law (which was originally passed in July 1991 and amended the next month) that included stiff fines for copyright violators and additional protection for computer software.⁶⁴

The NAFTA provisions on intellectual property build on the liberalization already undertaken in Mexico by calling for specific commitments in a range of areas, among them copyrights, patents, trademarks, industrial and trade secrets, and semiconductor chips. Copyrights for sound recordings, for instance, are protected for at least 50 years under NAFTA, and patents are made available for almost any type of invention. NAFTA also calls for stringent enforcement of intellectual property laws and for imprisonment, monetary fines, or both in the case of violations.⁶⁵

With regard to intellectual property rights, two major areas of disagreement between NAFTA negotiators for the United States and Canada were pharmaceuticals and so-called “cultural industries,” such as publishing and film. The United States has long sought greater market access in these areas, but Canada has resisted its efforts. With NAFTA each side ceded ground. Canadian cultural industries, which were excluded from the CFTA, remain excluded under NAFTA. However, Canada did agree to effectively eliminate its compulsory licensing requirements for pharmaceuticals. These requirements essentially gave any Canadian the right to produce patented pharmaceuticals and limited the original patentholder to a royalty of only 4 percent of the selling price of the drug.

Agriculture

As in the protracted GATT Uruguay Round, agriculture proved to be a major challenge in the NAFTA negotiations. After months of disagreement and little progress, the NAFTA partners decided to pursue separate negotiations on the subject. As a result, Canada and Mexico have their own agreement on agriculture, as do Mexico and the United States.⁶⁶ Both are embodied in NAFTA. Agricultural trade

between the United States and Canada is still governed primarily by the CFTA.

Under NAFTA tariffs and quantitative restrictions on agricultural goods are phased out immediately, within 5 years, within 10 years, or within 15 years. Certain "sensitive" agricultural sectors presented particular dilemmas and received the maximum 15-year phaseout: for example, orange juice from Mexico (considered to be a competitive threat to U.S. producers) and corn from the United States (deemed to pose a threat to Mexican producers).

Many nontariff barriers to agricultural trade are converted to tariff-rate quotas. Under this system a predetermined quantity of a particular agricultural commodity may enter any NAFTA nation duty-free, and imports exceeding the predetermined quantity are subject to a specified tariff. Within an agreed-upon phaseout period the quantity eligible for duty-free treatment increases and the tariff decreases until the commodity is entirely duty-free in any amount.⁶⁷

Other subjects, such as health and sanitary requirements, were intensely discussed as well. (These subjects are covered in the "Standards" section above.) Noting that export subsidies for agricultural products are in particular cases "inappropriate" among NAFTA members, the agreement also establishes a Working Group on Agricultural Subsidies, which is to work for the eventual elimination of all agricultural export subsidies affecting trade among the NAFTA nations.⁶⁸

Energy

Mexico's electricity and petroleum industries are both national monopolies. The Comision Federal de Electricidad controls, with some exceptions, electric power generation and distribution within the country. Petroleos Mexicanos controls all aspects of Mexican crude petroleum exploration and production, as well as production of refined products and primary petrochemicals.⁶⁹ Under NAFTA, goods, activities, and investments in these sectors are by and large reserved to the Mexican state. Mexico may also restrict the granting of import and export licenses.⁷⁰ The agreement does, however, permit some private investment in nonbasic petrochemical goods and in electricity-generating facilities.⁷¹ Energy trade commitments set forward in the CFTA are still to be honored by both the United States and Canada.

More generally the NAFTA energy provisions, in keeping with GATT disciplines, do not allow NAFTA partners to impose minimum or maximum export or import price requirements (subject to certain

restrictions). Nor does NAFTA allow a member to impose a tax, duty, or charge on exported energy or basic petrochemical goods—unless the same tax, duty, or charge applies to these goods when they are consumed domestically.⁷²

Parallel Issues

Although NAFTA has enjoyed strong backing from much of the business community in all three signatories, some industry representatives, several environmental groups, and labor leaders in the United States and Canada voiced strong reservations about the agreement throughout its negotiation and after its conclusion. Both Democratic and Republican leaders in the United States responded with plans of action. On August 24 President Bush proposed a \$10 billion, 5-year program for worker retraining that featured assistance for workers displaced because of NAFTA.⁷³

In an October 4 speech endorsing NAFTA, Democratic Presidential candidate Bill Clinton outlined plans for "supplemental" agreements he would pursue if elected.⁷⁴ These agreements would address labor and environmental issues, as well as additional safeguards from import surges. For example, in Clinton's view, a supplemental environmental agreement would set up an environmental protection commission that would not only work to prevent pollution, but would "encourage" NAFTA nations to enforce their environmental laws through a variety of mechanisms. Negotiation of these agreements was to take place in the spring of 1993. A more detailed look at the issues raised during the year about labor and environmental provisions is given below.

Labor

The vast majority of studies examining the impact of NAFTA on U.S. labor have concluded that the agreement would lead to a net increase, albeit modest, in U.S. jobs.⁷⁵ One recent USITC study⁷⁶ found longterm gains in employment likely in several industrial sectors including automotive parts; industrial machinery; computers, components and electronics; machine tools; steel mill products; textiles; and pharmaceuticals among others. In the agricultural sector, both the fisheries and the grains and oilseeds sectors would likely see employment increases.

Some studies have indicated as well that in the long run the agreement might help to stem the flow of illegal Mexican immigrants into the United States.⁷⁷

Other analyses, however, projected a net loss of U.S. jobs in some sectors due to either outright elimination as a result of increased competition from imports or a move south of the border to take advantage of wage differentials between the United States and Mexico.⁷⁸ In addition, some argued that, despite benefits to highly-skilled, white-collar professionals, the average real wages of unskilled and low-skilled U.S. labor could fall slightly as a result.⁷⁹ Those industrial and agricultural sectors identified by the USITC as likely to experience some localized longterm job losses due to factors associated with NAFTA include apparel, automobiles, major household appliances, flat glass, fresh-cut flowers, certain fresh and frozen vegetables, and citrus juice among others.

Labor organizations in both the United States and Canada⁸⁰ continued to oppose NAFTA throughout 1992. In the United States the AFL-CIO called for renegotiation of the agreement to include provisions for increasing Mexico's minimum wage, establishing rights for Mexican workers to organize and bargain collectively, strong Mexican health and safety standards, and the right to levy U.S. trade sanctions in the case of Mexican labor violations.⁸¹ Such demands, however, met with firm resistance from U.S. and Mexican officials, the latter insisting that Mexico would not give up its right to make and enforce its own labor laws.⁸²

By the end of 1992 it appeared that a supplemental agreement on labor would be negotiated and it would likely include provisions for a tripartite labor commission. Nonetheless, the issues addressed in the agreement, and particularly the scope of powers of the proposed commission, remained unclear.

Environment

Although there is no specific section on the environment in the NAFTA, provisions related to environmental protection appear throughout the document. The text affirms, for example, the right of each NAFTA partner to choose for itself the regulations and concomitant level of environmental protection that it deems necessary and desirable. In addition, the text ensures that, should a conflict arise, the provisions of such international environmental agreements as the Convention on International Trade in Endangered Species of Wild Fauna and Flora, the Montreal Protocol on Substances That Deplete the Ozone Layer, and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal generally take precedence over provisions in NAFTA.⁸³ Further, NAFTA

specifies that member nations should not lower their environmental standards or ease enforcement to attract investment and clears the way for member states to adopt "appropriate" measures to ensure that foreign investment is "undertaken in a manner sensitive to environmental concerns."⁸⁴

Such provisions did not fully satisfy certain environmental groups and legislators in both the United States and Canada. Notably, some said NAFTA did not address the issue of long-term funding to clean up the heavily polluted area along the 2,000-mile border between the United States and Mexico, where most maquila plants are located.⁸⁵

The Bush administration sought to address the broader problem of transborder pollution "in parallel" with NAFTA, through an Integrated Environmental Plan for the Mexican-U.S. Border Region, which was released in February 1992. The plan outlines steps for determining what environmental problems exist at the border. It also sets up mechanisms for bilateral cooperation in enforcing current environmental laws and reducing extant pollution. The United States and Mexico plan to jointly spend close to \$1 billion on border cleanup over the next 3 years.⁸⁶ Nonetheless, critics argued that such efforts were not sufficient,⁸⁷ estimating border cleanup costs from \$5 to \$15 billion.⁸⁸

Citing illegal dumping of hazardous waste, lack of sewage treatment, pesticide runoff, pollution of groundwater supplies, lack of smokestack scrubbers, and even discharges of low-level nuclear waste, some environmentalists also maintained that Mexico does not currently enforce its own stringent environmental laws adequately⁸⁹ and, argued that it would not be particularly inclined to do so in the future.⁹⁰ Despite strong industry disagreement, some environmentalists said the agreement would simply induce U.S. firms that do not wish to comply with U.S. environmental standards to move their operations south,⁹¹ thereby resulting in even greater despoiling of the Mexican environment.

As with labor, the prospect for a side agreement on the environment was strong by the end of 1992—although the shape it would take remained unclear. Perhaps the largest question concerned what powers a proposed North American Commission on the Environment would have. Differing positions within the environmental community reflected a split between groups willing to approve NAFTA, provided it had a supplemental agreement attached, and those that rejected the agreement as written and proposed reopening it to negotiation.⁹²

The Next Steps

Conclusion of the NAFTA negotiations was the first step toward realizing the goal of liberalized trade in North America. However, all three countries must still formally ratify the pact. In the United States, legislation implementing the accord must be approved by both houses of Congress before the agreement can enter into force and become binding as a matter of domestic law. This approval will occur under so-called fast-track procedures.⁹³

According to the procedures, once the President formally notifies Congress of his intent to enter into a trade agreement, he must wait 90 days before signing it. The President must also consult with Congress⁹⁴ during the negotiating process and submit the final text of the agreement along with implementing legislation and proposed administrative actions to Congress for its consideration.⁹⁵ There is no specific timetable for drafting the implementing legislation. However, once such legislation is drafted and presented as a bill to Congress, the U.S. House and

Senate between them have 90 legislative days in which to approve or disapprove the legislation as it is written. Both must act. No amendments to, or filibusters of, the implementing legislation are permitted, and debate on the implementing bill cannot exceed 20 hours in either legislative branch.

By the end of 1992 the agreement's chances of passage in both Canada and Mexico appeared to be high.⁹⁶ Less certain was the fate of NAFTA in the chambers of the U.S. House of Representatives and Senate, where concerns about NAFTA's effects on jobs and the environment continued to be voiced into the new year. President Clinton has stated that passage of NAFTA will be a priority for his administration. By mid-1993, however, it was still not clear when the U.S. Congress would begin its official debate on the accord. Although implementing legislation has yet to be submitted as negotiations on supplemental accords continue, the stated goal of the Clinton administration is implementation of the agreement by its original target date: January 1, 1994.

ENDNOTES

¹ The proposal to integrate the economies in the Western Hemisphere was launched by President George Bush in 1990 under the aegis of the Enterprise for the Americas Initiative (EAI). President, "Remarks Announcing the Enterprise for the Americas Initiative," *Weekly Compilation of Presidential Documents*, June 27, 1990, pp. 1009-1013. NAFTA contains an accession clause. The clause allows accession by other countries regardless of location "subject to such terms and conditions as may be agreed between [an applying] country or countries and the [North American Free Trade] Commission (a trilateral commission established under NAFTA) and following approval in accordance with the applicable legal procedures of each country." Office of the United States Trade Representative, *North American Free Trade Agreement Between the Government of the United States of America, the Government of Canada, and the Government of the United Mexican States* (NAFTA) (Washington, : GPO, 1992), ch. 22, art. 2204(1).

² The White House, Office of the Press Secretary, "Text of a Letter from The President to the Speaker of the House of Representatives and the President of the Senate," Sept, 18, 1992.

³ Written Testimony by Ambassador Carla A. Hills before the Committee on Ways and Means, U.S. House of Representatives, Sept. 9, 1992.

⁴ Exclusive of actual tariff schedules, specific rules of origin, and specific reservations and exceptions.

⁵ USITC, *Potential Impact on the U.S. Economy and Selected Industries of the North American Free-Trade Agreement*, USITC publication 2596, Jan. 1993.

⁶ Tariff figures are from the Office of the United States Trade Representative and USITC, *ibid*, p. x.

⁷ NAFTA, vols. 3, 4, and 5 (tariff schedules) and Anne M. Driscoll, "Key Provisions of the North American Free Trade Agreement," *Business America*, U.S. Department of Commerce, Oct. 19, 1992.

⁸ A duty waiver, reduction, or refund that is contingent on exportation may not exceed the smaller of the following two amounts: (1) the total amount of the duties paid or owed on the initial importation of the third-country goods into North America or (2) the total amount of duties paid on the goods' subsequent shipment to another NAFTA signatory. NAFTA similarly limits conditional duty exemptions offered by duty deferral programs. NAFTA, art. 303(3). For a further discussion, see USITC, *Potential Impact on the U.S. Economy and Selected Industries of the North American Free-Trade Agreement*, pp. 3-3 to 3-5.

⁹ NAFTA, art. 303(7) and annex 303.7. Art. 404 of the CFTA provided for the total elimination of conditional duty exemptions for U.S. Canadian trade as of January 1, 1994. NAFTA's partial limitation on duty avoidance schemes replaces CFTA's total elimination of such schemes and extends the effective date for 2 years until January 1, 1996.

¹⁰ NAFTA, ch. 4, art. 401(a)-(d).

¹¹ The net cost method is based on the total cost of a commodity, minus costs such as royalties, packing, shipping, and sales promotion. NAFTA, ch. 4, art. 402(3) and 403(1) to 403(5).

¹² NAFTA, app. 300-A.1.

¹³ In 1989 the Mexican Government published two new decrees that eased restrictions on foreign automakers and allowed greater foreign investment in the nation's auto parts industry.

¹⁴ NAFTA, app. 300-A.2(1).

¹⁵ Although it is generally referred to as "CAFE," the standards were enacted by the Energy Policy and Conservation Act of 1975 (42 U.S.C. 6201).

¹⁶ NAFTA, app. 300-A.3(1). Under the current CAFE regulations, if a given model car has below 75 percent U.S. or Canadian content, it must count as an import for CAFE purposes.

¹⁷ Yarn, knit fabrics, nonwoven fabrics, and made-up articles.

¹⁸ NAFTA, ch. 4, annex 401.

¹⁹ NAFTA, ch. 3, annex 300-B, sec. 2.

²⁰ NAFTA, ch. 9, annex 913.5.a-4.

²¹ NAFTA, ch. 3, annex 300-B, sec. 1.

²² "Standards in the North American Free Trade Agreement," U.S. Department of Commerce, Office of Mexico, Oct. 17, 1991.

²³ NAFTA, chs. 7 and 9.

²⁴ NAFTA, ch. 7, arts. 709-713.

²⁵ NAFTA, arts. 714 and 722.

²⁶ NAFTA, ch. 9, arts. 906, 908.

²⁷ Regulation of May 15, 1989, *Diario Oficial de la Federacion*, May 16, 1989; Regulation of Jan. 25, 1990, *Diario Oficial de la Federacion*, Jan. 26, 1990.

²⁸ U.S. Department of the Treasury, *National Investment Study*, 1990, pp. 277-278.

²⁹ U.S. and Canadian investors may also set up institutions that have no equivalent in Mexico, such as mortgage lending companies. NAFTA, ch. 14, arts. 1403-1408.

³⁰ By the year 2000, foreign banks may increase their collective share of the Mexican banking sector to 15 percent. If foreign banks acquire a 25-percent

share of the Mexican market after the year 2000, Mexico may apply temporary safeguards. NAFTA, ch. 14, art. 1409, and annex VII.

³¹ Among other things, these rules prohibit nonresidents from acquiring more than 25 percent of the shares in a federally regulated Canadian financial institution. Under the CFTA the United States is already exempt from these rules.

³² NAFTA, annex I, "Schedule of Mexico."

³³ *Ibid.*, p. III-M-3.

³⁴ NAFTA, ch. 13, art. 1302.

³⁵ The CFTA covers contracts for goods by specified entities in each country valued at more than \$25,000 and less than 130,000 Special Drawing Rights, the threshold for coverage by the GATT Government Procurement Code.

³⁶ NAFTA extends beyond the CFTA by including state-owned enterprises (such as Canada's crown corporations) in its provisions on government procurement. The three Federal Governments involved will attempt to extend the agreement's coverage to State and Provincial Governments that accede to its terms.

³⁷ NAFTA, ch. 10, annex 1001.1a-1.

³⁸ NAFTA, ch. 10, art. 1001.

³⁹ NAFTA, ch. 10, annex 1001.2a.

⁴⁰ NAFTA, ch. 10, art. 1015.

⁴¹ NAFTA, ch. 10, art. 1017.

⁴² NAFTA, ch. 10, art. 1018.

⁴³ U.S. direct investment in Mexico was \$11.6 billion in 1991. Driscoll, "Key Provisions of the North American Free Trade Agreement."

⁴⁴ Mexican Constitution, art. 27, sec. 1.

⁴⁵ This figure may be increased if greater foreign ownership is deemed in the national interest.

⁴⁶ For further discussion of this topic, see USITC, *Review of Trade and Investment Liberalization Measures by Mexico* (investigation No. 332-282), USITC publication 2275, April 1990, pp. 5-7, 5-8.

⁴⁷ *Gist*, U.S. Department of State, Jan. 14, 1992, p. 2.

⁴⁸ USTR, *1992 Trade Policy Agenda and 1991 Annual Report of the President of the United States on the Trade Agreements Program*, 1992, p. 67.

⁴⁹ NAFTA, ch. 11, art. 1101(2), and annex III.

⁵⁰ According to the agreement, "each [NAFTA] Party shall accord to investors of another [NAFTA] Party treatment no less favorable than that it accords, in like circumstances, to its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other

disposition of investments." NAFTA, ch. 11, art. 1102 (1).

⁵¹ According to the agreement, "each [NAFTA] Party shall accord to investors of another [NAFTA] Party treatment no less favorable than that it accords, in like circumstances, to investors of any other Party or of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments." NAFTA, ch. 11, art. 1103 (1).

⁵² NAFTA, ch. 11, art. 1106.

⁵³ NAFTA, ch. 10, art. 1110.

⁵⁴ NAFTA, ch. 11, arts. 1115-1138.

⁵⁵ NAFTA, ch. 8, annex 803.3.

⁵⁶ Under the bilateral action provision, a NAFTA party may suspend the further reduction of a rate of duty or increase the rate to the lesser of the MFN rate or rate in effect immediately preceding entry into force of the agreement. NAFTA, ch. 8, art. 801, para. 1.

⁵⁷ A NAFTA party that is taking a global safeguard action under GATT article XIX must exclude imports from a NAFTA party from such action unless (1) imports from the NAFTA party account for a substantial share of total imports, and (2) such imports contribute importantly to the serious injury or threat thereof to a domestic industry. NAFTA, ch. 8, art. 802.

⁵⁸ NAFTA, ch. 8, art. 801, para. 4; and art. 802, para. 6.

⁵⁹ The Free Trade Commission is to comprise "cabinet-level representatives of the [NAFTA] Parties or their designees." NAFTA, ch. 20, art. 2001 (1).

⁶⁰ NAFTA, ch. 20, arts. 2003-2019.

⁶¹ Such panels are composed of five members. They must render a final decision on a case 315 days after a request for a panel is made. The CFTA's system for dispute settlement replaced the then-existing domestic judicial review procedure for antidumping and countervailing duty cases with review by binational panels of experts.

⁶² NAFTA, ch. 19, arts. 1901-1904.

⁶³ The Law of Development and Protection of Industrial Property, *Diario Oficial de la Federacion*, June 17, 1991.

⁶⁴ Executive Decree of July 11, 1991, *Diario Oficial de la Federacion*, July 17, 1991. For additional information, see "Some U.S. Firms Seek Changes in Mexican Patent, Copyright Laws," *U.S.-Mexico Free Trade Reporter*, July 26, 1991, p. 2.

⁶⁵ NAFTA, ch. 17, arts. 1701-1717.

⁶⁶ NAFTA, ch. 7, annex 703.2, secs. A and B.

⁶⁷ *Ibid.*

⁶⁸ NAFTA, ch. 7, art. 705. The CFTA envisioned common treatment of subsidies by both the United

States and Canada within 5 to 7 years after the signing of the agreement.

⁶⁹ Mexican Constitution, arts. 25, 27, and 28.

⁷⁰ NAFTA, ch. 6, arts. 601-603.

⁷¹ NAFTA, ch. 11, art. 1102.

⁷² NAFTA, ch. 6, arts. 603-604.

⁷³ President, "Remarks at Lincoln Technical Institute in Union, New Jersey," *Weekly Compilation of Presidential Documents*, Aug. 31, 1992, Vol. 28., No. 35, pp. 1489-1492.

⁷⁴ Gov. Bill Clinton, cited in "Clinton Backs NAFTA, Proposes Pact for Labor, Environment, and Import Surges," *U.S.-Mexico Free Trade Reporter*, Oct. 19, 1992, p. 1.

⁷⁵ For example, a collection of economic papers issued by the USITC in May 1992 concluded that on the whole, NAFTA would increase aggregate employment between 0.1 percent and 2.5 percent and that aggregate wages would rise between 0.1 percent and 0.3 percent. USITC, *Economy-Wide Modeling of the Economic Implications of a FTA With Mexico and a NAFTA With Canada and Mexico* (investigation No. 332-317), USITC publication 2516, May 1992.

⁷⁶ USITC, *Potential Impact on the U.S. Economy and Selected Industries of the North American Free-Trade Agreement*.

⁷⁷ There are arguments, however, that as a result of NAFTA, illegal immigration from Mexico would increase rather than decrease in the short term. Gary Clyde Hufbauer and Jeffrey J. Schott, *NAFTA: An Assessment*, Institute for International Economics, Feb. 1992, pp. 24-26. More than 90 percent of the United States' illegal immigrants come from Mexico.

⁷⁸ In 1991 the average hourly compensation for Mexican production workers in manufacturing was \$2.17. The average compensation for such workers in maquiladora industries was (in 1990) \$1.25. In contrast, the average hourly compensation rate for U.S. production workers in manufacturing was \$15.45 in 1991, according to the U.S. Bureau of Labor Statistics. Other potential sources of job loss under discussion were the economic efficiency gains expected to result from NAFTA. See, for example, Hufbauer and Schott, *NAFTA: An Assessment*.

⁷⁹ See four studies cited in USITC, *Potential Impact on the U.S. Economy and Selected Industries of the North American Free-Trade Agreement*, p. 2-6.

⁸⁰ The opposition voiced by U.S. and Canadian labor was not generally shared by Mexico's unions.

⁸¹ In a statement issued in early 1993, the AFL-CIO enumerated its position in a 21-point program for changing the original agreement. "Statement by the AFL-CIO Executive Council on the

North American Free Trade Agreement," press release, Feb. 17, 1993, pp. 1-3.

⁸² Bob Davis, "Clash Looms Over Scope of NAFTA Panel," *Wall Street Journal*, Jan. 28, 1993, p. A10.

⁸³ NAFTA, art. 104(1).

⁸⁴ NAFTA, ch. 11, art. 1114.

⁸⁵ The border region has served as a home to export-oriented production facilities, or maquilas, since the adoption of Mexico's Border Industrialization Program in 1965. Some members of the U.S. Congress proposed instituting a so-called border tax that would be collected to help pay for environmental cleanup and for labor adjustment costs as well. No binding action was taken on these proposals in 1992.

⁸⁶ Anne Alonzo and Edward M. Ranger Jr., "The U.S.-Mexico Border Plan," *Business Mexico*, Apr. 1992.

⁸⁷ For example, see U.S. Senate, Committee on Finance, Subcommittee on International Trade, 102d Cong., 2d sess., Sept. 16, 1992, testimony of Justin Ward, Natural Resources Defense Council.

⁸⁸ U.S. House, Committee on Ways and Means, transcript of hearings on *NAFTA and Supplemental Labor/Environmental Pacts*, 103d Cong., 1st sess., Mar. 11, 1993, Rep. Robert T. Matsui. The U.S. EPA estimates border pollution cleanup costs at \$7 billion.

⁸⁹ Some sources have cited a study by the U.S. General Accounting Office, which found that out of six new U.S. maquilas sampled in Mexico, none had submitted an environmental impact assessment—which is required by Mexico's 1988 General Ecology Law. U.S. General Accounting Office, *U.S.-Mexico Trade: Assessment of Mexico's Environmental Controls for New Companies*, Aug. 1992, p. 13.

⁹⁰ Lack of funding for enforcement of environmental laws is acknowledged as a key problem.

⁹¹ Others argue that NAFTA will not lead to "pollution haven" investment in Mexico, in part because pollution abatement costs are so small for most industries and because most industries with high pollution abatement costs have low U.S. tariffs. See, for example, Government of Canada, *North American Free Trade Agreement: Canadian Environmental Review*, Oct. 1992.

⁹² Some environmental groups such as Friends of the Earth, for example, advocated a commission with powers to help nations enforce their own environmental laws. Others, such as the National Wildlife Federation, saw the proposed commission's efforts as complementary to, and not superseding, government agencies' efforts in the NAFTA countries. As they view it, the NAFTA environmental commission would report on and offer suggestions to

resolve environmental problems related to the agreement.

⁹³ U.S. procedures for implementing NAFTA are set forth in the Omnibus Trade and Competitiveness Act of 1988, which also authorized the President to enter into the negotiations that culminated in NAFTA. 19 U.S.C. 2902 et seq. For a discussion, see Committee on Ways and Means, U.S. House of Representatives, *Overview and Compilation of U.S. Trade Statutes* (1991 ed.), 102d Cong., 1st Sess., WMCP 102-5, pp. 155 to 165.

⁹⁴ The Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and each other committee of

Congress that has jurisdiction over legislation involving subjects that would be affected by the agreement.

⁹⁵ The President is also required to submit an explanation of how the implementing bill and administrative action would change U.S. law and a statement asserting that the agreement makes "progress in achieving" the objectives set forth in the 1988 act.

⁹⁶ NAFTA was introduced into the Canadian House of Commons on Feb. 25, 1993, just 1 day after Prime Minister Mulroney announced his intention to resign from office in June. The agreement was ratified by Canada on June 23, 1993.

CHAPTER 2

The General Agreement on Tariffs and Trade

The General Agreement on Tariffs and Trade (GATT) entered into force in 1948 with 23 original members.¹ Originally set up as a body of rules to govern international trade, the GATT over time has also become an organization to oversee the conduct of these rules. Situated in Geneva, Switzerland, the organization's purpose is to provide a forum for discussion of world trade issues that allows for the disciplined resolution of trade disputes, based on the founding principles of the GATT, which include nondiscrimination, national treatment, transparency, and most-favored-nation (MFN) treatment.

GATT activities in 1992 were largely focused on the Uruguay Round of multilateral trade negotiations, launched in 1986 to expand GATT coverage to new areas, such as services and intellectual property rights, as well as to improve existing rules in areas such as agriculture. The Round is now host to upwards of 115 participants, most of which are contracting parties to the GATT.

In addition to the Round, the GATT continues its ongoing activities regarding the application of its existing rules to specific cases in world trade as well as to extending the rights and obligations of the General Agreement to new members. Regular GATT activities were slower than normal in 1992,² owing to efforts marshaled toward finishing the Uruguay Round. Three issues that did receive attention were (1) dispute settlement, (2) regional trade arrangements, and (3) trade and the environment. Membership in the GATT rose from 92 countries in September 1986 when the Round began, to 105 by yearend 1992, and to 111 by May 1993, reflecting the importance of trade to the economies of most countries. See tables 2-1 and 2-2 for a listing of signatories to the General Agreement and to the Tokyo Round agreements, respectively, as of December 31, 1992. New GATT members in 1992 included Mozambique and Namibia, based on accessions as former colonies or protectorates of other contracting parties. (Mali joined in 1992 but did not

ratify its membership until 1993.) Working parties created in 1992 to examine requests for accession included those for Slovenia, Ecuador, Albania, as well as Chinese Taipei.³

The following sections review developments in the Uruguay Round and selected regular GATT activities.

The Uruguay Round

Uruguay Round negotiations in 1992 began on a hopeful note, starting with the presentation of the Draft Final Act (DFA). Scheduled to conclude in December 1990, negotiations had deadlocked over the subject of agricultural trade reform. Countries seeking greater agricultural trade liberalization, led by the United States and the Cairns group⁴ of self-styled "free-market agricultural exporters," reached an impasse in discussions with other participants such as the European Community (EC), Japan, and Korea, seeking essentially to retain their protective measures concerning agricultural trade, such as agricultural import barriers and export subsidies. Following extensive consultations in 1991, GATT Director-General Arthur Dunkel, in his capacity as chairman of the Trade Negotiating Committee (TNC) overseeing the Uruguay Round negotiations, brought together agreements already reached between negotiators and provided a final draft text on his own initiative for several contentious areas where negotiators had not reached a compromise draft after 5 years of talks.⁵ This compendium, known as the "Draft Final Act" and often referred to as the "Dunkel text," was issued on December 20, 1991, and represented the first comprehensive view of a package of possible agreements and tradeoffs that negotiators could consider.⁶

Based on the DFA and the understanding among participants that it would form the basis for subsequent negotiations in the Round,⁷ Dunkel set

**Table 2-1
Contracting Parties to the GATT: Status as of Dec. 31, 1992**

Contracting Parties to the GATT (105)

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

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 (27)

Algeria	Equatorial Guinea	Saint Christopher and Nevis	Swaziland
Angola	Fiji	Saint Lucia	Tonga
Bahamas	Grenada	Saint Vincent and the Grenadines	Tuvalu
Bahrain	Guinea-Bissau	Sao Tomé and Príncipe	United Arab Emirates
Brunei Darussalam	Kiribati	Seychelles	Yemen
Cambodia	Mali	Solomon Islands	
Cape Verde	Papua New Guinea		
Dominica	Qatar		

¹ New member in 1992.

Source: GATT, *Saint Lucia Becomes a Contracting Party to GATT*, press communiqué, GATT/1572, Apr. 14, 1993.

Table 2-2

Signatories to the Tokyo Round agreements: Status as of Dec. 31, 1992

(Accepted (A); signed, acceptance pending (S); provisional acceptance (P); new member 1992 (+)), Reservation, condition, declaration, or any combination (*)

	Stand-ards	Government procurement	Subsi-dies	Bovine meats	Dairy prod-ucts	Customs valu-ation	Import licen-sing	Civil air-craft	Anti-dump-ing
Contracting party:									
Argentina	S		S	A	A	A*	S		S
Australia	A+		A*	A	A	A	A		A
Austria	A	A	A	A		A	A	A	A
Belgium	A							A	
Belize				P					
Botswana						A*			
Brazil	A		A	A		A*			A
Canada	A	A	A	A		A*	A	A	A
Chile	A		A*				A		
Colombia			A*	A					
Cyprus	A*								
Czechoslovakia	A*					A	A		A
Denmark	A*							A*	
Egypt	A		A	A+	A+		A	A*	A
EEC ¹	A	A	A	A	A	A	A	A	A
Finland	A	A	A	A	A	A	A		A
France	A*							A*	
Germany	A*							A*	
Greece	A							S	
Guatemala				A*					
Hong Kong ²	A*	A	A			A	A		A
Hungary	A*			A	A	A*	A		A
India	A*		A			A*	A		A
Indonesia	A*								
Ireland	A							A	
Israel	A	A	A*						
Italy	A							A	
Japan	A	A	A	A	A	A	A	A	A
Korea	A		A			A			A
Lesotho					A				
Luxembourg	A							A	
Malawi					A*				
Mexico	A					A*	A		A
Netherlands	A							A	
New Zealand	A		A	A	A	A*	A		A
Nigeria					A			A	
Norway	A	A	A	A	A	A	A	A	A
Pakistan	A		A*				A*		A
Philippines	A		A*				A*		
Poland			S	A	A	S	A		A
Portugal	A							A	
Romania	A			A	A	A	A	A	A
Rwanda	S								
Singapore	A	A					A		A
South Africa		A	A	A	A				
Spain	A							A	A
Sweden	A	A	A	A	A	A	A	A	A
Switzerland	A	A	A	A	A	A	A	A	A

See footnotes at the end of table.

Table 2-2

Signatories to the Tokyo Round agreements: Status as of Dec. 31, 1992—Continued

(Accepted (A); signed, acceptance pending (S); provisional acceptance (P); new member 1992 (+)), Reservation, condition, declaration, or any combination (*)

	Stand-ards	Government procure-ment	Subsi-dies	Bovine meats	Dairy prod-ucts	Customs valu-ation	Import licen-sing	Civil air-craft	Anti-dump-ing
Tunisia	A			A					
Turkey			A			A*			
United Kingdom	A*	A*				A*	A*	A*	
United States	A	A	A	A		A	A	A	A
Uruguay			A	A	A				
Yugoslavia	A		S	A		A	A		A
Zimbabwe					A*				
Noncontracting parties:									
Bulgaria				A	A				
Paraguay				P					
Total signatories	39	13	24	25	16	29	27	21	25

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.

Source: GATT, *GATT Activities 1992*, Geneva, July 1993, annex III.

out in January 1992 a 4-track work plan to conclude the Round by focusing negotiations on (1) market access, (2) services, (3) a legal review of the DFA, and (4) possible adjustments to the DFA in specific places.⁸

Market access talks were held up for most of 1992 by sparring between the EC and the United States over agriculture as well as other issues.⁹ Negotiations on trade in services advanced overall during the year,¹⁰ and the legal review of the DFA was completed. Action on track 4, possible adjustments to the DFA, awaits agreement by participants on the first three tracks, although concerns about different parts of the Dunkel text were raised informally at yearend 1992 by several delegations.

During 1992 the issue of agriculture in the multilateral context became enmeshed in the longstanding U.S.-EC bilateral dispute over oilseeds, nearly leading to U.S. trade retaliation in November 1992. On November 20, 1992, the two sides finally settled on a compromise, both to bilateral disputes on agriculture and also to their differences over elements in the agriculture text of the DFA. This agreement provided an optimistic note at yearend, triggering a resumption of Uruguay Round talks in December 1992 on market access and other topics put off until the impasse over agriculture was seen to be resolved.

The following discussion focuses on the two sectoral areas of the 1992 work program—services and market access—plus the area that has proved to be a pivotal issue in the Uruguay Round negotiations from the start: agriculture.

Agriculture

In January 1992 at the first 1992 TNC meeting, chairman Dunkel indicated that henceforward negotiations would need to take place on a global basis, with adjustments to the DFA only if “we all can collectively agree to [them] without unravelling the package.”¹¹ Although no participant flatly rejected the DFA, the EC did object to the entirety of the agriculture provisions.¹²

The DFA agriculture provisions called for specific, binding commitments in each of three areas:

1. A 20-percent reduction in internal support (subsidy) expenditures;
2. Conversion of nontariff import barriers to tariffs (tariffication), followed by a 36-percent reduction in these tariffs; and
3. A 24-percent reduction in export subsidies in volume terms as well as a 36-percent reduction in export subsidies in terms of budget outlays.

All these reductions were to begin in 1993 for a 6-year period. In addition, the text included a draft agreement on sanitary and phytosanitary measures.¹³

Given the EC objections to the agriculture section of the DFA, other participants were not prepared to move forward with other areas under negotiation in the Round until assured that agriculture would be included in the overall package and to what extent.¹⁴

In March 1992 President Bush and EC Commission President Delors sought to reach a mutual understanding over the Dunkel text provisions on agriculture, but they were unsuccessful. Regarding direct payments to producers, the United States proposed that those payments that do not affect production be exempted from the Dunkel text's call for a 20-percent reduction of internal subsidy payments. The EC responded with a willingness to accept a 36-percent reduction in internal support, export subsidies, and market access combined, rather than making specific, binding commitments in each category individually, in return for two conditions. One condition was "rebalancing," whereby the EC would be permitted to offset market access liberalization in some areas with increased tariffs in other areas with little or no protection, such as oilseeds and other nongrain feedstuffs. The second condition was a "peace clause" whereby the United States would forgo unilateral action on matters likely to be covered in the Round's agricultural agreement, submitting such disagreements instead to the GATT for resolution under existing dispute-settlement procedures.

By May 1992 the Community had finalized a package of measures aimed at reforming its Common Agricultural Policy (CAP).¹⁵ Although the EC reform is considered an internal EC matter and does not address the issues of market access or export subsidies, the reform was widely considered as providing a basis from which the EC could reach agreement with the United States and other participants in the Round over agricultural trade.

In July 1992 the leaders of the seven leading industrial nations (G-7) at their summit meeting in Munich acknowledged "the slow pace of the [Uruguay Round] negotiations" since mid-1991 but pointed out that progress had been made, characterizing the agricultural negotiations thus:

Progress has been made on the issue of internal support in a way which is consistent with the reform of the common agricultural policy, on dealing with the volume of subsidized exports and on avoiding future dispute. These topics require further work. In addition, parties still have concerns in the

areas of market access and trade in cereal substitutes that they should seek to address.¹⁶

Nonetheless, although there was much high-level political discussion of agriculture on the margins of the G-7 summit, little of substance resulted. One of the few understandings to emerge was that few concessions in the agriculture negotiations would be forthcoming from the EC in general—and from France in particular—until after the referendum in France on the Maastricht Treaty on European union, scheduled for September 20, 1992.

During the first half of 1992, a U.S. challenge to the EC regime on oilseeds¹⁷ was also proceeding through dispute-settlement procedures in the GATT for the second time. The United States has been actively challenging the consistency of the EC oilseeds subsidy program under the GATT since 1988, when the first GATT panel was established at U.S. request to examine EC subsidies to processors and producers of oilseeds and related animal-feed proteins. This first dispute panel supported U.S. claims and recommended that the EC bring its subsidy program into compliance with the GATT. The panel report was issued in 1989 and adopted in January 1990.

In March 1992 a "followup" panel¹⁸ issued its findings, again supporting the U.S. position. This second panel declared further that the United States should be granted authority under the GATT to withdraw concessions to offset the trade losses stemming from the EC subsidy program, if the EC did not eliminate its impairment of U.S. trade rights by either modifying the new subsidy program or by compensating the United States.

In June 1992 the EC requested and received from the GATT authorization to renegotiate its tariff concessions on oilseeds under GATT article XXVIII:4. However, the EC and the United States failed to agree on acceptable compensation for the right to raise tariffs beyond the zero-duty binding currently in effect.¹⁹ As a result of this impasse, the United States requested at the September 1992 GATT Council meeting that the EC submit to binding arbitration of the dispute through the GATT, an approach that the EC rejected.

Additional talks between the United States and the EC during October and into November 1992 over both the bilateral oilseeds dispute and the multilateral situation concerning agriculture in the Uruguay Round came to a head in early November. Negotiations in Chicago between the U.S. and the EC agriculture Ministers broke down in the days leading up to the U.S. Presidential election on November 3.²⁰ The lack of redress in the GATT over the oilseeds issue despite the twice-upheld U.S. legal position, followed by this

breakdown in the possibility for a negotiated settlement of differences over agriculture, combined to dim the possibility that agriculture negotiations could continue in good faith.

At the November 4 GATT Council meeting the United States repeated its request for binding arbitration concerning trade damages arising from the oilseeds issue and, being rebuffed by the EC, requested authorization from the GATT to withdraw from the EC \$1 billion in trade concessions in compensation. Not unexpectedly, the EC refused to agree to the unanimous decision necessary for such authorization and blocked the U.S. request.

On November 5, 1992, the United States announced its intent to withdraw concessions from the EC for its failure to bring its oilseeds subsidies regime into line with the GATT.²¹ The United States said it would increase tariffs to 200 percent ad valorem, beginning December 5, 1992, on imports of white wine, rapeseed oil, and wheat gluten from the EC. These items were valued at \$300 million, and a list of possible additional products valued at \$1.7 billion was prepared for further sanction should the EC fail to reform its policies or otherwise rectify the situation.

On November 18 and 19, EC Commissioners Andriessen and MacSharry met with United States Trade Representative Hills and Agriculture Secretary Madigan to try to resolve the agriculture issues threatening to raise trade sanctions and impeding the multilateral trade negotiations. On November 20, both sides announced that they had reached an agreement on the oilseeds dispute, as well as on several other bilateral farm disputes²² and on agricultural issues contested by the two sides in the Uruguay Round.

Negotiated at the Blair House in Washington DC, for which the agreement was named, these U.S.-EC understandings addressed two of the three areas under discussion in the multilateral talks on agriculture—that is, internal support and export competition. The Blair House agreement was expected to clear the way for resumed Uruguay Round negotiations in Geneva on the third area of agricultural market access, as well as all outstanding topics in general, with the hope that at least an agreement in principle to the DFA could be agreed by the time U.S. administrations changed on January 20, 1993.

The two sides agreed to support the 20-percent reduction in internal farm supports already outlined in the Dunkel text. Concerning agricultural export subsidies, the United States and the EC agreed to seek modification of the DFA to reflect the Blair House

agreement to reduce export subsidies on agriculture by 21 percent on a volume basis over 6 years using a 1986-90 base period, as well as accept the 36-percent reduction in export subsidy budget outlays as set out in the DFA.

The two sides also agreed that if the internal support and export subsidy measures are met, then the measures subject to the reduction commitments or the direct payments involved with them will not be subject to challenge under GATT rules.²³ However, actions under countervailing-duty laws will still be allowed, should subsidized imports either cause or threaten injury in the domestic market. On nongrain feed ingredients (NGFI),²⁴ both sides agreed to confer should EC imports of NGFI threaten to undermine the EC reform program for the CAP.

In early December 1992 negotiators resumed talks in Geneva on agriculture, as well as other Uruguay Round topics, in an effort to reach a "political-level" agreement before the end of the year. Meetings on market access for agriculture were expected to resume with the tabling of delegations' proposed tariff reductions for agriculture, but further delays undermined efforts to reach the yearend target date for an overall agreement in principle. The EC agriculture schedule, for example, was not available until mid-December 1992, owing to French objections to the Blair House agreement.

These French objections reflected both popular discontent, such as angry demonstrations by French farmers against the agreement, and official disapproval. French politicians, awaiting parliamentary elections in March 1993, threatened to resort to the extreme sanction allowed member states under EC procedures to veto a Community decision for reasons of "vital national interest." The French Government accused negotiators for the EC Commission of having exceeded their mandate from the member states, given through the EC Council, that no additional concessions be given in agriculture beyond those already negotiated internally for the CAP reform in May 1992.²⁵

Services

Negotiation on services was set out by GATT Director-General Dunkel in January 1992 as one of the four tracks to be pursued during the year. Services negotiations were to revolve around (1) the "framework" agreement known as the General Agreement on Trade in Services (GATS) that sets out basic obligations such as ensuring transparency in service-related regulation; (2) annexes that contain particular provisions applicable to certain sectors;²⁶

and (3) schedules of commitments detailing each specific sector in which market-access provisions will apply. Negotiations over services advanced substantially during the year.²⁷ However, at yearend, differences over telecommunications, financial, audiovisual, and transport services still remained stumbling blocks.

MFN Exemptions and "Conditional" MFN

The GATS contained in the DFA would oblige signatories to extend benefits of the agreement, as well as liberalization in the service sectors listed in the schedules of commitments, to all signatories on a nondiscriminatory basis. That is, a signatory to the GATS would be required to extend benefits unconditionally to other signatories on a most-favored-nation, or MFN, basis. A signatory may request exemptions from applying MFN treatment to services under the terms of the DFA with respect to sectors or to specific measures, but they should not last longer than 10 years, and must be reviewed after the first 5 years. The United States has sought an exemption from MFN in a number of sectors.²⁸ Financial services and telecommunications services were two sectors where the United States sought to condition its application of MFN treatment on an exchange of market access commitments with other participants. The EC has sought exemptions from MFN obligations in a number of sectors as well, including maritime and land transport services, and for its audiovisual sector to protect its TV, film, and sound recording industries by requiring that a certain portion of broadcasting in its member states be reserved for works by EC producers. In addition, the EC has notified a long list of measures, primarily in the financial and professional services areas that would require MFN exemptions should the results of the round's market-access negotiations prove unsatisfactory to the EC.

1992 Developments

In March 1992 the Group on Negotiations on Services (GNS) held a stock-taking exercise. The GNS chairman reported that offers on initial commitments had been tabled by 47 participants (24 of these being revised offers) with 32 draft lists of intended MFN exemptions.²⁹ Although these offers represented considerable progress, the United States was criticized for seeking exemptions for maritime and air transport, basic telecommunication services, and financial services. In response, the United States

made it clear that its approach regarding financial services and basic telecommunication services was a negotiating tactic to elicit active negotiations and improved offers from other trading partners.

In fall 1992, in an attempt to move talks forward in financial services,³⁰ the United States announced a change in emphasis in its approach that it would withhold final decision regarding financial services until the end of the round.³¹ The EC has indicated that it views U.S. demands for exemptions in the services talks as hindering the chances for an overall services agreement that would include the widest participation by developing countries, something that the EC has particularly sought. Nonetheless, the EC has joined the United States in reserving its right to invoke an MFN exemption for financial services if other countries fail to improve their services offers. These offers include in particular financial services offers from key developing countries in Asia and Latin America as well as Japan. In October 1992 the EC wrote to 13 countries³² warning that more generous offers in financial services may be withdrawn if improvements in offers from these participants are not forthcoming. The U.S. Government has been seeking similar liberalization commitments from key developing countries as well.

In negotiations on telecommunications services, the United States also sought to move negotiations forward. In December 1991 the United States had attempted to catalyze talks by offering to extend MFN treatment in the Uruguay Round to basic telecommunications services.³³ Until then, the United States had been unwilling to extend MFN treatment for basic services (such as voice telephony or telex services) because other countries were considered unlikely to liberalize their domestic markets for basic telecommunications, dominated to a large extent by state-controlled monopolies.³⁴ However, this offer of U.S. willingness to extend MFN treatment for basic services if other countries were in fact willing to do the same was still conditioned on the agreement of major U.S. trading partners, such as Canada, the EC, and Japan, to make commitments to open their own long distance telephone service markets to international competition.³⁵

By late 1992 the United States, the EC, and other participants with significant markets in telecommunications, were considering a 2-year extension of negotiations on basic telecommunications as a means to overcome their longstanding impasse over telecommunications issues.³⁶ Some participants proposed that during the extension the status quo should be frozen, preventing any country from taking an MFN exemption and relieving all members of the

obligation to apply MFN status during the 2-year extension.³⁷

In talks on transport services the GATT Secretariat has circulated a broad proposal to liberalize maritime service markets based on proposals initially advanced by the Nordic countries. The United States has resisted such proposals, instead seeking for maritime services an exemption from applying MFN obligations. In addition, the United States has not included offers based on national treatment principles in its schedule of service commitments. EC negotiators, however, have sought some U.S. commitments in maritime services.³⁸ However, it is reported that a wide range of countries³⁹ would need to liberalize their maritime transport markets significantly before the United States would be willing to consider dropping its demand for a maritime exemption—something U.S. negotiators consider unlikely. By December 1992 the EC had come to link movement on its exemption for audiovisual services (see below) to U.S. concessions on maritime transport services.⁴⁰ In civil aviation services, the annex will exempt landing rights from the GATS, both for “hard” rights, such as those that actually support permission to land an airplane in foreign territory, and “soft” rights, such as baggage handling and in-flight catering.⁴¹

For audiovisual services EC negotiators have sought an exemption on audiovisual programs⁴² to protect the 1989 EC Broadcast Directive, in addition to offering no market-access commitments for audiovisual services. The EC Broadcast Directive is legislation aimed at reserving a portion of national television and other programming time for national cultural programs. While the United States has indicated it may be willing to accept some EC reservations in audiovisual services in the form of an EC exemption or an attenuated market-access offer in this sector, the United States has steadfastly opposed “cultural exemptions” where any party may exclude any audiovisual service sector for purposes of “cultural preservation,” although the EC and others point out similar provisions in U.S. agreements with Canada and Mexico.⁴³

The EC circulated informally a revised services offer by mid-December 1992, one that had been held up by divisions between EC member states. Key developing countries withheld improved services offers until a formal presentation of the U.S.-EC agricultural agreement could be made and its implications become more clear. Nonetheless, some key developing countries, such as Argentina, Egypt, Turkey, and some East European countries, did table revised services offers during December.⁴⁴

In December 1992 Japan tabled a revised schedule of commitments and reservations encompassing approximately 75 different service sectors.⁴⁵ A Japanese official characterized these commitments as “unilateral concessions” in an attempt to help provide impetus to the services talks, although other participants have reserved judgment on this point. The revised Japanese offer seeks sectoral exemptions in 4 areas—legal consulting services, freight forwarding, licenses for radio stations, and cabotage—while lifting two exemptions previously sought in the areas of restricted land ownership by nonnationals and entry of foreign personnel.

Market Access

In early 1992 it was envisioned that all 115 participants in the market access negotiations would submit their final line-by-line schedules of tariff concessions and commitments for all products—agricultural as well as industrial products—by March 31, 1992.⁴⁶ However, at stock-taking meetings in March the chairman of the Negotiating Group on Market Access reported that he had received only 37 submissions and expected 14 more from other participants shortly.⁴⁷

Although the chairman reported that “many participants had confirmed their expectation of being able to meet, and in some instances to significantly exceed, an overall one-third reduction of tariffs,” he pointed out nonetheless that the submissions were variable in overall quality and completeness, in particular the 23 submissions on agricultural products.⁴⁸ Participants such as Australia and members of ASEAN have criticized the United States and the EC for holding up talks in areas such as market access with their failure to compromise on agriculture.

Active participation by other countries has also been hindered by a second U.S.-EC stumbling block over industrial market access. In 1992 the United States continued to pursue its “zero-for-zero” proposals as the centerpiece of its market-access strategy. With the zero/zero proposals, the U.S. market-access offer goes beyond the roughly one-third reduction⁴⁹ in average industrial products tariffs achieved in the Tokyo Round and as set out as a goal at the Uruguay Round Mid-Term Meeting in April 1989.⁵⁰ These proposals to eliminate particular sectoral tariffs, as originally offered by the United States in March 1990 were pharmaceuticals, beer, distilled spirits, furniture, toys, wood, paper, bicycle parts, construction equipment, agricultural equipment, non-ferrous metals,⁵¹ electronics (including

semiconductors, and computer and computer equipment), medical equipment, scientific equipment, and steel.⁵² During 1992, the United States and the EC discussed the product coverage of the various zero/zero sectors.

A second area of disagreement is how to cut tariff peaks. "Tariff peaks" are high tariff rates. During 1992, the threshold level for peaks as well as the cut that would be offered continued to be discussed. By the end of 1992, the debate had boiled down to the United States defining tariff peaks as tariffs in excess of 15 percent, whereas the EC considered peaks to include 15 percent. No formal offers were made on the depth of cut.⁵³

The Punta del Este declaration inaugurating the Uruguay Round called for negotiations on tariffs that "shall aim, by appropriate methods, to reduce or, as appropriate, eliminate tariffs including the reduction or elimination of high tariffs and tariff escalation."⁵⁴ The Mid-Term Review meeting concluded that participants would agree on a "substantial reduction or, as appropriate, elimination of tariffs by all participants with a view to achieving lower and more uniform rates, including the reduction or elimination of high tariffs, tariff peaks, tariff escalation and low tariffs".⁵⁵

The EC has cited as priority items the U.S. tariffs on three sectors — textiles, glassware and china, and footwear.⁵⁶ EC negotiators are seeking to reduce tariff peaks by one-half. In addition, the EC was linking any tariff reductions in the EC electronics sector, sought by U.S. negotiators, with reductions in the U.S. textiles and apparel tariffs.

A third area of uncertainty in market access talks is tariffs on chemicals. In 1992, negotiations proceeded closely along the lines of a plan worked out initially in 1991 by U.S., Canadian, and EC chemical industries.⁵⁷ However, whereas the EC is seeking to have all tariffs reduced and bound over the same period, the United States is seeking a longer phaseout for over 80 chemicals of interest to the EC. These chemicals are largely in the area of organic chemicals, including dyestuffs.⁵⁸

Following the announcement of a U.S.-EC compromise on agriculture on November 20, 1992, the TNC reactivated the multilateral trade negotiations process in Geneva.⁵⁹ The joint U.S.-EC press statement⁶⁰ stated the intention of the two sides to pursue a successful conclusion to the Uruguay Round, highlighting among others the market-access area:

On *market access*, the United States and EC Commission have found the basis to achieve an ambitious result that meets their respective

objectives as follows: detailed negotiations will continue on specific sectors or products in order to make progress towards the completion of a substantial and balanced package. Tariff reductions will be maximized, with as few exceptions as possible, including the substantial reduction of high tariffs, the harmonization of tariffs at very low levels, and the elimination of tariffs in key sectors. The prospect exists that the Montreal target could be substantially exceeded. However, participation of third countries—not only the developing countries, but other industrialized countries—and elimination of non-tariff distortions are considered to be of essential importance, and both parties will continue efforts to achieve maximum results in this regard in Geneva during the coming weeks.

The thrust of the joint U.S.-EC statement—to overcome remaining obstacles to conclude an overall Uruguay Round package in the foreseeable future—indicated to other participants that unresolved industrial market-access issues would need to be agreed first between these two sides before other countries would be likely to make serious and substantial offers in return. One difficulty, for example, is that little or no market-access negotiation between the United States and the EC has involved Canada and Japan, although reportedly they have been kept informed of U.S.-EC discussions to an extent.

In December 1992 the EC presented its revised market-access offers for goods and services to participants in the Round. The EC offer included zero tariffs on pharmaceuticals, construction equipment, medical equipment, and steel.

Yearend Discussions

With progress on services and the U.S.-EC agreement on agriculture, the issue of market access began to assume the central focus of attention in the Round by yearend 1992. However, negotiators' efforts to grapple with this broad subject were hindered by the uncertainty of the change in U.S. administration brought about by the November 3, 1992 election. As a result, market access talks began to coalesce only following a hiatus in early 1993 as the new U.S. administration was inaugurated January 20, 1993, and new trade policy personnel took up their posts. Once these personnel changes were in place, discussions between the United States and the EC began as an essential component of an overall multilateral agreement on market access. These 1993 discussions started in Brussels between the new United States Trade Representative, Mickey Kantor,

and new EC Trade Commissioner, Sir Leon Brittan, on March 29, 1993.⁶¹

In the interim between the U.S. election and the change in administrations, informal meetings took place in December 1992 and January 1993 between key delegations in the Round and Director-General Dunkel to help identify areas of the DFA that participants might seek to modify. The areas identified by the United States, as well as by other countries, include antidumping, subsidies, trade-related intellectual property rights, certain environment-related issues in the texts on technical barriers to trade⁶² and on sanitary and phytosanitary measures, textiles, and institutional issues such as the establishment of a multilateral trade organization.⁶³

Principal GATT Activities

While the Uruguay Round proceeded in its efforts to expand and improve multilateral trade rules, regular activities of the GATT in 1992 reflected an effort to widen the scope and use of existing world trade rules. Action on the following selected topics—dispute settlement, the growing resort to and multilateral scrutiny of regional trade areas, and the issue of trade and the environment—all bear witness to increased use of the GATT by contracting parties to address a broader range of world trade matters. At the same time, the experience in grappling with these issues during 1992 highlights the difficulty of resolving complex issues and seeking to achieve at times competing goals within the multilateral context.

Dispute Settlement

Following the provisional adoption of streamlined dispute-settlement procedures in April 1989,⁶⁴ there has been a marked increase in the use of GATT dispute-settlement procedures. Since 1991 this increase has extended as well to the dispute provisions of the Tokyo Round codes of conduct.⁶⁵ At the same time, failure to comply with dispute-panel judgments has also been increasing.

A portion of these stymied dispute cases are a subset of “contingent acceptance” cases, whereby a disputant will carry out a ruling only as part of the conclusion of the Uruguay Round. The remaining cases, however, represent a failure to resolve trade disputes through current procedures and thus point up the fragile underpinning of a multilateral trading system under which disputants can, and at times do, ignore or circumvent the rules when such rules are not in their favor.⁶⁶

The GATT director-general and other GATT officials have repeated warnings that this paralysis has become a serious problem for the GATT system. The recent increased and vigorous use of the GATT dispute system may be viewed as a renewed effort by governments to turn to the multilateral system to help resolve their bilateral trade problems. There is also concern that nonimplementation of dispute-panel reports and disregard for the dispute-settlement system could undermine GATT rules overall. This, in turn, could lead signatories to rely less on multilateral disciplines and more on bilateral or regional policies. One prime concern, should GATT members begin to view multilateral disciplines as ineffectual, is the greater uncertainty likely to result in the world trading system, with the possibility that such uncertainty could precipitate much the same economic chaos as witnessed during the trade wars of the 1930s.

In surveying the recent 1991-92 period, the director-general has highlighted the remarkable increase in the number of trade disputes referred to the GATT for resolution from 1 active panel at the end of 1990 to 11 panels a year later at the end of 1991.⁶⁷ In the first half of 1992, the director-general pointed again to a continuous rise in dispute-settlement activity, particularly in the Tokyo Round code committees.⁶⁸ During this period six new panels were established: three under the antidumping code, two under the subsidies code, and one in the GATT Council. By the end of 1992, the director-general could report that the rate of new panels being established fell slightly from 11 during 1991 but remained significant at 8 new panels during the corresponding period in 1992.⁶⁹ The proportion of disputes brought under the Tokyo Round agreements remained large, with most panels in 1991 and 1992 being brought under the codes, notably the Subsidies, Antidumping, and Government Procurement Codes. Key disputes involving the United States and its major trading partners are discussed in chapter 4 of this report.⁷⁰

One major aspect of this frequent resort to dispute settlement is the increased number of panel reports that go unheeded once presented. Although the 1989 streamlined dispute procedures have sped up the panel process,⁷¹ the end goal of resolving disputes through panel report adoption and recommendations is often stymied by nonimplementation of a report due to the inaction on the part of a disputant. From 1990 to 1992 the average period before a report is fully adopted almost doubled.

Implementation problems have increased since the start of the Uruguay Round. Since 1986 15 panel reports have been adopted under the original

dispute-settlement rules (prestreamlined procedures) under which the panel recommendation involved domestic policy action. Of these 15 reports, 8 had implementation problems in 1990, either postponing compliance or complying insufficiently to satisfy contracting parties.⁷² By early 1992 11 panel reports had implementation problems, making over two-thirds of panel reports adopted since the start of the Round either not satisfactorily implemented or postponed.⁷³

A second aspect of this increase in noncompliance is the adoption of a dispute-panel report with the caveat that effective implementation is contingent on the outcome of the Uruguay Round. Despite an increase in the number of reports adopted—from four in 1991 to six in 1992—GATT officials have cautioned that adoption does not necessarily guarantee full implementation. At least four panel reports have been adopted but linked to the outcome of negotiations in the Round:⁷⁴ (1) the U.S.-Canadian ice cream and yoghurt panel,⁷⁵ (2) the 1990 U.S.-EC oilseeds panel,⁷⁶ (3) the U.S.-Japan section 337 panel,⁷⁷ and (4) the EC-Japan component-parts panel.⁷⁸

Both for the backlog of panel reports that go unimplemented and for those conditioned on results in the Uruguay Round, the director-general has repeatedly stressed that these panel reports are based on existing rights and obligations under the GATT and therefore should be implemented independently and regardless of other conditions, such as the Uruguay Round.⁷⁹ Moreover, conditioned acceptance of panel reports is viewed as undermining negotiation efforts involving future dispute-settlement rules when existing disciplines are already ineffective. With Canada, the EC, Japan, and the United States involved in over 90 percent of the disputes brought to the GATT since the start of the Uruguay Round, the director-general has stressed that these major trading partners have a particular responsibility to ensure the effective functioning of the dispute system. The United States in particular has been involved in virtually every recent dispute brought under the Tokyo Round codes, both as complainant and as defender. (See figure 2-1 for recent code insert figure 2-1disputes.) Moreover, one observer has commented that there have never before been so many trade disputes brought to the dispute-settlement system during ongoing trade negotiations.⁸⁰ She suggests that, because so many of these disputes have been brought by either the United States or the European Community, this heavy use of the dispute system may be aimed in part at influencing the Uruguay Round negotiations.

The analysis by Professor Robert Hudec and others points to a number of observations regarding the increase in dispute-settlement cases and nonimplementation of a number of these cases.⁸¹ First, it concludes that the GATT dispute-settlement system has nonetheless been quite successful during GATT's tenure as an international institution, both in the 1980s and overall. Second, after noting that the stronger GATT members benefit more from the dispute-settlement process than weaker ones do, the authors' argue that the data in the analysis "tell us *when* a dramatic increase in noncompliance occurred (the 1980s), and the study of individual country records tells us *who* made the noncompliance happen (the United States, the European Community and Canada)." [original emphasis retained] A third observation finds a "distinctive noncompliance record of the United States in the 1980s," which the authors hypothesize to be related to changes in the domestic politics of U.S. trade policy where "the U.S. Congress demanded and received a decidedly more bellicose trade policy," based on the idea that foreign governments were not providing fair or equivalent market access for U.S. goods in foreign markets in return for "the relative openness of the U.S. market."

In addition to nonimplementation and conditional implementation, the director-general has pointed out that some requests for consultations or dispute panels have failed to precisely identify the legal basis or the substance of the dispute.⁸² Not only have vague complaints burdened legitimate GATT operations, in effect harassing a trading partner through a GATT mechanism without any expected hope of actually resolving a complaint, but such incomplete requests compromise the possibility of third-party submissions to a panel as cocomplainants.

Inactive disputes have also posed additional burdens and difficulties for the GATT. Panel reports have remained unadopted despite the withdrawal of the underlying measures that triggered the dispute initially. Some panels moreover were established long ago but have not been activated because the complainant has not pursued the matter. The director-general has suggested that cases such as these, if not actively pursued within a year, might be considered withdrawn.

Another increasing problem in the dispute-settlement area appears to be "forum shopping," wherein a complainant picks a GATT agreement to address a dispute on the basis of one of eight different dispute-settlement mechanisms under the General Agreement and the Tokyo Round agreements. Such picking and choosing may restrict

Figure 2-1
Recent Disputes under the Tokyo Round agreements¹

ANTIDUMPING CODE

Panel on Canadian Duties on Beer Imports from the United States

In July 1992 the Committee on Anti-Dumping Practices established a panel at the request of the United States to examine Canada's antidumping duties on U.S. beer. The United States argued that there were no dumped imports in the Province in question (British Columbia), and Canada maintained that its duties were consistent with the code.

Panel on U.S. Duties on Steel Plate from Sweden

In April 1992 the Anti-Dumping Committee formed a panel to examine a Swedish complaint about U.S. antidumping duties on stainless steel plate from Sweden. Sweden argued that the reasons for the duties, in force since 1973, are no longer valid. The United States has blocked adoption of the report on the grounds that the panel recommendation exceeded its mandate by prescribing a specific remedy — to revoke the U.S. antidumping duties — rather than the standard practice of instructing a sovereign nation to bring its laws into compliance with its international obligations without specifying how to do so.

Panel on U.S. Duties on Steel Pipes from Sweden

In November 1992, Sweden requested again that the committee adopt the panel report on U.S. antidumping duties on stainless steel pipes and tubes from Sweden. The panel was formed in January 1989 following imposition of U.S. duties. Sweden maintained that the U.S. investigation failed to verify whether the industry was a qualified petitioner. The report was presented in the fall of 1990 and has been before the committee seven times without adoption because the United States again objects that the panel recommendation is overly specific.

GOVERNMENT PROCUREMENT CODE

Toll Collection System

In May 1992 a panel concluded that Norway had failed to provide the national treatment required under the Government Procurement Code in tendering for bids on a toll system. On September 23, 1991, a panel had been established at the request of the United States to examine a contract by Norway for electronic highway toll collection equipment for the city of Trondheim. The United States argued that a U.S. supplier had been excluded by the single tender process, whereas Norway had maintained that the contract was a pilot project exempt under the code's research and development provisions.

Sonar Mapping System

In May 1992 the Government Procurement Committee considered a panel report on a U.S. procurement contract on behalf of the National Science Foundation for a sonar mapping system. In July 1991 the panel was established at EC request to examine a contract for a multibeam sonar mapping system for use in the Antarctic. The EC argued that the procurement for use in an ice-breaking vessel was inconsistent with the code whereas the United States maintained that the procurement was exempt from the code, because it was part of a services contract not covered by the code. The panel concluded that the procurement was not a service contract but rather was a product covered by the code whether or not taking place under a service contract. The United States would not agree to adopt the report at the May 1992 meeting, saying it needed more time to consider the report. The committee will revert to the report at future meetings.

Figure 2-1—Continued
Recent Disputes under the Tokyo Round agreements¹

SUBSIDIES CODE

Canadian Panel on U.S. Softwood Lumber Measures

In December 1991 the Subsidies Committee agreed to form a panel to examine Canada's contention that U.S. bonding requirements on imports of certain softwood lumber products from Canada were not in conformity with U.S. obligations under the Subsidies Code.

Canadian Countervailing Duty on U.S. Corn

In March 1992, the Committee on Subsidies and Countervailing Measures adopted the first panel report ever under the Subsidies Code. In 1989 the United States requested reconciliation over a March 1987 countervailing-duty determination by the Canadian International Trade Tribunal on imports of U.S. corn. On July 18, 1991, a panel was established to examine the U.S. complaint that the duties were inconsistent with Canada's obligations under the code because no material injury to Canadian producers was shown to justify these duties.

Panel on U.S. Wine Industry Definition

In April 1992 a second report was adopted under the Subsidies Code, concerning possible countervailing or antidumping action on imported wine. In early 1985 the EC asked for a panel under the Subsidies Code to examine certain provisions of the U.S. Trade and Tariff Act of 1984 that in effect stretched the definition of the word "industry" to allow grape growers as well as wine producers to initiate countervailing-duty or antidumping-duty cases against wine imports. The EC held that only wine producers were entitled to be qualified petitioners. As no action was taken under these provisions, leaving only a hypothetical situation to consider, the United States had argued against the formation of the panel.

German Airbus Exchange-Rate Insurance Subsidy

On April 28, 1992, the Subsidies Committee received the panel report favoring the U.S. position concerning the German exchange-rate scheme for Deutsche Airbus. The EC could not agree to adopt the report, and so the committee is expected to revert to the report at future meetings. The committee agreed to a dispute panel on March 6, 1991, to examine a U.S. complaint that an exchange-rate insurance scheme for the German aircraft firm, Deutsche Airbus, violated the Subsidies Code. The United States requested consultations under the Subsidies Code in March 1989. However, the EC considered the case to pertain to the Agreement on Trade in Civil Aircraft. Although the EC did not block the panel from proceeding under the Subsidies Code, it considered that treatment under the Subsidies Code would deprive the Community of its rights under the Civil Aircraft Code and would not permit a full examination of the subject.

¹ For further discussion of bilateral disputes, see chapter 4 of this report.

the full debate of an issue and may lead a panel to consider the dispute only in light of the agreement under which the panel was established. One salient example is the dispute over EC Airbus subsidies, which the United States has sought to have examined under the Subsidies Code and the EC has sought to have examined under the Civil Aircraft Code.⁸³

All of these difficulties in the GATT dispute-settlement process reflect an increased use of the available multilateral mechanisms, indicating that signatories are at least willing to bring disputes to a common forum. Although the increasing number of unimplemented panel reports are viewed by some as cause for concern, the increase in dispute-settlement panels would also indicate that all stages relating to the dispute-settlement process are on the increase, including formation of panels, release of panel reports, adoption of panel reports, and carrying out of panel reports.⁸⁴ The fact that panels are being formed and are issuing reports more quickly also suggests that changes to the procedures agreed to in the Mid-Term Review of the Uruguay Round are having a salutary effect. However, the many difficulties encountered in finally settling complaints in a multilateral forum will need to be overcome to ensure that members are sufficiently satisfied with the results to continue their reliance on a common dispute mechanism.

Review of Free-Trade Areas

Regional trade arrangements have generally been a constant feature of the world trade system and to date have not posed a significant barrier to multilateral liberalization.⁸⁵ Greater regional integration, however, arouses concern that these arrangements may substitute for, rather than complement, broader liberalization undertaken through multilateral trade negotiations under the auspices of the GATT. Although these arrangements are permitted under GATT rules, nonparticipants suspect that these regional arrangements may result in *de facto* or *de jure* discrimination against them.

GATT Review of Regional Trade Arrangements

Growing interest in 1992 in economic integration through regional trade agreements has led to increased notification of such arrangements to the GATT, as well as an increase in GATT working parties examining these pacts to ensure their compatibility with GATT rules comprising the multilateral trading

system. In particular, GATT article XXIV ("Territorial Application-Frontier Traffic-Customs Unions and Free-Trade Areas") allows contracting parties to enter into regional arrangements that liberalize economic measures among a few members without passing on the benefits of this liberalization to other GATT members. One of the essential requirements is that barriers to nonparticipants be no higher than before the new arrangement:

the duties and other regulations of commerce ... shall not on the whole be higher or more restrictive than the general incidence of the duties and regulations of commerce ... prior to the formation of such union⁸⁶

Although such arrangements may disadvantage GATT members outside compared with those inside the regional agreement, the founders of the GATT foresaw these arrangements as promoting closer economic integration among participant countries. These arrangements could in turn benefit the other nonparticipating GATT members and the world trading system at large rather than act as a seeming breach of the nondiscrimination principle. The drafters of the GATT set down a review process of these regional arrangements to see that they do not conflict with the General Agreement's overall objectives of promoting freer trade with other countries. The director-general of the GATT has also pointed out that an ongoing process of world trade liberalization, in which parties to these integration arrangements are participants, reduces the chance of conflict between these arrangements and the broader world trade system.⁸⁷

The review process for regional trade arrangements typically involves setting up a working party to examine whether the provisions of the arrangement are in conformity with GATT rules. However, in over 50 working parties on individual customs unions or free-trade areas, not one has reached any definitive conclusions on the compatibility of these arrangements with the GATT, according to the GATT director-general.⁸⁸

The Canada-United States Free-Trade Agreement that entered into force January 1, 1989, was one of an increasing number of such arrangements notified to the GATT for examination. However, the magnitude of this agreement—the world's largest bilateral free-trade area covering both goods and services, worth over \$200 billion annually—may have alerted GATT members to the need to freshly consider the role of the working party review process as much as did the rising number of such arrangements.

In November 1991 the working party set up in February 1989 to examine this regional agreement

submitted its report to the GATT Council. The chairman of the working party reported that the group was unable to reach any conclusion as to the consistency of the agreement with the GATT, as was maintained by both members of the agreement. However, the chairman noted that this lack of conclusions should come as no surprise, as past working parties have been unable to conclude whether any other regional arrangements are or are not in conformity with provisions of the GATT. He also pointed out that past working party reports have provided little guidance for newly formed working parties. This lack of guidance from past reports, he suggested, may in turn hamper countries attempting to create regional arrangements that are in conformity with multilateral GATT trading rules. He indicated that contracting parties may wish to give some new thought as to how future examinations of regional trade arrangements under article XXIV should be conducted and what sort of conclusions might be most useful.

Recent Notification of Regional Arrangements

In reporting on this issue, the director-general has pointed out that two types of regional developments have been taking place recently: (1) continued evolution of integration agreements already in place, such as the 1992 program in the European Community and the European Economic Area (EEA) combining the EC and European Free Trade Association (EFTA) member states and (2) new initiatives around the world to develop closer regional ties, notably requests for association agreements between the EC and a number of East European states and the expansion of the Canada-United States Free-Trade Area to include Mexico under the North American Free-Trade Agreement (NAFTA).⁸⁹

Since 1991 four regional trade arrangements have been notified to the GATT Council.⁹⁰ First, in February 1992 the Southern Cone Common Market (MERCOSUR) was notified to the GATT Council as coming into existence in November 1991, comprising Argentina, Brazil, Paraguay, and Uruguay. The aim of MERCOSUR is to establish a common market by eliminating internal tariff and nontariff barriers and replacing them with a common external tariff. Discussions arose in ensuing months about whether the standard article XXIV review should apply to MERCOSUR or whether, because its members are all developing countries and the arrangement was also notified under the Enabling Clause of the GATT,⁹¹ a

more informal review through the GATT Committee on Trade and Development should apply.

Second, several new free-trade agreements were also notified to the GATT Council in February 1992. One was between Finland and Estonia, establishing free trade in industrial products between these two countries.⁹² Another was between EFTA countries and Turkey, effective April 1, 1992,⁹³ aiming to eliminate all duties on trade between these countries by 1995, although separate agreements cover agricultural goods.

Third, several bilateral "association" agreements between the EC and several East European countries were notified to the GATT as signed in 1991, coming into effect in 1992. These include Hungary, Poland, and the Czech and Slovak Federal Republic, signed on December 16, 1991, and entering into force March 1, 1992. These agreements envision the gradual establishment of a free-trade area between the EC and each of these countries involved by ending tariffs over a 10-year staging period.

Fourth, covering another type of regional trade arrangement, the working party reviewing the transitional measures adopted by the EC regarding the 1990 unification of Germany continued its work into 1992.

GATT members have only begun to consider how signatories should go about reviewing regional trade arrangements more effectively than through the current working party process. Such consideration comes at a time when—and largely because—an increasing number of such arrangements are being formed. Although unrelated in any direct way, the GATT Trade Policy Review Mechanism (TPRM) may assist signatories to fashion a more effective review of regional trade arrangements, either along lines similar to the TPRM or in some new way. Adopted on a provisional basis at the Uruguay Round's Mid-Term Review in April 1989, the TPRM reviews the trade policy regimes of GATT members on a regular basis and has been regarded generally as a success in increasing the transparency for other members of the overall trade policy stance of the member under review. In March of 1992 the TPRM conducted comprehensive examinations of the trade regimes of Argentina, Austria, Finland, Ghana, Singapore, and the United States; in June, of Bangladesh and Canada; in July, of Korea and Uruguay; and in October, of Brazil, Egypt, and Japan.

Environment

Largely separate until now, trade policies and environment policies since the early 1990s have begun

to converge and at times collide as a result of proliferating domestic and international environmental rules and an expansion of global trade and investment flows.⁹⁴ The GATT, as the institution overseeing the conduct of world trade, regards its rules not as an obstacle to environmental protection but rather as a means to actually help solve environmental problems.⁹⁵ On the other hand, the position of a number of environmentalists is that economic growth and the associated depletion of the Earth's resources are the root causes for much of the harm inflicted on the environment, with the free-trade system the primary means by which this harmful growth is spread worldwide.⁹⁶ The GATT, as the foremost proponent of free trade, has recently been pilloried by environmental organizations as "anti-environment," although during 1992 the most pointed conflict regarding trade and environmental issues occurred not in the GATT arena but in the debate over the NAFTA.⁹⁷ In particular, environmentalists complain that world trade rules give priority to unfettered and expanded trade and do not fully recognize the cost of environmental degradation in economic transactions. As a result, it is sometimes difficult even for countries committed to environmental protection to pursue such a goal.

At the June 1992 United Nations Conference on Environment and Development (UNCED), dubbed the "Earth Summit," GATT Director-General Arthur Dunkel highlighted two mutually reinforcing links between trade and the environment: (1) from the macroeconomic viewpoint, the world trading system provides the financial and technological resources needed to carry out environmental policies and (2) from the microeconomic viewpoint, world trade rules help prevent ill-considered trade restrictions that disrupt international commerce without necessarily helping to solve environmental problems.⁹⁸

Nonetheless, despite this generally harmonious view of reinforcing links between trade and the environment, tensions have surfaced between the goals of liberalizing trade and protecting the environment. Complaints have been lodged in the GATT over unilateral actions to protect the environment when those actions disrupt existing trade flows. For example, in June 1992, the EC asked the GATT Council to establish a dispute-settlement panel to examine in light of its own situation the U.S. restrictions on imports of certain tuna products that led to Mexico's request for a dispute panel in February 1991.⁹⁹ The U.S. measures that came into force in October 1990 established a direct embargo on

tuna imports from Mexico and Venezuela under the U.S. Marine Mammal Protection Act of 1972.

Following a U.S. court order in January 1992,¹⁰⁰ a secondary embargo banned imports of these tuna products from Mexico and Venezuela through intermediary nations as well. This intermediary embargo affected EC member states. With the establishment of the panel in July 1992, the Netherlands was included as a cocomplainant to the EC panel as representative of the Netherlands Antilles, whose interests had been harmed by the intermediary embargo.¹⁰¹

In October 1992 the United States signed into law the International Dolphin Conservation Act (IDCA). It establishes a 5-year moratorium beginning March 1, 1994, on the practice of setting yellowfin tuna fishing nets over dolphin schools. The law will eliminate the intermediary embargo and will lift the direct embargo on tuna products for those countries agreeing to the law and implementing the moratorium.

In November 1992 the EC asked for additional consultations under GATT article XXIII, believing these new measures still fall short of bringing the United States into compliance with GATT rules. As no country has yet agreed to the IDCA legislation passed by the United States, thus leaving the embargo in place, the EC panel has gone forward with results most likely forthcoming in mid-1993.¹⁰²

To address some of the growing concerns among GATT members about the overlap between trade and environment issues, the GATT Council held informal consultations in 1991 that led to an internal "structured debate" on May 29-30, 1991, on trade and the environment. The broad initial conclusion of the debate was that trade rules need not necessarily be changed to advance environmental protection or, put alternatively, that trade liberalization and protection of the environment are not mutually conflicting objectives.¹⁰³

In October 1991 the GATT activated its Working Group on Environmental Measures and International Trade, a group that was originally created in November 1971 prior to the first United Nations conference on the environment but never convened until 1991.¹⁰⁴ The group held six substantive meetings in 1992, according to the year-end interim report by the group chairman, and followed the three-part agenda adopted at its first meeting:¹⁰⁵

1. To examine the trade provisions of existing multilateral environmental agreements and their relation to GATT trade principles and provisions;

2. To examine the transparency of national environmental regulations for their likely effect on trade; and
3. To examine the trade effects of new packaging and labeling requirements aimed at protecting the environment.

The group, along with the GATT Committee on Trade and Development and GATT Council, was also charged by the GATT contracting parties with followup of trade-oriented elements of the "Agenda 21" item arising out of the June 1992 UNCED meeting.

On the first agenda item concerning multilateral trade and environment agreements, the group concluded that more recent and more specific environmental agreements generally take precedence over earlier ones, but that the same membership and subject matter must remain for this to be true. The group's conclusion led to discussion of what constitutes an "international" agreement in this context and how it might be defined, with further issues arising, such as the number and representativeness of participants in terms of stages of development or geographical diversity, whether membership was generally open or restricted, and how a regional agreement might be seen in this context.

In addition, the group is composing a checklist of environmental policy instruments with which to identify more clearly the trade effects of national environmental regulations. The aim of the checklist would include pointing out gaps that may exist in current GATT or prospective Uruguay Round provisions related to transparency, as well as the question of implementation or compliance with existing GATT provisions.¹⁰⁶ Some of the group's discussions have also considered the issue of extraterritoriality.¹⁰⁷

Regarding the second agenda item, the group expected Uruguay Round provisions¹⁰⁸ to reinforce the scope of measures already in force that ensure the transparency of regulations in the field of trade and environment. Prior notification of regulations is considered trade enhancing because the consensus of the group is that countries have generally found it a simple matter to modify national regulations to encompass another country's concerns without vetting the original rule, thus allowing the national regulation to go forward while averting possible future trade disputes.

Under the third point of packaging and labeling requirements, the group has found that the potential trade effects may be considerable, indicating that such measures should be examined closely and carefully.

ENDNOTES

¹ Australia, Belgium, Brazil, Burma, Canada, Ceylon, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon, Luxemburg [sic], the Netherlands, New Zealand, Norway, Pakistan, Rhodesia, Syria, South Africa, the United Kingdom, and the United States. GATT, *Text of the General Agreement*, Geneva, July 1986, p. 1.

² Office of the United States Trade Representative (USTR), *1993 Trade Policy Agenda and 1992 Annual Report of the President of the United States on the Trade Agreements Program*, 1993, p. 31.

³ Commonly known as Taiwan, and formally entitled for purposes related to GATT accession as the Separate Customs Territory of Taiwan, Penghu, Kenmin, and Matsu. As of April 1993 there were a total of 11 GATT working parties examining the membership applications of Albania, Algeria, Bulgaria, Chinese Taipei, Ecuador, Honduras, Mongolia, Nepal, Panama, Paraguay, and Slovenia. There is also a working party on China's status as a contracting party. GATT, "GATT Membership Rises to 110 With Accession of Dominica," press release, GATT/1574, Apr. 22, 1993. See chapter 4 for separate discussions of the GATT membership applications of Chinese Taipei and China.

⁴ The Cairns Group includes Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand, and Uruguay.

⁵ Such as texts on antidumping, and subsidies and countervailing duties.

⁶ GATT Secretariat, Trade Negotiations Committee, *Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations*, MTN.TNC/W/FA, Dec. 20, 1991.

⁷ For an overview of the elements of the Dunkel text, see USITC, *The Year in Trade: Operation of the Trade Agreements Program (OTAP), 1991*, USITC publication 2554, Aug. 1992, pp. 8-13.

⁸ "TNC Adopts Four-Track Strategy to Conclude the Round," *GATT Focus*, newsletter No. 87, Jan.-Feb. 1992, pp. 1-2.

⁹ For a succinct characterization of the year's stalemate by director-general Dunkel, see GATT, "News of the Uruguay Round of Multilateral Trade Negotiations," press release No. 52, Nov. 11, 1992, p. 3.

¹⁰ USTR, *1993 Trade Policy Agenda and 1992 Annual Report*, p. 30.

¹¹ "TNC Adopts Four-Track Strategy to Conclude the Round," p. 2.

¹² USTR, *1993 Trade Policy Agenda and 1992 Annual Report*, p. 30.

¹³ GATT, *Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations*, MTN.TNC/W/FA, Dec. 20, 1991, pp. L.1 to L.74.

¹⁴ USTR, *1993 Trade Policy Agenda and 1992 Annual Report*, p. 30.

¹⁵ For further detail, see Michael Lyster and Joanne Guth, "EC Proposes Agricultural Reform," *International Economic Review*, USITC, Sept. 1991, pp. 3-6.

¹⁶ Presse- und Informationsamt der Bundesregierung, Economic Declaration of the Munich Economic Summit 1992, "Working Together for Growth and a Safer World," press release, July 8, 1992, Wirtschaftsgipfel, Munich, p. 2.

¹⁷ Such as soybeans, sunflowerseed, rapeseed, and their products.

¹⁸ The original oilseeds panel reconvened in December 1991 to review the issue in light of the proposed EC reforms for its agriculture sector.

¹⁹ Whereas the United States estimated the global damage of the EC oilseeds policy to be approximately \$2 billion annually—of which the loss to U.S. producers is about \$1 billion—the EC estimated global damage at less than \$400 million.

²⁰ The EC agriculture commissioner resigned November 5, reportedly due to the EC Commission president's intervention, which compromised the Agriculture commissioner's ability as chief EC negotiator for agriculture and may have prevented a settlement between the two sides. Commissioner MacSharry withdrew his resignation and was thus reinstated on November 10. See Bruce Barnard, "Farm Chief Mac Sharry Quits in EC Row over Trade War," *Journal of Commerce*, Nov. 6, 1992, p. 1A; and Frances Williams, David Gardner, and David Buchan, "MacSharry Back as EC Ends Squabble," *Financial Times*, Nov. 11, 1992, p. 4.

²¹ USTR, "U.S. To Withdraw Trade Concessions in Oilseeds Dispute With EC," press release No. 92-62, Nov. 5, 1992.

²² Such as on corn gluten, malted barley sprouts, and the market-access agreement for U.S. corn and sorghum exports to Spain and Portugal as part of their 1986 accession to the EC.

²³ USTR, *1993 Trade Policy Agenda and 1992 Annual Report*, p. 30.

²⁴ Including feedstuffs such as oilseeds but also others such as corn gluten feed and cassava.

²⁵ Although a French veto of a Community position would isolate France within the EC at a time

when the rest of the EC appears intent on moving forward with the Round rather than allowing it to languish over the issue of agriculture, French national elections held in March 1993 nonetheless led to the downfall of the ruling government. The new government has warned that, although the overall balance of concessions in the Round is an important factor, the agriculture portion of the agreement reached at Blair House is not acceptable as it stands today. U.S. Department of State, "Uruguay Round: Memorandum on New French Trade Position," telegram, message reference No. 12614, prepared by U.S. Embassy, Paris, May 14, 1993.

²⁶ The GATS annexes in the December 1991 DFA include financial services, labor mobility, telecommunication services, and air transport services.

²⁷ USTR, *1993 Trade Policy Agenda and 1992 Annual Report*, p. 30.

²⁸ USTR, Director for Multilateral Services Negotiations, conversation with USITC staff, June 30, 1993. These exemptions involve: maritime transport, financial services, land use, legal services, tourism, basic telecommunications, air transport, movement of persons, and land transport.

²⁹ "Trade in Services," *GATT Focus*, newsletter No. 89, Apr. 1992, p. 8.

³⁰ The major issues involved in the GATT financial services negotiations include (1) application of MFN and national treatment principles to financial services, (2) the right of establishment for banks or financial operators to set up a branch or subsidiary in another country, (3) the right of financial operators to provide cross-border financial services, and (4) a right of governments to retain prudential control over the provision of financial services. "Banking and Financial Services," *European Update*, West Publishing Co., 1991 WL 11697 (D.R.T.), Feb. 4, 1993, par. 8.4.

³¹ USTR, Director for Multilateral Services Negotiations.

³² The EC Council of Ministers, following its Oct. 19 meeting of EC finance ministers, declined to give a full list of countries. A partial list reportedly includes Argentina, Brazil, Egypt, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, Thailand, and Turkey. See Europe Information Service, "GATT: EC Fires Off Letter Complaining of Financial Services Offers," *European Report*, No. 1805 (Oct. 21, 1992), External Relations, p. 1; Lionel Barber and Andrew Hill, "EC Officials see GATT Breakthrough," *Financial Times*, Oct. 20, 1992, p. 6; BNA, "EC Official Sees Major Progress in Services, Tariffs in Canada Talks," *International Trade Reporter*, vol. 9, no. 42, Oct. 21, 1992, p. 1808; *Journal of Commerce*, Oct. 20, 1992, p. 5A; and "EC Presses Developing Countries to Improve Offers in GATT Financial Services," *Inside U.S. Trade*, vol. 10, no. 43, Oct. 23, 1992, pp. 1-2.

³³ USTR, "U.S. Offers To Extend MFN Treatment to Basic Telecommunications Services in the Uruguay Round," press release 91-58, Dec. 18, 1991.

³⁴ USTR, "Statement by United States Trade Representative Carla A. Hills," p. 4; President, *Report to the Congress on the Extension of Fast Track Procedures - Pursuant to Section 1103(b) of the Omnibus Trade and Competitiveness Act of 1988*, Mar. 1, 1991, annex p. 57; and USTR, "U.S. Offers To Extend MFN Treatment to Basic Telecommunications Services in the Uruguay Round." European telecommunications markets, for example, are generally controlled by public-sector bodies or monopolies like Post, Telegraph, and Telephone or Telephone Administration entities.

³⁵ USTR, "U.S. Offers To Extend MFN Treatment to Basic Telecommunications Services in the Uruguay Round."

³⁶ The extension of telecommunication services talks would allow time for the EC Commission to begin implementing its plan to deregulate intra-EC telephone services that it set out on October 21, 1992. The process of liberalizing EC domestic telecommunications industries has put EC negotiators in a difficult position to make binding commitments in the telecommunications services talks. See "Telecommunications: Plan To Deregulate Intra-EC Telephone Services," *European Report*, No. 1806 (Oct. 24, 1992), Internal Market, p. 12.

³⁷ GATT, Economic Affairs Officer, Group of Negotiations on Services Division, telephone conversation with USITC staff, June 30, 1993.

³⁸ USTR, Director for Multilateral Services Negotiations.

³⁹ Such as Argentina, Brazil, Egypt, the EC, Korea, Malaysia, Mexico, and Singapore.

⁴⁰ USTR, Director for Multilateral Services Negotiations.

⁴¹ *Ibid.*

⁴² *Ibid.*

⁴³ *Ibid.*

⁴⁴ USTR, "List of Country Offers on Services," June 15, 1993, list provided to USITC staff by USTR, Director for Multilateral Services Negotiations.

⁴⁵ Government of Japan, "Draft Schedule concerning Initial Commitments of Japan," Dec. 4, 1992.

⁴⁶ "Negotiations Losing Momentum, TNC Chairman Warns," p. 8.

⁴⁷ The United States did not submit an offer until January 1993.

⁴⁸ "Negotiations Losing Momentum, TNC Chairman Warns," p. 8.

⁴⁹ The original U.S. market access offer of October 1990 proposed cutting tariffs by a trade-weighted average of 38 percent.

⁵⁰ GATT Secretariat, Trade Negotiations Committee, *Mid-Term Meeting*, MTN.TNC/11, Apr. 21, 1989, p. 4.

⁵¹ Such as aluminum, lead, copper, and zinc products.

⁵² President, *Report to the Congress on the Extension of Fast Track Procedures*, annex p. 4. Beer, distilled spirits, and certain electronics were added to the zero/zero initiatives in October 1990, for a total of 12 initiatives. Bicycle parts were subsequently dropped from the zero/zero offers.

⁵³ USTR, Office of GATT Affairs, discussion with USITC staff, July 16, 1993.

⁵⁴ GATT, *Ministerial Declaration on the Uruguay Round*, MIN.DEC, Sept. 20, 1986, p. 5.

⁵⁵ GATT Secretariat, Trade Negotiations Committee, *Mid-Term Meeting*, p. 4.

⁵⁶ An elaboration on a number of these items—including clothing, silk- and wool-blend fabrics, ceramic tiles, tableware, glassware, footwear, garlic and dried or dehydrated onions, zinc alloys, and coloring matter—can be found along with their U.S. harmonized system tariff codes in Services of the Commission of the European Communities (EC Commission), "Tariffs and Equivalent Measures," *Report on United States Trade and Investment Barriers -1993: Problems of Doing Business with the US*, Apr. 15, 1993.

⁵⁷ "U.S., EC Market Access Dispute Holds Up Uruguay Round Negotiations," *Inside U.S. Trade*, Feb. 14, 1992, pp. 1, 17-18.

⁵⁸ "Delors Rejects New Bush Offer on GATT as Pressure Mounts on U.S.," pp. 1-3.

⁵⁹ "US-EC Deal Reactivates Negotiations," *GATT Focus*, newsletter No. 95, Nov.-Dec. 1992, p. 1.

⁶⁰ USTR, "Joint Press Statement - The Commission of the European Communities and The United States of America," Washington, Nov. 20, 1992; EC Commission, "Joint Press Statement - The Commission of the European Communities and The United States of America," IP(92)939, Brussels, Nov. 20, 1992; and EC Office of Press and Public Affairs, "Joint Press Statement by the European Communities and the United States," *European Community News*, Washington, Nov. 20, 1992.

⁶¹ The USTR announced that during these discussions in March 1993 it had become clear that the EC was serious about offering a market access package that was larger than the one previously offered. The USTR also said that it was clear that the EC is prepared to work on market access as the first order of business, rather than waiting until the end of the Round to finalize such a package. Ambassador Kantor went on to say that the two sides agreed to accelerate both bilateral and plurilateral discussions with other participants in the

Round, with future meetings to be held. This approach is aimed at reaching agreement on the essential decisions required to form the basis for a market-access package to be finalized in the negotiations in Geneva that will include as many sectors and countries as possible.

⁶² Commonly known as the Standards Code.

⁶³ U.S. Senate, Committee on Finance, 103d Cong., 1st sess., May 20, 1993, testimony of Ambassador Michael Kantor, United States Trade Representative, p. 2.

⁶⁴ As part of the Montreal Mid-Term Review of progress in the Uruguay Round, the GATT Council implemented the "Improvements to the GATT Dispute Settlement Rules and Procedures" on a trial basis starting May 1, 1989. GATT Secretariat, Trade Negotiations Committee, *Trade Negotiations Committee Meeting at Ministerial Level - Montreal, December 1988*, MTN.TNC/7(MIN), Dec. 9, 1988, pp. 26-33, and GATT Secretariat, Trade Negotiations Committee, *Mid-Term Meeting*, MTN.TNC/11, Apr. 21, 1989.

⁶⁵ The expanded use of GATT dispute-settlement procedures in the early 1990s continues the sharp increases seen during the 1980s. For a statistical accounting and analysis of GATT dispute-settlement cases, see Robert Hudec, Daniel Kennedy, and Mark Sgarbossa, "A Statistical Profile of GATT Dispute Settlement Cases: 1948-1989," *Minnesota Journal of Global Trade*, vol. 2, issue 1 (winter 1993), pp. 1-114. Of 207 total complaints during 1948-89 covered in the analysis, 115 occurred during 1980-89.

⁶⁶ One root cause of this dissatisfaction is the ability of any one party, typically the disputant charged with implementing an unfavorable panel report, to prevent or "block" a panel report from being adopted "by consensus" (i.e. unanimity) by the Contracting Parties.

⁶⁷ "Dispute Panels Jump from 1 to 11," *GATT Focus*, newsletter No. 86, Nov.-Dec. 1991, p. 1. In 1991 four new panels were established under standard dispute-settlement articles XXII and XXIII and eight new panels were formed under the Tokyo Round agreements. Of the latter under the codes, four were under the subsidies code, two under the antidumping code, and two under Government Procurement Code. Six of these new code panels were formed in the second half of 1991. GATT, *Council Overview of Developments in International Trade and the Trading System*, C/RM/OV/3, Mar. 6, 1992, pp. 13-16, published in its entirety in Jacques Werner, ed., *World Trade Materials*, vol. 4, No. 3 (May 1992), pp. 71-110.

⁶⁸ "Uruguay Round Link Hampers Settlement of Disputes," *GATT Focus*, newsletter No. 91, July 1992, p. 1.

⁶⁹ "Director-General Reports on Dispute-Settlement Panels," *GATT Focus*, newsletter No. 95, Nov.-Dec. 1992, p. 4.

⁷⁰ Notifications to the GATT of countervailing- and antidumping-duty actions taken in 1992 by U.S. trading partners may be found in tables A-22 and A-23, respectively.

⁷¹ The main features of the streamlined dispute-settlement procedures are more specific procedures and time-limits for consultations between disputants, arbitration as an alternative to panel proceedings, dispute panels to be established normally at the latest by the first GATT Council meeting following that of the initial panel request, strict time limits for determining terms of reference and panel composition as well as schedule of work (normally 6 months maximum), procedures for multiple complainants and for the intervention of third contracting parties, avoidance of delays to report adoption by the Council, total period from initiating consultations to decisions on report by the Council not to exceed 15 months, legal advice for less-developed-country contracting parties in a dispute, and implementation of panel recommendations to be considered by the Council no more than 6 months after adoption of panel report. GATT, *GATT Activities 1989*, Geneva, June 1990, pp. 76-77.

⁷² GATT, *Council Overview of Developments in International Trade and the Trading System*, press release No. 1509, Apr. 18, 1991, pp. 10-11.

⁷³ GATT, *Council Overview of Developments in International Trade and the Trading System*, C/RM/OV/3, Mar. 6, 1992, p. 14.

⁷⁴ Ingrid Nordgren, "The GATT Panels During the Uruguay Round - A Joker in the Negotiating Game," *Journal of World Trade*, vol. 25, No. 4 (Aug. 1991), p. 68.

⁷⁵ In the case of the ice cream panel, the report was adopted in December 1989 but Canada linked its implementation to dismantlement of U.S. restrictions on the same products in force owing to the 1955 U.S. agricultural waiver by the GATT contracting parties, which waiver the Round is expected to eliminate.

⁷⁶ In the case of the oilseeds panel adopted in January 1990, the EC conditioned changes in its agricultural regime on the outcome of agricultural negotiations in the Round.

⁷⁷ In the case of the section 337 panel, adopted in November 1989, the United States cited its strong reservation about the report and conditioned followthrough on the satisfactory conclusion of intellectual property rights negotiations in the Round.

⁷⁸ In the case of the component parts ("screwdriver") panel adopted in May 1990, the EC likewise made followthrough on the panel report

contingent on a satisfactory solution to the problem of circumvention of antidumping duties being negotiated in the Round.

⁷⁹ GATT, *Council Overview of Developments in International Trade and the Trading System*, C/RM/OV/3, Mar. 6, 1992, p. 14.

⁸⁰ Nordgren, "The GATT Panels During the Uruguay Round," p. 57.

⁸¹ Hudec et al, "A Statistical Profile of GATT Dispute Settlement Cases."

⁸² "Increase in Dispute-Settlement Activity," *GATT Focus*, newsletter No. 83, Aug. 1991, p. 8.

⁸³ The Airbus dispute is discussed more fully in chapter 4 of this report.

⁸⁴ In the statistical analysis of GATT dispute-settlement panels between 1948 and 1989 by Hudec and others, the first conclusion reached by the authors is that—

"Problems notwithstanding, the GATT dispute settlement procedure has been a successful international legal institution. The overall success rate of slightly more than 88%, or even the 1980s success rate of slightly more than 81%, means that at least four out of five valid complaints are being dealt with successfully."

⁸⁵ International Monetary Fund, *Regional Trade Arrangements*, Mar. 1992, Washington DC, p. 41.

⁸⁶ GATT, *Basic Instruments and Selected Documents*, vol. IV (Geneva: GATT 1969), p. 1-78. See GATT art. XXIV.

⁸⁷ GATT, *Council Overview of Developments in International Trade and the Trading System*, press release No. 1509, Apr. 18, 1991, p. 17.

⁸⁸ GATT, *Council Overview of Developments in International Trade and the Trading System*, C/RM/OV/3, Mar. 6, 1992, p. 18.

⁸⁹ GATT, *Council Overview of Developments in International Trade and the Trading System*, press release No. 1509, Apr. 18, 1991, pp. 16-17.

⁹⁰ GATT, *Council Overview of Developments in International Trade and the Trading System*, C/RM/OV/3, Mar. 6, 1992, pp. 18-19.

⁹¹ Part IV of the General Agreement, added in 1965, and the "enabling clause," negotiated as part of the Tokyo Round agreements, provide for industrial country members to give special consideration to reducing existing barriers and to refrain from erecting new barriers to trade with developing countries.

⁹² Signed in February 1992.

⁹³ Signed December 10, 1991.

⁹⁴ U.S. Congress, Office of Technology Assessment (OTA), *Trade and the Environment: Conflicts and Opportunities*, OTA-BP-ITE-94

(Washington, DC: GPO, May 1992). For another discussion of trade and environment issues, see USITC, *The Year in Trade: OTAP, 1991*, USITC publication 2554, Aug. 1992, pp. 13-23.

⁹⁵ GATT, "Expanding Trade Can Help Solve Environmental Problems, Says Report - GATT Rules Are Not An Obstacle to Environmental Protection, but Trade Weapon Could Be Counterproductive," press release No. 1529, Feb. 3, 1992.

⁹⁶ For a fuller treatment of trade and the environment issues, see USITC, *The Year in Trade: OTAP, 1991*, USITC publication No. 2554, Aug. 1992, pp. 13-21. For a presentation of the environmentalist view supporting sustainable development against the GATT liberal trade regime, see Robert Housman and Durwood Zaelke, "Trade, Environment, and Sustainable Development: A Primer," *Hastings International and Comparative Law Review*, vol. 15 (1992), pp. 535-612.

⁹⁷ See chapter 1 of this report for a full treatment of the NAFTA.

⁹⁸ GATT, "Dunkel Emphasises [sic] Importance of the Uruguay Round for Sustainable Development and Better Environmental Protection," press release No. 1545, June 11, 1992, p. 4. By contrast, a short list of environmentalists' arguments about the GATT's impact on the environment was summarized by *The Economist*. "Trade and the Environment," *The Economist*, London, Feb. 27, 1993, pp. 25-28. In particular, see the section entitled "A catalogue of grievances." Environmentalists' critiques of the GATT notwithstanding, trade policy analysts in the United States and elsewhere do not necessarily agree with these interpretations of whether or how the GATT limits a country's ability to set and enforce environmental objectives.

⁹⁹ In February 1991 Mexico requested and was granted a dispute panel to examine whether U.S. import restrictions on certain tuna products—in particular, those caught with purse-seine nets—were contrary to GATT provisions. The panel ruled in favor of Mexico in September 1991, but the report was withdrawn in November 1991 from further consideration by the GATT Council due to a request by both Mexico and the United States, which wished to pursue resolution of the dispute through bilateral

discussions. For further detail, see USITC, *The Year in Trade: OTAP, 1991*, USITC publication 2554, Aug. 1992, pp. 13-23; USITC, *Tuna: Current Issues Affecting the U.S. Industry* (investigation No. 332-313), USITC publication 2547, Aug. 1992, pp. 3-12 to 3-14; and U.S. Congress, OTA, *Trade and the Environment*, chs. 2 and 3.

¹⁰⁰ "Action Urged on Tuna Panel Report," *GATT Focus*, newsletter No. 88, Mar. 1992, p. 5.

¹⁰¹ "Panel Established on US Secondary Tuna Embargo," *GATT Focus*, newsletter No. 91, July 1992, p. 2.

¹⁰² USTR, Office of the General Counsel, telephone conversation with USITC staff, Mar. 18, 1993. See also "U.S. Says Secondary Tuna Ban Is Covered by GATT Exception Rules," *Inside U.S. Trade*, Apr. 16, 1992, pp. 1-2.

¹⁰³ The report of the structured debate can be found in GATT, "Trade and the Environment," *International Trade 90-91*, vol. I, 1992. Also see Edward Wilson, "The Environment and Trade: International Organizations Address the Issues," *International Economic Review*, USITC, May 1992, pp. 16-20, and USITC, *The Year in Trade: OTAP, 1991*, USITC publication 2554, Aug. 1992, ch. 1.

¹⁰⁴ U.S. Congress, OTA, *Trade and the Environment*, p. 23.

¹⁰⁵ GATT, *Trade and the Environment*, TE 001, Apr. 1, 1993, pp. 1-9. The group's agenda derived in large measure from the debate held in May 1992.

¹⁰⁶ U.S. Department of State, "Group on Environmental Measures and International Trade," telegram, message reference No. 00954, prepared by U.S. Mission, Geneva, Jan. 29, 1993.

¹⁰⁷ U.S. Department of State, "Group on Environmental Measures and International Trade," telegram, message reference No. 00918, prepared by U.S. Mission, Geneva, Jan. 29, 1993.

¹⁰⁸ Such as the Central Registry of Notifications in the Round's negotiating group on Functioning of the GATT System and the specific transparency provisions negotiated under the Agreement on Technical Barriers to Trade.

CHAPTER 3

Other Multilateral Trade Agreement Activities

Although the General Agreement on Tariffs and Trade (GATT) provides the multilateral framework for the conduct of international trade, several international organizations also address world trade matters as part of their focus on other international economic issues. 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 a host of economic issues. Bodies associated with UNCTAD such as the international commodity organizations provide a basis for coordinating and regulating certain specific aspects of international trade. The work of these organizations often complements the work done in the GATT.

The following sections detail U.S. participation in these important organizations in 1992. Other U.S. agreements and trade activities, such as the steel import program, the Multifiber Arrangement (MFA), and the Enterprise for the Americas Initiative (EAI), are also addressed.

Organization for Economic Cooperation and Development

The OECD provides a longstanding forum for the world's 24 industrialized countries to discuss and study mutual economic and social issues.¹ The OECD work program begun in the early 1990s sets out issues for which OECD work may provide the basis for future multilateral trade negotiations.² These topics include a range of issues related to "the increasing globalization of the world economy and the closer relationship between trade policy and competition, investment, technology and innovation, and environment policies."³ In 1992, the organization completed a stage of discussion on two of the topics, the Export Credit Arrangement and the Investment Code.

Ongoing work monitoring trade policy developments continued as well in 1992 through the OECD Trade Committee, which conducted workshops and studies with the central and east European countries and the dynamic Asian economies. This work with nonmember countries expanded in 1992 with the invitation of the Czech and Slovak Federal Republic, Hungary, Poland, and Mexico, to participate as observers in the work of the committee and its working party.

Export Credit Arrangement

In February 1992 a new agreement on the use of tied-aid credit went into effect for participants of the OECD Export Credit Arrangement.⁴ Since 1978 the arrangement has aimed at regulating and reducing government-sponsored subsidies provided through official export credits.

The 1992 tied-aid export credits agreement—also known as the "Helsinki package"—represents the culmination of efforts begun by the United States in 1989 to address the competitive disadvantages faced by U.S. exporters in foreign markets as a result of other governments' use of tied-aid export credits. In July 1990 the OECD Council of Ministers agreed to strengthen the arrangement by the June 1991 ministerial meeting. This effort failed when EC member states could not agree among themselves to accept the draft accord. By December 1991, however, all participants had ratified the agreement, which entered into force February 15, 1992.

The Helsinki package is expected to remove distortions to international trade by discouraging the use of aid for commercial advantage in markets that have traditionally been targets of tied-aid offers. From a development perspective the object of the package is to provide aid on a more rational economic basis by directing it to the neediest countries and for the most worthwhile projects, thus better utilizing the aid available. From a trade policy perspective the object is to allow exporters from signatory countries to bid on

project and supply contracts solely on the basis of cost-effectiveness rather than on the basis of costs distorted by use of tied-aid credits.

Previous efforts to strengthen the arrangement raised the cost of providing tied-aid finance by increasing the minimum concessionality level of tied-aid credit from 25 to 50 percent for least developed developing countries (LLDCs) and to 35 percent for other less developed countries (LDCs). The "concessionality level" of tied-aid export credits is the extent to which an importing country's financing package, composed of some combination of government and private funding, is below market rates because of below-cost or "concessional" funds provided by a donating government. Companies losing contract bids for the resulting development projects often allege that the governments of the winning bidders adjust the extent of below-market financing to ensure that the package is attractive enough to secure the resulting contracts for producers of the donating country.

By November 1989 the United States had moved to focus the attention of the OECD Export Credits Group on a U.S. proposal aimed at untying tied-aid credits, particularly for capital goods sectors⁵ in certain "spoiled" markets⁶ in which the United States felt U.S. suppliers were systematically being disadvantaged by the tied-aid credit offers of governments in Europe and Japan. The United States changed the focus of its "War Chest"⁷ as well from solely responding to others' below-market export credit offers to actively targeting projects in LDC markets where foreign competitors were using tied-aid export credits to win export contracts. By spring 1991, after discussions with the OECD Development Assistance Committee (DAC) on trade and aid distortions caused by tied-aid practices, participants in the OECD Arrangement agreed in principle on the concept of prohibiting tied aid for projects that are commercially viable on market terms and for which commercial-term financing is available.

The Helsinki package will separate projects that need only commercial finance through export credits from those that need concessional aid finance. Participants will notify projects for discussion within the OECD Export Credit Group if there is any question about the financial viability⁸ of a project. A body of "case law" will thus be developed over time to help both export credit and aid agencies distinguish between the two types of projects. Moreover, the Helsinki package restricts tied aid from being given to relatively rich LDCs⁹ and permits tied aid for financially viable projects in middle-income LDCs only when neither private nor official export credits

are available. In the area of export credits the package ends interest rate subsidies for middle-income LDCs and reduces them for LLDCs. Lastly, all tied-aid offers on large projects, those above 50 million special drawing rights (equivalent to over US\$70 million at yearend 1992), must be notified to the OECD Export Credit Group and will be discussed to ensure their developmental soundness and to maximize the use of official export credits on market-related terms and to minimize the use of aid for such projects when more market-rate export credits are appropriate.

Investment Codes

Since 1961, investors in the United States, Canada, Western Europe, Japan, Australia, and New Zealand have benefited from the OECD's multilateral forum for discussions on reducing or abolishing barriers in the financial area. The OECD Code of Liberalization of Current Invisible Operations and the Code of Liberalization of Capital Movements have provided a framework for discussion of financial issues as well as for extending the liberalization of capital markets.¹⁰ These 1961 "codes of liberalization," as well as the 1976 national treatment instrument (NTI), oblige OECD members to grant national treatment to investments from other OECD countries for the establishment, operation, and disposition of investments.¹¹

In 1984 a major overhaul of these codes began, resulting in an expanded set of obligations on liberalization of international capital movements and associated trade in banking and financial services.¹² Because the codes mandate a progressive liberalization, signatories must lodge reservations if they wish to retain particular barriers slated to be freed up. These reservations then become subject to regular review.¹³ Since adoption of these new obligations in May 1989, the OECD Committee on Capital Movements and Invisible Transactions (CMIT) has focused on an examination of the reservations lodged by member states.

By early 1992 the committee's examination of member-state reservations was completed and approved by the governing OECD Council.¹⁴ The council concluded that a substantial liberalization of capital movements appears to be the result of the May 1989 code changes. Only Greece, Ireland, Portugal, and Spain have registered significant reservations to the codes' improvements, and none of these countries exert any major influence on international capital flows, the council pointed out. These reservations, moreover, stem in part from derogations granted to

them by the EC for increased time to implement the EC Capital Movements Directive, which is scheduled to go into effect elsewhere in the EC at the start of 1993.¹⁵

United Nations Conference on Trade and Development

UNCTAD was created as an organ of the United Nations General Assembly in 1964. Its purpose is to promote international trade as a means of accelerating the economic advancement of developing countries. UNCTAD is one of the principal mechanisms for the General Assembly to deliberate on issues of international trade and economic cooperation. UNCTAD also provides a forum for the exchange of views on trade and aid programs among countries that are at different stages of economic development or that have different economic systems. Membership in UNCTAD is open to all countries that are members of the United Nations or of any of the agencies related to the organization. Current membership includes all 180 U.N. members plus Monaco, Switzerland, Tonga, and Vatican City. The agency's Secretariat is in Geneva, Switzerland.

UNCTAD convenes at the ministerial level once every 4 years. UNCTAD VIII, originally scheduled for September-October 1991,¹⁶ was held in February 1992. Between conferences, the Trade and Development Board (TDB), UNCTAD's governing body, holds two or more regular sessions per year and an occasional special session. UNCTAD also oversees the Generalized System of Preferences (GSP) and monitors and initiates international commodity agreements.

UNCTAD VIII

UNCTAD VIII was held from February 8 to 25, 1992, in Cartagena, Colombia.¹⁷ The main theme for this eighth quadrennial conference was to strengthen "national and international action and multilateral cooperation for a healthy, secure and equitable world economic environment."¹⁸ The Final Act of UNCTAD VIII, unanimously adopted by delegations from the 125 participating countries, called for a series of initiatives aimed at institutional reform, refocusing work programs, and promoting cooperation toward development among members.¹⁹ Together they make a major shift in UNCTAD's structure and emphasis. UNCTAD's transformation is attributed to the realization that to improve development prospects, it is important for nations "to overcome confrontation

and to foster a climate of genuine cooperation and solidarity."²⁰

During UNCTAD VIII members adopted several reforms to strengthen and organize the work of UNCTAD and to redirect it toward market-oriented solutions to development problems. These changes replaced the existing committees of the TDB with four new standing committees and five ad hoc committees.²¹ This new structure should "considerably strengthen UNCTAD's capacity to play an active role in the international cooperation for development."²² The Special Committee on Preferences and the Inter-Governmental Group of Experts on Restrictive Business Practices were retained from the former structure. The four new standing committees are Commodities, Poverty Alleviation, Economic Cooperation Among Developing Countries, and Developing Competitive Services Sectors in Developing Countries. The five new ad hoc committees are Comparative Experiences with Privatization, Investment and Resource Flows, Trade Efficiency (Electronic Data Interchange), Expansion of Trading Opportunities for Developing Countries, and the Interrelationship Between Investment and Technology Transfers. Other notable changes at UNCTAD include the creation of an executive committee of permanent representatives, which will meet monthly to monitor all UNCTAD activities, and the abandonment of the group system, a step expected to revitalize the conference and ensure greater participation among members. The group system was a practice at previous conferences that divided members into groups: developed countries, developing countries (the Group of 77), the People's Republic of China, and the former communist countries of Eastern Europe and the Soviet Union. That system was criticized as fostering polarization and limiting debate. Although some regional groups continued to consult at UNCTAD VIII, for the first time members were free to speak as sovereign states, and the group system was largely abandoned.

UNCTAD VIII also examined a proposal to create Trade Points—organizations that bring together traders, administrators, transporters, and insurers to assist and promote trade by developing countries. The Trade Point proposal reflects UNCTAD's new emphasis on improved trade efficiency.²³ By associating all the participants in a trade transaction (e.g., importers, exporters, bankers, insurers, transporters, etc.) in a single location exporters could complete the necessary procedures more cheaply and faster than before. UNCTAD members agreed to establish Trade Points in 16 pilot countries after many

ministers visited the model for the project that was established in Colombia in February 1992.²⁴

The primary U.S. objective during UNCTAD VIII was to seek institutional reforms that would enhance UNCTAD's contribution to economic development.²⁵ In particular the United States argued that an overhaul in structure and emphasis was needed to make the organization more practical and less confrontational. In endorsing the Final Act, the United States welcomed most of the changes adopted and underscored the importance of fully implementing the agreed institutional reforms.²⁶ However, the United States objected to several statements in the Final Act, including its call for a global meeting on foreign commercial debt. The United States believes that a case-by-case approach to debt issues is a fundamental feature of the international debt strategy and that these issues should be handled by international financial institutions.²⁷

The Generalized System of Preferences

The GSP is a framework under which developed countries provide preferential tariff treatment to certain goods exported by developing countries as a way to further their economic development. The GSP program was discussed initially at the first UNCTAD in 1964. The authority for GATT members to establish such a system of preferences was granted in 1971 through a waiver of article I of the GATT, which requires nondiscriminatory application of the MFN tariffs.²⁸ The UNCTAD Special Committee on Preferences is responsible for overseeing the GSP.

The Final Act of UNCTAD VIII strengthened the mandate for the Special Committee on Preferences by calling on the Committee to examine the ways and means of extending preferential treatment to developing countries for goods, in accordance with the principles and objectives underlying the GSP²⁹ and called upon the donor countries to strengthen their commitment to the principles of GSP—namely nondiscrimination and nonreciprocity.³⁰

The Committee on Preferences held its 19th session in May 1992. Delegates to the annual meeting reviewed the operation and effectiveness of the GSP. Throughout the year UNCTAD officials staged numerous workshops and seminars to explain the operation of the GSP programs of numerous donor countries, including the United States, to developing countries.

During the 19th session member countries were each given a copy of a computer software package entitled "Trade Analysis and Information System" (TRAINS). TRAINS was initiated by the Committee on Preferences 3 years ago and was designed as a practical tool to assist exporters and government officials in implementing the GSP. TRAINS enables the user to retrieve information on trade control measures and data on trade flows and contains addresses of potential importers for selected products and markets. TRAINS also provides users full details of country benefit programs under the GSP and is expected to be helpful in attaining UNCTAD's goal of expanding trade.

Restrictive Business Practices

Resolution 35/63, adopted at UNCTAD's fifth conference on December 5, 1980,³¹ calls upon the organization to act in an advisory and training role to assist developing countries in detecting and effectively controlling restrictive business practices (RBPs). UNCTAD has concentrated on two categories of RBPs: (1) "horizontal RBPs," or cartel arrangements, that dominate the domestic market, imports, exports, or world markets and (2) "vertical RBPs," or practices such as actual or threatened refusals to deal, resale price maintenance, tied selling, exclusive dealing, and predatory pricing.³²

An Intergovernmental Group of Experts (IGE) meets annually to review cases of RBPs encountered by developing countries and to discuss legislation introduced by various countries to control RBPs. At the 11th annual meeting of the IGE, held in Geneva on November 23 to 27, 1992, the group focused on deregulation—including the deregulation of natural monopolies—and the rights of defendants in competition investigations and proceedings.³³ The IGE committed to prepare a study on competition and economic reforms in developing countries and to undertake a review of technical assistance activities in the field of competition policy by member states and international organizations. Both studies will be reviewed at the 12th session to evaluate the effectiveness of UNCTAD's technical assistance activities.

Negotiation and Operation of International Commodity Arrangements

Within the U.N. system UNCTAD is the primary organization responsible for international commodity

policy and commodity trade. In this role UNCTAD has promoted 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.

The Final Act of UNCTAD VIII recognized the need for an international commodity policy given the depressed conditions in world commodity markets. "In this context a consensus emerged on the need for sound, compatible and consistent policies emphasizing increased reliance on market forces to determine commodity prices."³⁴ UNCTAD's shift in development strategy also affected its recommendations on national commodity policies. UNCTAD recommended that in forming such policies, member countries emphasize comprehensive commodity-sector strategies, product diversification, and improved competitiveness.³⁵

At the end of 1992 the United States was a member of five international commodity agreements covering coffee, jute and jute products, natural rubber, tropical timber, and wheat. These agreements are described in earlier reports in this series.³⁶ Table 3-1 and the following sections summarize significant developments related to the agreements during 1992.

Cocoa

The current International Cocoa Agreement (ICCA)³⁷ expires on September 30, 1993. Negotiations throughout 1992 were not successful in developing a new cocoa agreement. Consuming and producing countries are at odds over production policy (diversification of crops and limits on the amount of production), short-term mechanisms for withholding supplies from the market, price goals, and financing of the agreement.³⁸ The United States is not a signatory to the ICCA, but did participate as an observer in these negotiations.

Coffee

The International Coffee Council (ICC) met four times in 1992 to renegotiate a new International Coffee Agreement (ICA). The problem in reaching an agreement relates to differences over the role that should be played by producers and consumers in controlling exports and ensuring an effective control system. The producing countries are generally looking to receive a higher price for their coffee; however, their efforts reportedly have been hampered by the group's inability to unite behind a unified approach. The consuming countries are seeking a system that (1)

would prevent dual pricing, (2) would establish a transparent quota allocation system that would reflect current market conditions, and (3) would permit flexible application of quotas to accommodate changes in demand for different types of coffee.

The current agreement is in operation until September 30, 1993; however, all economic provisions (export quotas) have been suspended since July 1989. Since the export restraints were suspended, coffee prices and foreign exchange earnings of producer-nations have been in a downward spiral. By yearend 1992 the composite indicator price for coffee had fallen to just over 50 cents per pound, or 21 percent below the already low composite price of 1991. Coffee prices are likely to remain low until the world coffee surplus is reduced.³⁹

The U.S. position is that any new ICA must have a universal quota, thereby eliminating the two-tier market that helped undermine the previous agreement. The two-tier market developed as coffee exported to non-ICA countries entered international commerce at nonregulated prices. The universal quota would be the foundation of any new ICA using export quotas to support prices. These quotas would be applied by exporting members on all exports to all destinations—without distinction between member and nonmember.⁴⁰ According to U.S. negotiators, a new ICA must also have a system of selectivity, under which at least three different coffee types would be available to consumers, each type having a separate quota, indicator price, and movement range.

Jute and Jute Products

The 1992 semiannual sessions conducted by the International Jute Council (IJC) for the International Jute Organization (IJO) in Dhaka (April 29 to May 4) and in Beijing (November 3 to 9) focused on conditions in the world jute markets, reviewed current market promotion activities, considered new projects, and examined administrative rules and regulations of the International Jute Agreement (IJA) in effect until January 9, 1996.

Natural Rubber

The present International Natural Rubber Agreement (INRA II) will expire at the end of 1993. Under the terms of the agreement, the International Natural Rubber Organization (INRO) Council may agree to renegotiate the agreement or extend the present agreement for a period not to exceed 2 years after the expiration date.⁴¹

**Table 3-1
Summary of international commodity agreements, 1992**

Commodity	Agreement	Organization	Location	U.S. signatory	Control mechanism		Total Members
					Type	Used in 1992?	
Cocoa	International Cocoa Agreement	International Cocoa Organization	London, England	No	Buffer stock arrangement ¹	No	40
Coffee	International Coffee Agreement	International Coffee Organization	London, England	Yes	Export quotas	No	60
Jute and jute products	International Jute Agreement	International Jute Organization	Dhaka, Bangladesh	Yes	None	(²)	27
Natural rubber	International Natural Rubber Agreement	International Natural Rubber Organization	Kuala Lumpur, Malaysia	Yes	Buffer stock arrangement	Yes	38
Sugar	International Sugar Agreement	International Sugar Organization	London, England	No	None	(²)	33
Tropical timber	International Tropical Timber Agreement	International Tropical Timber Organization	Yokohama, Japan	Yes	None	(²)	41
Wheat	International Wheat Agreement	International Wheat Organization	London, England	Yes	None	(²)	36

¹ Includes a scheme for withholding supplies of cocoa beans from the market.

² Not applicable.

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

An INRO Special Council Meeting was held in January 1992 as required by the agreement when cumulative acquisition of 100,000 tons of rubber was made to the buffer stock. The accumulations were triggered by weak prices resulting from increased production levels and stagnant consumption. A Council delegate proposed to reduce the reference price by 3 percent; however, the measure failed. Therefore, the buffer stock price ranges remained unchanged. The Daily Market Indicator Price⁴² stayed in the "may buy" range for most of 1992. At the January 1992 meeting the Council decided to establish an "Ad Hoc Group of Experts" to review buffer stock operations and procedures. This group was commissioned to address the market impact and cost effectiveness of buffer stock operations and to recommend possible improvements in the functioning of the buffer stock.

At the 25th Council session the Ad Hoc Group of Experts recommended that INRO examine the merits of utilizing the futures market for price stabilization and cost effectiveness. However, it was pointed out that INRA II allows the Buffer Stock Manager to intervene only in the physical spot market; therefore, actual intervention in the futures market would necessitate an amendment to the agreement.

Sugar

The 1987 International Sugar Agreement (ISA) entered into force on January 1, 1988. It has operated for its initial 3-year term and through two 1-year extensions during which the International Sugar Organization (ISO) had hoped that the Uruguay Round of the GATT would be concluded. Following the December 31, 1992, expiration of the 1987 ISA, a new ISA entered into force January 20, 1993. The ISA has not contained economic provisions to control prices since 1984.

The United States was a signatory to the 1987 ISA, which had 42 members in 1992 (34 exporting members and 8 importing members). Although it participated in the 1992 negotiations, the United States decided not to sign the new agreement because of the linkage of budget contributions by members to ability to pay rather than to members' position in the world sugar economy and derived benefits from the ISO.⁴³

Tropical Timber

The International Tropical Timber Council (ITTC) at its 10th session in June 1991 extended the International Tropical Timber Agreement (ITTA) for a

period of 2 years, until March 31, 1994. At the ITTC meeting in November 1992 the group discussed tropical timber labeling laws, sustainable tropical timber production, and renegotiation of the agreement.

Wheat

The International Wheat Council (IWC) in November 1992 extended the International Wheat Agreement (IWA) for an additional 2 years until June 30, 1995. In August 1992 a new executive director to the IWC was appointed from the United States. However, the United States is in arrears in its financial obligation to the IWC, and thus, under the provisions of the agreement, has lost its vote until such time as the U.S. financial account becomes current.⁴⁴

Other Trade-Related Activities

*Enterprise for the Americas Initiative*⁴⁵

The Enterprise for the Americas Initiative was launched in 1990 to recognize and encourage economic reforms in Latin American and Caribbean countries. The three key components of the EAI are (1) expanded trade among countries in the hemisphere, with the long-term objective of a Western Hemisphere free-trade zone, (2) investment promotion and support for economic reforms that encourage private investment, and (3) debt relief for Latin American and Caribbean countries. The United States has signed "framework agreements" with 30 Latin American and Caribbean countries (excluding the agreement signed with Mexico) interested in working towards freer trade in the hemisphere.

Through the framework agreements, the negotiating countries formally commit to initiate and maintain a dialog on economic issues of common concern. The framework agreements provide for the creation of a consultative mechanism in the form of a bilateral or multilateral Council on Trade and Investment. The Councils monitor trade and investment relations and convene consultations on specific trade and investment issues. Annexes to the framework agreements describe each Council's immediate action agenda. The agenda varies by country but generally focuses on cooperation in the GATT Uruguay Round negotiations, increasing of market access, and removal of impediments to trade and investment flows.⁴⁶

On May 13, 1992, following meetings with the Chilean President, President Bush announced his intention to negotiate a comprehensive free-trade agreement with Chile upon conclusion of the North American Free-Trade Agreement. Such an agreement, which the administration had planned to negotiate under the same "fast track" procedures used to negotiate the NAFTA, would make Chile the first

South American country to participate fully in the trade benefits of the EAI.⁴⁷ However, the NAFTA was not implemented during 1992. In early 1993 the Clinton administration affirmed its commitment to begin negotiations under a separate "fast track" authority for a free-trade agreement with Chile as soon as the NAFTA is implemented.⁴⁸

ENDNOTES

¹ The founding members signing the OECD Convention are Austria, Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States. Japan, Finland, Australia, and New Zealand acceded at subsequent dates. The Commission of the European Communities takes part in the work of the OECD, and the Czech Republic, the Slovak Republic, Hungary, and Poland participate under the "Partners in Transition" program of 1991.

² USTR, *1993 Trade Policy Agenda and 1992 Annual Report of the President of the United States on the Trade Agreements Program*, 1993, p. 39.

³ OECD, "Communique," OECD press release, SG/PRESS(91)31, Paris, June 5, 1991, par. 17.

⁴ Formally entitled the Arrangement on Guidelines for Officially Supported Export Credits. The 1976 OECD Consensus on guidelines for officially supported export credits preceded the 1978 arrangement. Export-Import Bank of the United States, *Report to the U.S. Congress Under Section 15 (g) of the Export-Import Bank Act of 1945, as Amended (Section 19 of the Export-Import Bank Act of 1986, Public Law 99-472)*, June 1992, p. 2.

⁵ Construction, power, telecommunications, and transportation equipment.

⁶ Notably in Asia and North Africa.

⁷ In October 1986 the U.S. Congress authorized a "war chest" to be used in support of U.S. Government efforts to reach a multilateral agreement under the OECD Export Credit Arrangement on the issue of reducing subsidies provided by export credit agencies through the use of tied-aid credits. The war chest provides grant resources, administered primarily by the U.S. Export-Import Bank, that may be combined with direct loans, with guarantees from other U.S. aid agencies such as the Agency for International Development or the Trade and Development Program (now known as the Trade and Development Agency), or with both to generate a tied-aid credit. War chest resources are used on a selective basis, typically in response to a tied-aid credit offer by a competitor country that breaches either the spirit or letter of the OECD Export Credit Arrangement. OECD, *The Export Credit Financing Systems in OECD Member Countries*, Paris, 1990, pp. 227-252.

⁸ Defined as able to cover operating costs plus debt service on commercial terms.

⁹ Tied aid is prohibited for LDCs with annual per capita income above \$2,465 in 1990 as measured by the World Bank. These countries include

upper-middle-income LDCs such as Brazil, Mexico, and Venezuela in Latin America; Czechoslovakia, Hungary, and the former Soviet Union in eastern Europe; Libya in North Africa; and high-income economies nonetheless considered as developing, such as Hong Kong, Korea, and Singapore in East Asia. World Bank, *World Development Report 1992*, 1992, pp. 218-219.

¹⁰ Robert Ley, "Liberating Capital Movements," *OECD Observer*, Aug.-Sept. 1989, Paris, p. 25.

¹¹ USTR, *1993 Trade Policy Agenda and 1992 Annual Report*, p. 41.

¹² The new commitments fall into three types of activity: (1) short-term capital movements (such as money market operations, financial credits and loans, swaps, options, etc.) not previously covered under the codes; (2) cross-border services (such as payment, banking and investment, and asset-management services) now encompassed under the Current Invisibles Code; and (3) financial-sector establishment now requiring under the Current Invisibles Code that nonresident enterprises should receive "equivalent treatment," that is, the same right to establish a business as domestic financial firms enjoy. Pierre Poret, "Liberalising Capital Movements," *OECD Observer*, June/July 1992, Paris, p. 5.

¹³ Ley, "Liberating Capital Movements," p. 25.

¹⁴ Poret, "Liberalising Capital Movements," p. 5.

¹⁵ *Ibid.*, p. 6.

¹⁶ UNCTAD VIII was delayed because Uruguay withdrew its offer to host the conference in Punta del Este. U.S. Department of State, "UNCTAD VIII—Wrap Up," telegram, message reference No. 03005, prepared by U.S. Embassy, Bogota, Feb. 27, 1992.

¹⁷ For a discussion of UNCTAD VII see USITC, *Operation of the Trade Agreements Program (OTAP), 39th Report, 1987*, USITC publication 2095, July 1988, pp. 3-6 to 3-7.

¹⁸ UNCTAD, *UNCTAD Bulletin*, Nov.-Dec. 1991, p. 4.

¹⁹ UNCTAD, *UNCTAD Bulletin*, Jan.-Apr. 1992, p. 3.

²⁰ UNCTAD, *Report of the United Nations Conference on Trade and Development on Its Eighth Session*, TD/364, July 6, 1992, p. 4.

²¹ For a detailed description of the restructuring of the committee system, or for a detailed description of the new committees or working groups and their responsibilities, see United Nations, *UNCTAD Bulletin*, Jan.-Apr. 1992, pp. 3-8.

²² *UNCTAD Bulletin*, Jan.-Apr. 1992, p. 3.

²³ UNCTAD, informal communication with USITC staff, Mar. 29, 1993.

²⁴ For a more detailed description of the trade point concept and the diagram of its operation, see *UNCTAD Bulletin*, May-June 1992, p. 9.

²⁵ U.S. Department of State, "Text of Final Plenary Statement—UNCTAD VIII," telegram, message reference No. 03010, prepared by U.S. Embassy, Bogota, Feb. 27, 1992.

²⁶ *Ibid.*

²⁷ *Ibid.*

²⁸ See GATT Decision of June 25, 1971 (L/3545), *Basic Instruments and Selected Documents (BISD)*, Eighteenth Supplement, p. 24, and GATT Decision of Nov. 28, 1979 (L/4903), *BISD*, Twenty-sixth Supplement, p. 203.

²⁹ UNCTAD, *Report on Eighth Session*, par. 139.

³⁰ UNCTAD, *Draft Report of the Special Committee on Preferences on Its Nineteenth Session*, TD/B/C.5/I.78/Add.1, May 20, 1992, par. 20.

³¹ Adopted as "The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices," TD/RBP/CONF/10/Rev.1, Dec. 5, 1980. This document is UNCTAD's code of conduct on restrictive business practices.

³² For additional background see USITC, *OTAP, 41st Report, 1990*, USITC publication 2403, Sept. 1991, p. 69.

³³ U.S. Department of State, "UNCTAD: Restrictive Business Practices Meeting," telegram, message reference No. 00577, prepared by U.S. Embassy, Geneva, Jan. 20, 1993.

³⁴ UNCTAD, *UNCTAD Bulletin*, Jan.-Apr. 1992, p. 7.

³⁵ *Ibid.*

³⁶ See, for example, USITC, *The Year in Trade: OTAP, 1991*, USITC publication 2554, Aug. 1992, pp. 61-67.

³⁷ The two C's in the initials for the International Cocoa Agreement (ICCA) and the International Cocoa Organization (ICCO) are used to distinguish it from the International Coffee Agreement (ICA) and International Coffee Organization (ICO).

³⁸ Negotiations were held in March 1993. Attention at these meetings was turned to developing an administrative agreement (an agreement that operates without economic clauses) to replace the current agreement when it expires. The purpose of having an administrative agreement is to provide a

mechanism to liquidate the buffer stock in an orderly fashion instead of all at once on the October 1 deadline. An immediate liquidation would flood the market with additional cocoa, thus depressing prices even further. These negotiations also concluded without reaching a new agreement.

³⁹ U.S. Department of State, "Colombian Reactions to Collapse of Coffee Negotiations," telegram, message reference No. 05116, prepared by U.S. Embassy, Bogota, Apr. 1, 1993.

⁴⁰ U.S. Department of Agriculture, *World Coffee Situation*, FCOF 3-92, Dec. 1992.

⁴¹ At the 26th Council session, the Council requested that members make a definitive decision on renegotiation of the agreement by March 30, 1993.

⁴² The Daily Market Indicator Price is a composite, weighted average of daily official current-month natural rubber prices on the Kuala Lumpur, London, New York, and Singapore markets.

⁴³ U.S. Department of State, "Background on U.S. Withdrawal From International Sugar Agreement," telegram, message reference No. 0322172, prepared by U.S. Department of State, Washington, June 3, 1992.

⁴⁴ The United States is in arrears in the amount of £94,000 (approximately \$150,000) but is expected to become current in fiscal year 1993. U.S. Department of State official, interview by USITC staff, May 25, 1993.

⁴⁵ For more detailed background on the EAI, see USITC, *The Year in Trade: OTAP, 1991*, USITC publication 2554, p. 67.

⁴⁶ U.S. Department of Commerce, "Fact Sheets on the Enterprise for the Americas Initiative: Framework Agreements on Trade and Investment," Oct. 25, 1991, p. 10.

⁴⁷ "Statement by Press Secretary Fitzwater on the President's Meeting With President Patricio Aylwin of Chile," May 13, 1992, and "Remarks at the State Dinner for President Patricio Aylwin of Chile," May 13, 1992, *Weekly Compilation of Presidential Documents*, May 18, 1992, pp. 858-859.

⁴⁸ U.S. House, Committee on Ways and Means, Subcommittee on Trade, *Testimony of Ambassador Michael Kantor, United States Trade Representative, Before the Subcommittee on Trade, Committee on Ways and Means, United States House of Representatives*, Apr. 21, 1992, and "Hearing of the Trade Subcommittee of the House Ways and Means: Fast Track Authority, USTR Mickey Kantor," Apr. 21, 1992.

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 1992: the European Community (EC), Canada, Japan, China, Mexico, the Republic of Korea (Korea), and Taiwan. An analysis of U.S. trade flows with these partners was provided in the introduction to this report.

The European Community

As in previous years, agricultural issues remained the focus of trade tensions between the United States and the EC in 1992. The most contentious was a dispute over EC oilseed subsidies, which was resolved late in the year in the context of a broader agricultural agreement, known as the Blair House agreement. The Blair House agreement also settled ongoing disputes on other issues, such as U.S. exports of corn gluten feed and malt sprout pellets to the EC, and extended the existing settlement of the enlargement-related farm trade dispute.

The United States and the EC also resolved a dispute over the EC's Third Country Meat Directive, which sets hygiene and inspection requirements for imported meat. EC bans on growth hormones in livestock production, as well as on bovine somatotropin (BST), a genetically engineered natural hormone that boosts milk production in dairy cows, remained in effect throughout 1992.

Outside of agriculture, in July 1992 an agreement was negotiated in the long-term dispute over EC support to the Airbus consortium. The U.S. Government also continued to monitor developments in the EC 92 program,¹ as well as the Community's efforts to deepen cooperation on economic and security matters and to broaden EC membership.

Blair House Agreement—Oilseeds

With U.S. patience waning in the longstanding oilseeds dispute,² the United States and the European Community continued negotiating about EC oilseeds subsidies in 1992 toward an eventual settlement, which United States Trade Representative (USTR) Carla Hills termed "way overdue."³ Since 1988, the United States has won two rulings by GATT panels, which found that EC subsidies to its oilseeds producers and processors deny U.S. exporters the benefits of duty-free access to the EC market as guaranteed to the United States in the Dillon Round of trade negotiations in 1962.⁴ According to USTR, the subsidies cost the U.S. industry about \$1 billion annually.⁵

The United States began its GATT case on oilseeds after the American Soybean Association in 1987 filed a petition with USTR under section 301 of the Trade Act of 1974 alleging that EC oilseeds subsidies were harming U.S. exporters and impairing zero-tariff commitments. A GATT panel in its 1990 report ruled that EC payments to oilseeds producers and processors are inconsistent with GATT article III⁶ and impair EC tariff concessions to the United States.⁷ In response the EC promised to modify its subsidies by the 1991 crop year.⁸ Although the EC proposed a new reform of its oilseeds subsidies regime in July 1991, the United States opposed the new plan on the basis that it continued to limit the benefits that should accrue to the United States as a result of the duty-free bindings on oilseeds.⁹ The United States proposed that the original panel be reconvened to consider whether or not the EC's proposed policy would fully support the panel's findings.¹⁰

A followup report, released by the panel in March 1992, supported the U.S. position, stating that the EC reform did not comply with the panel's earlier recommendations. The EC was given a choice to either modify its oilseeds support regime or to

renegotiate the zero tariff bindings agreed to in 1962.¹¹ At the April 1992 GATT Council Meeting, the Community indicated that it was not prepared to agree to either course of action. On May 1, 1992, the USTR announced the United States' intention to retaliate due to the failure of the EC to comply with GATT panel rulings. On June 12 a list of EC exports, compiled by USTR and valued at \$2 billion, was published in the *Federal Register*.¹² The list would be used to choose those products on which U.S. prohibitive tariffs would be imposed, with an average annual import value of \$300 million, if the EC did not reform its oilseeds regime.¹³

At the June 1992 GATT Council meeting, the EC formally requested authorization to reopen talks with the United States to negotiate compensation under GATT article XXVIII.¹⁴ According to GATT rules, the EC would be permitted to keep its current oilseeds program if it provided compensation acceptable to the United States and other producers of soybeans and other cereal substitutes. According to U.S. estimates, if the EC sought to compensate through annual payments, then it would be required to pay approximately \$1 billion to U.S. oilseeds producers and another \$1 billion to producers in other countries.¹⁵ Reportedly the United States was unwilling to settle for any compensation package that did not include the complete dismantling of the EC oilseeds subsidy regime.¹⁶

In accordance with GATT article XXVIII:4, the EC had to find a satisfactory solution by August 19, 1992, 60 days after negotiations had been authorized. The EC first proposed to replace its tariff bindings,¹⁷ establish tariff quotas, and then "rebind" the zero tariff on the current value of trade and place a higher tariff on additional oilseeds imports. The EC also offered tariff concessions on a number of other products of interest to the United States and other soybean-producing countries.¹⁸ However, the United States remained unwilling to accept any deal that would not primarily benefit U.S. oilseeds producers.¹⁹ The second compensation package offered by the EC Commission consisted of annual payments that were substantially less than the \$1 billion the United States claimed it was due. The United States rejected that offer and instead demanded wider access to the Community market for oilseeds imports.²⁰

Despite the passing of its August 19 deadline without agreement, the United States refrained from taking retaliatory action against the Community.²¹ At the September GATT Council meeting, the EC asked for a working party to review negotiations, but this request was rejected by the United States and other oilseed-producing countries. Instead, the United States

requested that the EC agree to binding arbitration to determine the amount of damage to the U.S. oilseed industry, but the EC rejected this proposal.²² Finally, negotiations under GATT auspices were broken off when the United States and the other countries rejected EC offers as inadequate compensation for their trade losses.²³ At a GATT Council meeting on November 4, 1992, the United States reiterated and the EC rejected a request for binding arbitration. In addition, the United States sought authorization by the GATT for a withdrawal of concessions, but the EC did not support a consensus in favor of such authorization.²⁴

In response to the breakdown on November 5, 1992, the United States announced its intention to withdraw trade concessions by imposing increased duties affecting up to \$1 billion of EC exports of white wine, rapeseed oil, and wheat gluten.²⁵ These U.S. imports from the EC, chosen from the June list published by the USTR, would be assessed 200-percent ad valorem tariffs unless further negotiations in the ensuing 30 days led to a satisfactory settlement by December 5, 1992.²⁶

In bilateral negotiations held on November 19, the United States and the EC finally reached a political agreement on the oilseeds dispute at the Blair House in Washington, DC. According to the EC, the deal complies with the framework of the EC's Common Agricultural Policy (CAP).²⁷ In addition, according to Ambassador Hills, the agreement meets the U.S. objective for increased access to the EC market for oilseeds and moves "agricultural problems into the multilateral forum of Geneva."²⁸ The agreement also clarifies the position the two parties will take on other issues contained in the Dunkel text, which was the guideline for the GATT Uruguay Round discussions throughout 1992.²⁹

The United States accepted EC Agricultural Commissioner Ray MacSharry's offer to impose a ceiling of 5.128 million hectares on EC production of oilseeds and to take at least 10 percent of this oilseed crop land out of production annually, starting from the 1994/95 marketing year.³⁰ Under the broader CAP reform, EC farmers are already obliged to take 15 percent of the oilseed crop land out of production. However, further changes in the CAP could reduce this amount over 3 years until the end of 1996. The new agreement will not allow the amount of oilseed crop land out of production to fall below 10 percent.

According to a Community official, a ceiling of 5.128 million hectares would eventually lead to annual production of 11.5 million tons, roughly the amount produced by the Community in crop year 1989/90.³¹ Measures to take 15 percent of the oilseed

crop land out of production the first year and at least 10 percent of the land out of production every year thereafter are expected to cut production to 10.1 million tons, on a permanent basis, giving the United States greater access to the EC market.³² Production of oilseeds for nonfood uses will be allowed on the set-aside land, up to a maximum of 1 million tons in soya equivalent,³³ but the EC must ensure that this production will not undermine the market for oilseeds imports.³⁴ The accord includes a provision for binding arbitration in the event of any dispute over these limits, in addition to the standard dispute-settlement procedures available under the GATT.³⁵

The United States and the EC also agreed on a "peace clause," which provides that neither party will challenge under GATT rules on subsidies those measures that fully reflect the commitments and criteria agreed to reduce internal support measures and export subsidies. Nonetheless, actions under national countervailing-duty law will still be permitted in the event that subsidized imports either cause or threaten material injury to a domestic industry.³⁶

The Blair House agreement also settled ongoing disputes over U.S. exports of corn gluten feed³⁷ and malt sprout pellets³⁸ to the EC. The EC had denied U.S. corn gluten duty-free access to the EC on the grounds that the U.S. product did not meet the required technical specifications. A 1991 agreement restored duty-free status, but problems relating to tariff classification continuing after that agreement were only resolved in the Blair House agreement. With respect to malt sprout pellets, the EC agreed to establish a tariff-rate quota on imports to enable trade to continue at historic levels, although problems relating to product definition remain. U.S. exports of malt sprout pellets, traditionally accorded duty-free treatment by the EC, had been reclassified during 1992 as residues of worked cereals, subject to a prohibitively high variable levy (tariff), under EC law.³⁹

The Blair House agreement extended for another year (through 1993) an earlier agreement that permits the entry of 2 million metric tons of corn and 300,000 metric tons of sorghum into Spain at reduced tariffs. This agreement for compensation to the United States originally resulted when Spain joined the EC in 1986 and breached its tariff binding on imports of corn and sorghum to make its agricultural regime consistent with the CAP. The EC also agreed to provide a reduced tariff on one-half million tons of corn imports into Portugal.⁴⁰

The Blair House agreement was approved by the Commission of the European Communities (EC Commission) by unanimous vote on November 20⁴¹ and had its final details settled just 2 days before the December 5 deadline for imposing tariffs on EC exports to the United States. Although the Blair House agreement has been strongly opposed by the French farm lobby, the EC Commission later reported that it complied with the framework of the EC's CAP.⁴² The oilseeds agreement among the EC, the United States, and other oilseed-producing countries still awaits its final approval in the EC as part of the overall GATT package of Uruguay Round results.⁴³ According to U.S. Agriculture Secretary Edward Madigan, "if the EC follows through on the final negotiations, then the agreement will have a favorable impact on the United States and will reopen that market."⁴⁴

Third Country Meat Directive

Since 1987 the U.S. meat industry has claimed that the EC improperly restricts U.S. exports through the EC's Third Country Meat Directive (TCMD),⁴⁵ which sets strict hygiene and inspection standards for foreign meat plants. Under EC sanitary specifications, foreign plants must be inspected for compliance with the directive before being placed on an official list of foreign meat suppliers authorized to export to the EC. Full EC implementation of the TCMD after 1988 led to a steady decline in the number of U.S. meat plants eligible to export to the EC.⁴⁶ In 1990 the EC decided to "delist" a number of U.S. slaughterhouses found in breach of EC veterinary and sanitation requirements.⁴⁷ The EC, alleging that U.S. meat plants did not meet the sanitary provisions of their directive, banned all imports of U.S. pork on November 1, 1990, and U.S. beef on January 1, 1991.⁴⁸

On November 28, 1990, the National Pork Producers Council and the American Meat Institute filed a petition under section 301 of the Trade Act of 1974⁴⁹ alleging that the TCMD constitutes a "barrier to imports that is not based on, or justified by, any scientific analyses."⁵⁰ The industry petition alleges that the inspection requirements for U.S. meat exports are not the same as those for meat produced and consumed in individual member states, nor are the requirements fully enforced in plants shipping across EC borders.⁵¹ In addition, the petition alleged that the TCMD constitutes a foreign practice that denies the United States access to the EC market, thereby violating the GATT.⁵² The petitioners stated that the EC's removal of certain U.S. plants from the official list, pursuant to the directive, restricted imports of U.S. meat products into the EC.⁵³

In response to the petition, on January 10, 1991, the USTR initiated a section 301 investigation with respect to the EC's inspection requirements for imported meats.⁵⁴ In an exchange of letters in May 1991, the United States and the EC agreed to reconcile differences between U.S. and EC meat inspection procedures by December 1991. The EC also agreed to re-inspect U.S. meat plants and relist those found in compliance.⁵⁵ Following the relisting of plants, formal bilateral talks on "equivalency standards" began between veterinary officials from the United States and the EC in mid-November 1991.⁵⁶

Between November 1991 and April 1992 the joint group of U.S.-EC veterinary officials met six times. In addition, a U.S.-EC policy group that included chief veterinary officials from both sides consulted in March, June, and July 1992.⁵⁷ By late February 1992 the joint group had identified 60 issues that merited further discussion.⁵⁸ With respect to 28 of the 45 public health issues, the veterinary group then concluded that the U.S. and EC requirements are equivalent and that the best means for resolving problems is to facilitate better communication between the two inspection services. In May 1992 the group was able to agree on proposed solutions to the remaining issues. With respect to those issues, the group proposed to the policy group specific actions designed to lead to a permanent resolution. The policy group then met in June and July 1992 to consider the conclusions of the joint group of veterinary officials.⁵⁹ At the July meeting the United States and the EC negotiated a tentative draft agreement.⁶⁰ Anticipating formal approval of the agreement by EC authorities, the USTR terminated the section 301 investigation on October 9, 1992.⁶¹

On November 13, 1992, the United States entered into a formal agreement with the European Community.⁶² The agreement recognizes equivalency between the veterinary inspection systems of the United States and the EC.⁶³ The agreement reached also establishes interim requirements for determining the eligibility of U.S. cattle- and pig-slaughtering facilities for exporting meat to the EC.⁶⁴ These temporary standards are expected to facilitate EC approval of additional U.S. plants. In addition, the agreement incorporates a number of provisions aimed at improving communication and cooperation between the U.S. and EC veterinary services.⁶⁵ The agreement has the target date for full implementation of December 31, 1993.⁶⁶

Ambassador Hills stated that "this agreement represents a truly cooperative effort on behalf of both parties to understand each other's meat inspection process and to develop ways to work together to

resolve our differences," adding that "the deal was good for meat producers and consumers."⁶⁷ USTR indicated that it will closely monitor implementation of the agreement and will consider what further action to take pursuant to section 301 if the agreement is not satisfactorily implemented.

Airbus

The longstanding U.S.-EC dispute over subsidies to the European aircraft manufacturer Airbus moved closer to a final resolution in 1992 with the signing of a bilateral agreement in July 1992. Airbus Industrie, a consortium of airplane manufacturers from four EC countries, comprises Deutsche Airbus of Germany, Aerospatiale S.A. of France, British Aerospace PLC of the United Kingdom, and Construcciones Aeronauticas, S.A. of Spain. In 1986 the United States and the EC entered into negotiations after the United States claimed that excessive subsidization by Airbus partner Governments had seriously disadvantaged the U.S. aircraft industry.⁶⁸ Conversely, the EC alleged that U.S. manufacturers receive indirect subsidies through defense contracts.⁶⁹

The central U.S. concern was over the high rate of direct subsidies, estimated at over 70 percent of Airbus development costs. The United States proposed a reduction of these subsidies to 25 percent of development costs. Negotiations were suspended in February 1991 after the United States rejected an EC proposal to eliminate production subsidies and cap development subsidies at 45 percent. Another disputed issue was over the sizes of aircraft covered by the agreement. The United States requested that the agreement cover all aircraft with more than 100 seats, whereas the EC desired that the agreement cover only aircraft with over 140 seats. In addition, contrasting opinions were raised over whether and how to include indirect subsidies in the talks.⁷⁰

These issues remained unresolved, and in February 1991 the United States filed the first of two complaints under the GATT Subsidies Code. First, the United States requested a dispute-settlement panel to investigate the German exchange-rate guarantees associated with Airbus.⁷¹ The United States contended that the scheme was an explicitly prohibited export subsidy under the terms of the GATT Subsidies Code.⁷² According to the United States, the German Government provided an average subsidy of \$2.5 million for each completed aircraft delivered for export in 1990,⁷³ thereby cushioning the German aircraft industry from the weakening dollar and reducing the incentive to use lower priced U.S. aircraft components. On January 15, 1992, the GATT

panel found that German exchange-rate guarantees provided to Deutsche Airbus were contrary to GATT rules.⁷⁴ Although the EC continued to block the adoption of the panel report in 1992,⁷⁵ the German Government suspended payments after the panel reported its finding and finally dismantled the program in the summer of 1992.⁷⁶

In May 1991 the United States filed a second, more general complaint over Airbus production and development subsidies under the GATT Subsidies Code. The United States had the option to request a dispute-settlement panel after 30 days if bilateral negotiations did not produce an agreement.⁷⁷ Informal consultations continued between the United States and the EC and were followed by a meeting of the Subsidies Code Committee for conciliation. By January 1992 the United States and the EC agreed to restart negotiations on aircraft trade issues under the presumption that an agreement would be reached early in 1992.⁷⁸ As a result, the United States deferred its option to request a dispute-settlement panel until the March 31, 1992, deadline set by both parties.

On March 31, 1992, the United States and the EC reached a tentative bilateral agreement over domestic subsidies granted to Airbus. Later, further discussions were held to clarify certain provisions of the draft agreement, particularly those regarding new disciplines on indirect government support to the civil aircraft industry.⁷⁹ The final agreement, signed on July 17, 1992, provides for the following:

1. A prohibition on any future production subsidies;
2. A cap on direct government support for development of any new aircraft at 33 percent and a requirement that repayment be at interest rates close to market levels;
3. A requirement that the repayment of past production supports be on the terms and conditions previously agreed, thus prohibiting revision that would effectively increase the subsidy beyond limit;
4. Strengthened disciplines against unfair government marketing practices through the use of inducements and offsets, including political and economic incentives to potential customers of Airbus; and
5. Increased transparency of government support activities.⁸⁰

The agreement sets a ceiling on indirect government support at 3 percent of the total revenue of the civil aircraft industry and at 4 percent for any individual aircraft manufacturer.⁸¹

The arrangement also requires Airbus Governments to make certain data and information available on finances, to prevent Governments from providing equity infusions that would serve to undermine the agreement. In addition, an "exceptional circumstances clause" enables each party to temporarily derogate from the agreement (with the exception of the development and support provisions) if the survival and financial viability of an aircraft manufacturer are in jeopardy—but strict conditions apply.⁸² The agreement applies to civil aircraft of greater than 100 seats in size that are manufactured in Europe by the Airbus consortium and in the United States by Boeing and McDonnell Douglas.⁸³

In accordance with article II.1 of the agreement, both parties must consult at least twice a year to ensure the correct functioning of the agreement, and each party may call for consultations at any time if it believes there is a problem. The agreement specifies that consultations must include an exchange of information on direct and indirect supports and Government equity infusions, a review of information on Government support commitments predating the agreement, and the prospects for future Government support for the development of new aircraft. Each party maintains the right to withdraw from the agreement after consultations with 12 months' notice.⁸⁴ The first set of consultations was scheduled for July 1993, but the United States called for early consultations with the EC beginning April 1, 1993.⁸⁵

According to the USTR, the United States and the EC have reaffirmed their commitment to the progressive, worldwide reduction of subsidies for civil aircraft development and manufacture.⁸⁶ Both the EC and the United States⁸⁷ expressed their willingness to renegotiate the GATT Civil Aircraft Agreement along lines similar to those of the U.S.-EC agreement, extending its provisions to all countries who are major producers of aircraft and aircraft components.⁸⁸

EC Integration and Enlargement

"EC 92" Program

January 1, 1993 marked the official deadline for the completion of the European Community's internal market or "EC 92" program. The EC Commission's White Paper, which launched the EC 92 program in

1985, listed some 282 measures considered necessary to achieve a frontier-free market among the member states. By the end of 1992 the EC Council of Ministers (EC Council) had adopted 261 of the 282 measures. The EC Council reached common positions on an additional three directives, bringing the number of substantially completed measures to 264, or 94 percent of the program.⁸⁹ Outstanding were proposals on the harmonization of company tax and company laws, Community trademark specifications, laws governing labor mobility, and border controls.⁹⁰ As of January 1, 1993, 233 internal market measures issued by the EC Council had entered into force.⁹¹

The United States has supported the completion of the EC single-market program and is interested in maintaining a positive trade relationship with the EC. The United States has actively monitored the policies of the EC 92 program to ensure that U.S. interests are protected in the event of restrictive or discriminatory practices by the EC. Of special interest to the United States in 1992 were issues relating to standards, testing, and certification; certain EC copyright legislation; public procurement procedures in the Utilities Directive; and the Broadcast Directive.⁹²

In the area of standards the United States opened discussions with the EC on possible "mutual recognition agreements," which make it easier for foreign manufacturers to obtain regulatory approval of their product. In the area of intellectual property rights, new EC legislation covering rental rights, data base protection, and home copying includes reciprocity provisions that are contrary to U.S. interests.⁹³ In 1992 the United States threatened to impose sanctions on the EC in 1993 should it implement the discriminatory provisions of the Utilities Directive, which covers procurement procedures in the water, energy, transport, and telecommunications sectors.⁹⁴

Since 1989 the EC Broadcast Directive has required EC member states to guarantee "where practicable" that broadcasters reserve a majority proportion of their entertainment transmission time for European operations. The United States took the position that this quota is a violation of the EC's GATT obligations and placed the EC on the Special 301 watchlist in both 1991 and 1992, holding two rounds of consultations with the EC under GATT article XXII. In 1992 the United States negotiated directly with EC member states about their implementation of the directive and indicated it will continue talks to discourage member states' plans to enact stricter quotas on broadcast. In addition, broadcast has been the subject of extensive talks in the Uruguay Round.⁹⁵

The Maastricht Treaty

The text of the Treaty on European Union, popularly termed the "Maastricht Treaty," was agreed to by EC heads of state on December 9 to 10, 1991. The Maastricht Treaty is designed to achieve a greater level of economic and political integration than envisioned in the EC's 1985 White Paper launching the 1992 program. Economic and Monetary Union (EMU) is to be achieved in three phases, leading to a common currency by 1999. European political union was designed to achieve a common foreign and security policy.⁹⁶ In addition, the Maastricht Treaty expands the power of the European Parliament, grants common citizenship to Europeans, and extends the EC's powers in such fields as consumer protection, public health, and environmental policy.⁹⁷ The treaty, signed on February 7, 1992, and originally scheduled to be enacted on January 1, 1993, requires ratification by each member state before it can enter into effect.

By yearend 1992 all member states but Denmark, the United Kingdom, and Germany had ratified the treaty.⁹⁸ Denmark, in a popular referendum held June 2, 1992, voted against the Maastricht Treaty. Opponents contended that the Maastricht Treaty represents an unacceptable centralizing of power in the EC institutions.⁹⁹ In addition, on June 9 Denmark rejected a British proposal to attach a protocol to the Maastricht Treaty clarifying certain aspects of EC union, such as the principle of subsidiarity.¹⁰⁰ The subsidiarity principle contained in the Maastricht Treaty states that the Community shall act "only and in so far as the objectives of the proposed action cannot be sufficiently achieved by the member states. . . ."¹⁰¹ According to EC analysts, during the summer of 1992 subsidiarity emerged as the preferred means to bring Denmark back into the fold, to keep British Euroskeptics at bay, and to satisfy member states that their powers will not diminish under Maastricht.¹⁰² The argument was that because of the subsidiarity clause a more federalist Europe would still safeguard local and national prerogatives by ensuring that centralized policies were only pursued if they were deemed a better way to accomplish common objectives than more localized solutions.

At the Edinburgh Summit in December 1992, Denmark requested and the EC agreed to a compromise that will exempt Denmark from the EC's single currency objectives, the common defense policy, legal and police cooperation, and European citizenship.¹⁰³ The compromise will be legally binding but will not require reratification of the treaty.¹⁰⁴ Denmark scheduled a second referendum in May 1993.¹⁰⁵ The United Kingdom's ratification vote

of the Maastricht agreement, based on Denmark's vote, should occur in the fall of 1993.¹⁰⁶

EMU, an objective of the Maastricht Treaty, has also been a recent source of concern for member states. The Maastricht Treaty requires member states to meet certain criteria for EMU.¹⁰⁷ If all the criteria are fulfilled, EMU envisages the establishment of a single currency and a single European central bank to manage that currency by the first of January 1999. Nearly all member states are experiencing difficulty meeting the criteria.¹⁰⁸

Meanwhile, differences in macroeconomic priorities and performances strained the existing Exchange Rate Mechanism (ERM). By mid-September overwhelming pressures led to the withdrawal of the British pound and Italian lira from the ERM and the devaluation of several other currencies relative to the German mark. As a result of the currency crisis and poor economic conditions, the Maastricht schedule for monetary union poses a challenge for member states that must revitalize their economies to meet the convergence criteria for EMU. According to a U.S. official, the currency crisis may somewhat delay the whole EMU process or by January 1999 fewer countries than the Maastricht Treaty had envisioned may actually join the establishment of a single currency and a single European central bank to manage that currency. The EC could form a "two-stage" or a "two-speed" Europe, with only a few EC member states in the currency union.¹⁰⁹

The European Economic Area and Other Agreements

While the EC was working on its goal of completing the EC internal market by December 31, 1992, Community officials continued to negotiate new agreements with countries outside the Community. In May 1992 the EC and seven members of the European Free Trade Association (EFTA)¹¹⁰ signed the European Economic Area (EEA) agreement, which extends the four EC freedoms—free movement of goods, capital, services, and people—to the countries of EFTA. The EEA was originally scheduled to begin on January 1, 1993, but Swiss rejection of the EEA in a December 1992 referendum required the EC to postpone the implementation date and negotiate a new agreement without Switzerland in February 1993.¹¹¹ The EEA is now expected to begin in September 1993, although the scheduled date to enter into force keeps getting delayed.¹¹² The agreement is regarded as a new stage in EC-EFTA relations and

should facilitate and accelerate full EC membership for its members.¹¹³

In addition to membership applications from Turkey, Cyprus, Malta, Sweden, and Austria before 1992, the EC received membership applications from Finland in March 1992, Switzerland in May 1992, and Norway in November 1992. In early December 1992 at the Edinburgh Summit the EC agreed to start membership negotiations with Austria, Sweden, and Finland before the end of January. A recent favorable opinion from the EC Commission on Norway's membership application will enable Norway to negotiate membership alongside Austria, Sweden, and Finland.¹¹⁴ Although Switzerland's membership application is still on track, its membership has been temporarily placed in doubt since its rejection of the EEA.¹¹⁵

In accordance with Community membership policy, new members are required to fully accept Community legislation established prior to their accession, known as the "acquis communautaire." Austria, Sweden, Finland, and Norway are also required to accept the Maastricht Treaty.¹¹⁶ Accession is likely for Austria, Sweden, Finland, and Norway by January 1, 1995.¹¹⁷

Other candidates for full EC membership are Cyprus, Malta, and Turkey. Cyprus and Malta are awaiting an opinion from the EC Commission on their membership applications. A response is not expected until late 1993.¹¹⁸ Turkey, an associate member of the EC since 1964, received a negative opinion from the EC in 1989. Turkey is planning to improve its economy and is hoping to negotiate a customs union with the EC by 1996, as provided for in the EC-Turkey association agreement.¹¹⁹

Negotiations continued throughout 1992 on agreements with the Central and Eastern European countries. The newest so-called "association agreements" were negotiated with both Romania and Bulgaria during 1992.¹²⁰ Along similar terms as previous association agreements negotiated with Hungary, Czechoslovakia, and Poland,¹²¹ the association agreements with Romania and Bulgaria call for the progressive liberalization of the movement of goods, services, people, and capital and a free-trade zone for most products within 10 years.¹²²

In October 1992, the EC decided to negotiate broader trade agreements, known as partnership and cooperation agreements, with the former Soviet republics.¹²³ The first round of EC-Russian exploratory talks, held in early December 1992, looked at setting up companies, investment services and capital flows, intellectual property rights, and cultural and institutional provisions.¹²⁴

Representatives of the EC Commission and the Russian Federation held a second round of followup discussions on December 22 to 23, 1992, concentrating their efforts on the potential problems inherent in the negotiations on the new accord.¹²⁵ The agreement is scheduled to be completed during 1993.¹²⁶

Canada

Bilateral relations between the United States and Canada during 1992 were focused on the negotiation of the North American Free-Trade Agreement (NAFTA) and the subsequent attempt to bolster support and ensure passage of the agreement in each country. The United States-Canada Free-Trade Agreement (CFTA), signed in 1988, was in its 4th year of operation, with duties declining on or ahead of schedule¹²⁷ and with certain disputes being addressed according to the structure set out by the agreement.¹²⁸ Three of the more visible disputes are discussed below (beer, lumber, automobiles and auto parts). Finally, as Canada continued its efforts at integration with its North American neighbors, it sought to eliminate internal barriers among its own Provinces. This effort, also reviewed below, was ultimately overshadowed by the October national referendum on constitutional reform.¹²⁹ All of these issues emphasize the difficulties on the path to free trade on the North American continent.

Beer

Disputes over beer between the United States and Canada in 1992 continued to escalate from 1991 and by yearend had culminated in a significant trade confrontation. Exporting \$22 million in beer to Canada in 1992, the United States held about 3 percent of the Canadian beer market. Canada's beer exports to the United States totaled \$141 million in 1992, however, and represented less than 1 percent of the U.S. beer market. Each country claims that the other country's local practices discriminate against imported beer. Local, State, and Provincial laws concerning the brewing industry were grandfathered into the CFTA. As a result, the present disputes have been dealt with through the GATT or by one country's unilateral action.

U.S. Claims

On February 6, 1991, the United States initiated a dispute settlement case in the GATT against Canadian

Provincial practices considered inconsistent with the GATT. In June 1991 the USTR initiated a section 301 investigation of alleged unfair trade practices by the Canadian Provincial liquor boards against U.S. beer, pursuant to a petition initiated by G. Heileman and Stroh brewing companies.¹³⁰ The GATT panel, formed in February 1991, was asked to examine the importation, distribution, and sale of certain alcoholic beverages by Provincial marketing agencies. On September 18, 1991, the panel found that the Provincial practices were inconsistent with Canada's GATT obligations. Specifically, the panel found that restrictions on the access of imported beer to points of sale, restrictions on private delivery of beer, differential markups, and minimum price requirements were all inconsistent with GATT obligations. As part of the section 301 investigation, the USTR announced on December 27, 1991, that U.S. rights under the GATT were being denied by the Canadian Provincial practices and that the United States would substantially increase duties on beer and malt beverages from Canada to offset damage from these practices no later than April 10, 1992.¹³¹ Canada joined with other GATT contracting parties in approving the GATT panel report on February 18, 1992.

On March 31, 1992, the Canadian Government announced that it would end discrimination against imports of foreign beer over the next 3 years and would eliminate interprovincial trade barriers to domestic beer by July 1, 1992. Canadian brewers claim the elimination of interprovincial trade barriers is an important step without which foreign beers would have greater access to the Canadian market than domestic brewers.¹³²

The United States declared the response unacceptable. It considered the 3-year phaseout of the barriers to be too long and held that the Canadian Government needed to specify a timetable for the removal of specific barriers and that the proposals would not bring Canada into GATT conformity.¹³³ The U.S. beer industry maintained that the proposal was a stalling tactic of the Canadian Government meant to prolong protection of its domestic beer industry.¹³⁴ The USTR reiterated its December 1991 threat to impose 100-percent duties on Canadian beer if an agreement was not reached by April 10, 1992.¹³⁵ The Canadian Government then threatened to retaliate with similar measures.¹³⁶

Last minute negotiations prompted the USTR to delay imposing punitive duties on Canadian beer. The Canadians had submitted another proposal on April 13, 1992, addressing short-term U.S. concerns, providing specific dates for steps in compliance, and

guaranteeing full access by mid-1994. The United States ultimately rejected this offer on the grounds that U.S. brewers deserved access to the Canadian market sooner than mid-1994. The announcement of the rejection of the Canadian proposal on April 14 resulted in a suspension of customs clearance for Canadian beer, making shippers retroactively liable for any new duties that might be imposed.¹³⁷ The Ontario Liquor Control Board, the wholesale buyer of all foreign beer in the Province, responded by canceling all imports of U.S. beer.

On April 25, 1992, the two countries reached an agreement. U.S. brewers would be given access to the Canadian retail market by October 1, 1993, and Canadian policies allowing higher retail markup for imported beer would end on July 1, 1992.¹³⁸ In light of the agreement in principle, the Ontario Liquor Control Board began importing U.S. beer on April 27, 1992.

On April 30, 1992, the Province of Ontario introduced a new tax on beer cans in its annual budget. The tax was an "environmental levy" of 10 cents per can. The levy was placed only on beer cans and not on soft drink cans. U.S. brewers claimed that the tax was another way for Ontario to discriminate against U.S. beer, since almost all U.S. beer exported to Canada is shipped in cans, whereas only 20 percent of Canadian beer is canned.¹³⁹ The new "environmental levy" removed the price advantage of U.S. beer. The Canadians claimed that the levy was for environmental purposes and was not discriminatory because it applied to both foreign and domestic beer. As most other Provinces complied with the April 25 agreement without incident,¹⁴⁰ the U.S. negotiating efforts focused on Ontario, Canada's largest importer of beer.

Ontario proposed lowering its barriers to beer imports, but U.S. brewers claimed the proposal failed to resolve their problems. U.S. brewers complained that the new pricing formula offered by Ontario would raise rather than lower prices. U.S. brewers would still have to ship through Ontario Government warehouses, thus adding a cost that Canadian brewers do not have to bear. Finally, U.S. brewers noted that the Province still refused to lift its discriminatory "environmental levy."¹⁴¹ Ontario's environmental tax works to protect domestic producers and is believed to be inconsistent with article III of the GATT.¹⁴²

On July 14, 1992, the United States requested GATT authorization for retaliation against Canada. However, Canada and the EC blocked the measure. The United States then refused the Canadian offer for dispute settlement through binding arbitration. On

July 24, 1992, the USTR announced a 50-percent ad valorem duty on all beer brewed and bottled in Ontario.¹⁴³ This duty affected mainly the Molson and Labatts breweries, Canada's largest brewers. In response to the U.S. action, Canada levied a 50-percent duty on the two petitioners in the section 301 investigation, G. Heileman Brewing Co. and the Stroh Brewery Co.¹⁴⁴ Although bilateral negotiations continued, the retaliatory duties remained in effect well into 1993.

Canadian Claims

Canada, meanwhile, had some complaints of its own about U.S. treatment of imported alcoholic beverages. On May 29, 1991, the GATT Council, at the request of Canada, agreed to establish a panel to examine possible discriminatory measures by the U.S. Federal and State Governments affecting the pricing, distribution, and sale of alcoholic and malt beverages, including beer, wine, and cider. On February 7, 1992, the GATT panel found against the U.S. federal excise tax credit for small producers of wine and beer and approximately 60 State-level alcoholic beverage practices.¹⁴⁵ On June 19, 1992, the U.S. Government agreed to make efforts toward resolution of the Canadian complaints. In accepting most of the GATT report, U.S. delegate Ambassador Rufus Yerxa specified that the United States rejected the panel's interpretation of the balance between federal and state powers.¹⁴⁶ He claimed that although changes to the federal tax scheme to comply with the GATT ruling were possible, the federal government in the United States lacks direct control over many of the state policies criticized by the GATT panel.¹⁴⁷ The United States has argued that the 21st amendment, ending prohibition, gave the states broad authority to regulate liquor trade. The GATT panel, however, citing a U.S. Supreme Court decision, maintained that the U.S. Federal Government has the power to override state laws in order for the United States to abide by international obligations.¹⁴⁸ No further resolution of this dispute had emerged by yearend.

In October of 1991 the Canadian International Trade Tribunal (CITT) ruled on a complaint brought by brewers in British Columbia that U.S. brewers were dumping beer in the Province.¹⁴⁹ The CITT found that dumped U.S. beer was causing material injury to domestic producers, and duties as high as 50 percent on U.S. beer entering the Province were authorized. The United States appealed the case to a binational trade dispute panel under the auspices of the CFTA.¹⁵⁰

At the end of 1992 the bilateral disputes involving beer on both sides of the border remained unsolved

despite ongoing negotiations, and retaliatory duties were still in effect.

Lumber

U.S.-Canadian trade in softwood lumber has been the subject of trade petitions and actions for nearly three decades. Actions have been pursued (1) under the U.S. countervailing-duty (CVD) law; (2) bilaterally, under the CFTA; (3) multilaterally, in the GATT; and (4) under section 301 of the U.S. Trade Act of 1974.

The latest series of actions began in 1986 when the U.S. lumber industry filed a complaint with the U.S. Department of Commerce, claiming the low stumpage fees (paid by Canadian loggers to the Provinces for the right to harvest trees on Provincial land) constituted a countervailable subsidy.¹⁵¹ The U.S. Department of Commerce ruled that the stumpage fees were countervailable and imposed a 15-percent provisional duty on Canadian exports of softwood lumber to the United States. On December 30, 1986, the United States and Canada entered into a memorandum of understanding (MOU) whereby Canada agreed to impose a 15-percent export tax on lumber exported to the United States. The MOU provided that if Canadian Provinces implemented changes in their forest policies so as to increase the costs to the industry, the tax would be offset by these increased costs.

On September 3, 1991, Canada announced the termination of the MOU effective October 4, 1991.¹⁵² The U.S. Department of Commerce self-initiated a CVD investigation under title VII of the Tariff Act of 1930¹⁵³ and, in an effort to preserve the status quo, USTR, pursuant to an investigation initiated under section 302 of the Trade Act of 1974, directed U.S. Customs on October 4, 1991, to withhold liquidation and collect a bond, equivalent to the rates in the MOU, on entries of Canadian softwood lumber.¹⁵⁴ On December 2, 1991, Canada requested that the GATT Committee on Subsidies and Countervailing Measures convene a panel to consider these actions, arguing that USTR's action and the self-initiation by Commerce of the CVD investigation, were inconsistent with the United States' obligations under the GATT. Canada maintained that the U.S. action was an improper limit on Canadian exports.¹⁵⁵ On December 12, 1991, the U.S. International Trade Commission (ITC) voted affirmatively in a preliminary determination, finding that there was a reasonable indication that a U.S. industry was materially injured by reason of allegedly subsidized softwood lumber imports from Canada.¹⁵⁶

The ITC vote served to continue the Department of Commerce's CVD investigation.

On March 6, 1992, the Commerce Department announced "its preliminary finding that prices charged by Canada's provincial governments for the timber used in softwood lumber production provide countervailable subsidies to their lumber producers." The estimated net subsidy rate was determined to be 14.48 percent ad valorem.¹⁵⁷ This subsidy rate consisted of two components: the stumpage fees and the British Columbia log export ban. The Department of Commerce's analysis of stumpage programs resulted in a countrywide, net subsidy rate of 6.25 percent ad valorem. The Department of Commerce also found that the Province of British Columbia, through a variety of measures, effectively banned log exports from that Province. The Commerce Department maintained that these "export restrictions distort prices both in British Columbia and other markets, and that there is a quantifiable benefit to Canadian lumber producers" equal to a countrywide, net subsidy rate of 8.23 percent ad valorem.

On May 15, 1992, the Department of Commerce made its final ruling in the softwood lumber case.¹⁵⁸ The Commerce Department upheld its earlier ruling that two kinds of subsidies were being provided but significantly lowered its calculation of the net benefits of these subsidies. Commerce found that the subsidy for stumpage fees was 2.91 percent, and that the subsidy for log export restrictions was 3.6 percent. The total net subsidy rate was thus determined to be 6.51 percent ad valorem.¹⁵⁹ The proceeding continued under domestic law with a final investigation by the ITC to determine whether a domestic industry is materially injured or threatened with material injury by reason of such subsidized imports. The ITC made a final affirmative determination on June 25, 1992, finding that U.S. producers were being materially injured by reason of subsidized imports of softwood lumber from Canada.¹⁶⁰ As a result, Commerce issued an order imposing a CVD of 6.51 percent ad valorem on imports of Canadian softwood lumber.

On June 16, 1992, Canada formally requested review of the Commerce decision by a binational dispute resolution panel under the CFTA. On July 27, 1992, Canada similarly requested review of the Commission's final determination. At yearend 1992 both panel reviews were still in progress; the deadline for the panel's decision in the Commerce case was June 4, 1993 and the other panel's decision in the Commission case is due in late July 1993.¹⁶¹

On December 9, 1992 the GATT panel convened at Canada's request ruled that the U.S. Department of

Commerce had the right to self-initiate the CVD investigation consistent with the GATT, but that the interim bonding measures taken by the U.S. Customs Service at USTR's direction were improper.¹⁶² The GATT panel thus ruled that the U.S. Government was required to refund to the Canadian lumber industry the amount it collected in bonds between October of 1991 and March 1992, when Commerce made its preliminary determination.¹⁶³

At yearend the appeal to the CFTA binational panel was still pending, but duties remained in effect against imports of softwood lumber entering the United States from Canada.

Interprovincial Trade Barriers

Although Canadian negotiators have been taking steps to open up trade between the United States and Mexico through the NAFTA, some 500 trade barriers still inhibit trade among Canada's Provinces. These barriers have existed for decades and include discriminatory Provincial procurement procedures, differing certification and licensing procedures, and restrictions on trade in agricultural products and alcohol. The barriers also affect foreign trade. The Canadian Provinces have recognized the detrimental effects of these barriers, estimated by the Canadian Manufacturers' Association to cost Canadian consumers close to \$6 billion a year.¹⁶⁴ A Statistics Canada summary released in the spring of 1992 showed the relative weakness of interprovincial trade links by demonstrating that Ontario, Canada's industrial heartland, trades more with the United States than with the rest of Canada.¹⁶⁵

In the fall of 1991 as part of a long, federationwide, self-examination process, Prime Minister Mulroney proposed a broad package of constitutional reforms. One element of the package was the removal of interprovincial trade barriers.¹⁶⁶ This impetus from the Federal Government led to review of such liberalization at the Provincial level. Some Provinces even took concrete measures to address the problem. On June 30, 1992, for example, the Province of Newfoundland signed the Maritime Procurement Agreement, originally created in April 1990 by New Brunswick, Nova Scotia, and Prince Edward Island. The pact is designed to reduce regional trade barriers, starting with government practices of awarding contracts to local businesses.¹⁶⁷

While elimination of barriers within Canada was being considered, the second examination of Canadian trade policies by the GATT Trade Policy Review

Mechanism (TPRM) took place in June 1992. The TPRM and the GATT Council took note of the continuance of the interprovincial barriers and their effect on trade flows.¹⁶⁸

The U.S.-Canadian beer dispute¹⁶⁹ also drew attention to interprovincial trade barriers and put considerable pressure on Provincial Governments to eliminate the policy of permitting Canadian brewers to sell beer only in the Province where it was brewed. Early in the year Canadian Provincial trade ministers reached an agreement that would strike down this and other Provincial trade barriers against beer, effective on July 1, 1992.¹⁷⁰

In July 1992 9 of the 10 Canadian Provinces agreed to the phased removal of barriers to goods, services, and capital.¹⁷¹ They also agreed to a broad-based range of exemptions to this commitment for specific kinds of laws and policies. These laws and policies include those related to public safety, security, or health; protection of the environment and consumers; labor practices including pay equity, affirmative action, and "minimum and fair" wages; creation and maintenance of government-owned monopolies; marketing and supply management of agricultural products; and articles with artistic, historic, or archaeological value. "Reasonable" public sector investment programs, subsidies, or tax incentives to promote investment, Federal laws aimed at promoting regional development, and Provincial or territorial policies to reduce economic disparities among jurisdictions are also exempted from the commitment to a phased removal of interprovincial barriers.¹⁷² In short, the agreement was a step toward free trade among the Provinces, but the large number of exceptions that accompanied the package resulted in its being viewed as less than significant.¹⁷³

An attempt was made in negotiations toward the Charlottetown Constitutional Accord to remove a significant portion of the interprovincial trade barriers by July 1, 1996.¹⁷⁴ Given the list of exemptions that came out of the first ministers' conference in July, the difficulty of reaching a consensus in Charlottetown was evident. The economic union proposal and the elimination of interprovincial barriers was not included in the Charlottetown Accord. An "agreement in principle" to eliminate interprovincial trade barriers was reached, however.

Since the accord itself was defeated in the October 26 national referendum, what began as an ambitious attempt at barrier reductions within Canada was further stifled. The dismantling of internal trade barriers thus remains unfinished business in Canada.¹⁷⁵

Automobile Content Dispute

Throughout most of 1992 a dispute over the foreign content of automobiles produced in Canada and exported to the United States captured binational attention. This dispute followed the U.S. Customs decision of 1991 to audit the foreign content of Honda Civics assembled in Canada. The dispute centered around the local-content requirements necessary for eligibility for duty-free exports under the 1988 CFTA. Since the United States and Canada disagreed over the method for determining foreign content, the dispute ultimately was argued before a binational panel set up under chapter 18 of the CFTA. The dispute diminished in significance, however, when NAFTA negotiators settled upon specific content requirements for future automotive trade.

Although the dispute began in 1991, it was not until January 6, 1992, that Canada requested the formation of a bilateral dispute-settlement panel.¹⁷⁶ This request was made in response to temporary U.S. regulations not formally instituted until January 22, 1992,¹⁷⁷ outlining calculation methods for the foreign and domestic content of merchandise under the CFTA. Under the pact a product must have at least 50 percent of its value added in either the United States or Canada to be eligible for duty-free treatment. The dispute before the panel dealt with the treatment of interest as a direct cost of processing. The United States insisted on a strict interpretation of the free-trade agreement, limiting interest payments included in content calculations. Canada, meanwhile, claimed the U.S. content requirements reflected a misinterpretation of the CFTA, resulting in Honda's loss of eligibility for duty-free export. Canada argued that all forms of interest related to production of the product should be counted in content calculations.¹⁷⁸

Using U.S. calculation methods, U.S. Customs announced on March 1, 1992, that Honda's Canadian exports of automobiles to the United States from January 1, 1989, to March 31, 1990, failed to meet the 50-percent requirement. Automobile tariffs of 2.5 percent were levied on roughly 69,000 Canadian-assembled automobiles.¹⁷⁹ The primary factor in this determination was the decision to count as foreign Honda engines assembled in Anna, OH, and installed in Alliston, Ontario. U.S. Customs claimed that these engines failed to meet the 50-percent domestic-content requirement. The entire engine was counted as foreign during the U.S. calculation of the Civic's content. Revenue Canada, however, ruled that the Hondas did meet domestic content requirements, and Honda claimed that 69 percent of the Civic's value was added in North

America.¹⁸⁰ As the United States was the importing country, the U.S. Customs ruling was the one that applied. Honda officials and the Canadian Government both claimed that the U.S. decision was in error, and the Canadian press argued that the decision was influenced by political motivations.¹⁸¹ In fact, many Canadians felt the United States was using the audits to deter auto firms considering investment in Canada and trying to pressure the firms to invest instead in the United States.¹⁸²

At the same time, the five-member binational panel originally called for by Canadian Trade Minister Michael Wilson was investigating the matter. Oral arguments were heard on March 31, and the final report was issued on June 8, 1992. The panel unanimously decided that bona fide interest payments on debt of any form could be included in the direct cost of processing or direct cost of assembling set forth in article 304 of the CFTA. The panel in effect supported the Canadian position for a broader calculation of domestic content.

The two sides used the NAFTA negotiations as a means of settling the dispute. Content requirements under NAFTA were drawn up with the automobile dispute in mind. The content requirement for consideration as North American was raised from 50 percent to 62.5 percent for motor vehicles and some parts, phased in over two 4-year stages. The calculation process for content was more strictly defined, and new assembly plants were given a 5-year grace period, during which time the 50-percent content requirement would remain in effect. This compromise helped to settle the dispute.¹⁸³ In October U.S. Customs announced an amendment to its content calculation process, reflecting the decision of the binational panel.¹⁸⁴ As the NAFTA content rules are expected to be made retroactive, Honda may be released from the fines levied by Customs upon NAFTA approval.¹⁸⁵ At yearend, Customs was considering Honda's appeal.

Japan

The U.S.-Japan trade relationship in 1992 was marked by the continued trend towards bilateral agreements aimed at opening the Japanese market to U.S. products. The Bush administration pursued sector-specific market access agreements, on both the Government and private sector levels, and conducted followup talks on so-called "structural" issues. Agreements reached in 1992 on trade in automobiles and auto parts, semiconductors, and machine tools are demonstrative of this trend and are described more fully below.

Automobiles and Parts

The United States and Japan continued to wrestle with the issue of bilateral trade in automobiles and auto parts in 1992. The U.S. deficit with Japan in automobiles and auto parts reached \$31.2 billion in 1992, amounting to roughly 62.8 percent of the overall bilateral trade deficit. U.S. imports of passenger vehicles from Japan totaled 1.6 million units, or \$23.8 billion; imports of auto parts reached \$10.8 billion. U.S. imports of automobiles from Japan took about 19.9 percent of the U.S. market.¹⁸⁶ Japanese nameplate automobiles, including those made in the United States, Canada, and other third countries, accounted for roughly 30.1 percent of the U.S. passenger car market in 1992.

On December 4, 1991, President Bush invited the leaders of the "Big Three" U.S. auto companies (Ford, Chrysler, and General Motors (GM)) to accompany him on a trade mission to Japan. The President's trip to Japan and Southeast Asia had originally been scheduled as a goodwill tour to help shore up U.S. relations with the region. However, mounting concern over the U.S. recession and rising domestic unemployment led to the recasting of the visit as a mission to secure U.S. jobs through pressuring Japan to open its import market.¹⁸⁷

During January 8 and 9, working-level meetings were held in conjunction with the Bush-Miyazawa summit in Tokyo. An agreement was reached on several measures to reduce the U.S. deficit in automobiles and auto parts. Japan announced that it would increase its purchases of U.S. auto parts from a level of \$9 billion during Japanese fiscal year (JFY) 1990 to \$19 billion in JFY 1994. This target could be partially met through purchases from Japanese-owned parts suppliers in the United States. About \$15 billion of the \$19 billion in total procurement would result from purchases of U.S. parts by Japanese auto firms with production facilities in the United States (transplants), whose output was projected to increase by 50 percent during the period.¹⁸⁸ Japanese imports of U.S.-made parts and vehicles were expected to increase from \$2 billion to \$4 billion.

In addition to auto parts, Japan's major auto producers also made tentative commitments to boost sales of U.S.-made cars by 1994 through their distribution networks. Honda, which had been marketing part of Chrysler's Jeep line in 1991, indicated that it was targeting Cherokee and Wrangler sales at 1,200 units in 1994. Mitsubishi Motors also stated that it would help Chrysler raise its sales in Japan to an estimated 6,000 units. Mazda announced plans to import 4,500 Ford Probes, Tauruses,

Thunderbirds, and Lincoln Continentals in the upcoming fiscal year. Additionally, Nissan said it was willing to handle Ford vehicles for the first time, and targeted sales at 3,000 units per year. Finally, Toyota stated that it was prepared to sell about 5,000 GM cars per year through its network.¹⁸⁹

Reactions to the bilateral accord on automobiles and auto parts were mixed. President Bush and Prime Minister Miyazawa both hailed the overall summit as significant,¹⁹⁰ but top executives of the Big Three returned to the United States apparently unsatisfied with the pledges made by their Japanese counterparts to increase imports.¹⁹¹ Within a short time disagreement emerged over whether the Japanese auto companies' import goals were considered by the Japanese to be only "targets" and not the binding "commitments" the U.S. auto industry believed they represented.¹⁹²

Partly in an effort to deflate some of the pressure on Capitol Hill for greater protection against imports of automobiles and auto parts, Japan's Ministry of International Trade and Industry (MITI) announced on March 19, 1992, a reduction in the ceiling on Japanese car exports to the United States. MITI Minister Kozo Watanabe declared that the 11-year old "voluntary" cap on auto exports would be lowered to 1.65 million units at the start of April 1992 from 2.3 million units—the annual export restraint level since JFY 1985.¹⁹³ Reasons cited by Japanese officials for lowering the quota level included (1) the visit by President Bush and executives from the Big Three in January 1992, (2) the poor condition of the U.S. economy and the need to prevent increased layoffs of U.S. workers, and (3) the upcoming U.S. Presidential election.¹⁹⁴ The new quota level was greeted with some skepticism in Washington and Detroit, with executives of the Big Three claiming that the reduced ceiling would have little substantive impact.

Largely in response to U.S. Government pressure, as well as pressure from Japan's own MITI, executives from Japan's "Big Five" auto producers (Nissan, Toyota, Mitsubishi, Mazda, and Honda) agreed to meet with executives of Detroit's Big Three in Chicago on May 18, 1992. The meeting was regarded by both sides as a success and a frank exchange of opinions. Specific actions to be taken included the establishment of two working groups: one to cooperate to reach the goals for auto imports and parts purchases and the other to exchange views on environment and safety issues. The two sides also agreed to continue talks between the industries, although no concrete schedule was established.¹⁹⁵

Auto and auto parts trade continued to figure prominently within the overall debate in Washington

over U.S. trade policy regarding Japan. However, progress in implementing the January industry-to-industry agreement to boost Japan's imports of U.S. automobiles and auto parts was slow. In October 1992 Toyota Motor Corp. acknowledged that it was still negotiating with GM over its plan to import 5,000 more GM cars a year. Other Japanese automotive companies, such as Honda and Nissan, stated that they were proceeding with plans to boost imports of U.S. automobiles, but no specific figures were provided as to how much purchases had increased in 1992.¹⁹⁶

Semiconductors

During 1992 the U.S. Government and the U.S. Semiconductor Industry Association (SIA) continued to monitor the share of the Japanese semiconductor market occupied by foreign suppliers. By the fourth quarter, the foreign share of Japan's semiconductor market had reached an unprecedented 20.2 percent, reaching the "target" set in the 1991 arrangement.¹⁹⁷

The 1991 agreement stated that the Government of Japan—recognizes that the U.S. semiconductor industry expects that the foreign market share will grow to more than 20 percent of the Japanese market by the end of 1992 and considers that this can be realized. The Government of Japan welcomes the realization of this expectation. The two Governments agree that the above statements constitute neither a guarantee, a ceiling nor a floor on the foreign market share.¹⁹⁸

This particular clause of the agreement led to considerable friction between the two countries during 1992, as each side offered its own interpretation in the face of a stagnating foreign share of the Japanese semiconductor market.

Controversy over the agreement began early in 1992 when official U.S. estimates indicated that the foreign share of the Japanese semiconductor market was 14.4 percent in the fourth quarter of 1991, only 0.1 percent higher than the estimate for the previous quarter. The slight increase in market share drew sharp criticism from the SIA, which voiced dissatisfaction with Japan's efforts to open its markets and predicted that the 20-percent market share goal would not be achieved by the end of 1992.¹⁹⁹

Japan's sluggish domestic economy was cited by some Japanese Government and industry officials as the cause of the near-stagnant foreign share of the semiconductor market. The Japanese economy entered a serious slowdown in 1991 that, according to Japanese Government officials, hampered efforts to

increase foreign-source chip purchases, as electronics firms cut back on production. This argument was largely rejected by U.S. Government and industry officials, however, who pointed out that foreign market share did not expand very much during the late 1980s, when the Japanese economy was booming and the semiconductor market was strong.

Following further pressures from SIA and Congress, on May 26 USTR announced a formal interagency review of the implementation of the semiconductor agreement involving the Departments of State and Commerce, USTR, and other Government agencies.²⁰⁰ The review was to be completed by August 1, 1992. The announcement by USTR was quickly followed by a warning from Government officials in Japan that too much pressure for increased imports of semiconductors could lead Japan's electronics industry to reduce its foreign purchases.²⁰¹ The warning was accompanied by a statement from Minister Watanabe that the slowdown in the Japanese economy, not a lack of effort by Government and industry officials, was behind the stagnant sales of foreign semiconductors in Japan.²⁰²

The impending U.S. review of the semiconductor agreement and concern over possible U.S. sanctions sparked a flurry of effort to improve the market share of foreign semiconductor suppliers in Japan. During the first week of June representatives from the SIA and the Electronics Industry Association of Japan (EIAJ) met in Tokyo for their annual bilateral meeting to discuss ways in which Japanese firms could boost imports of U.S. chips.²⁰³ The two sides agreed on what the EIAJ termed "emergency special measures" to increase purchases of foreign semiconductors by Japanese firms. Under the EIAJ's plan, Japan's 10 largest semiconductor users, who account for roughly half of the Japanese market, agreed to provide U.S. suppliers with confidential semiconductor purchase plans to aid their marketing efforts. The 10 companies also pledged to issue internal memoranda to all employees expressing a commitment to boost purchases of foreign chips. In return, the SIA promised to encourage smaller U.S. suppliers to ensure sufficient designers and engineers in Japan to handle increased demand, to promote the "designing-in" of foreign semiconductors in Japanese products and shorten the design-in cycle time, and to respond quickly to consumer complaints.²⁰⁴

Despite the progress made during the SIA-EIAJ meeting in Tokyo, the semiconductor agreement again came under criticism when official U.S. statistics for the first quarter of 1992 indicated that the foreign share of the Japanese market had risen only slightly, to 14.6 percent. Although applauding the SIA-EIAJ

agreement made roughly 1 week earlier, Ambassador Carla Hills announced that the U.S. Government would follow through with the interagency review of the bilateral semiconductor agreement.²⁰⁵

On August 4, 1992, the USTR announced that "the two-month U.S. inter-agency review of the U.S.-Japan semiconductor agreement revealed that since the agreement came into effect in August 1991, efforts by the Japanese Government and Japanese Industry to improve market access for foreign semiconductor suppliers have not, to date, resulted in sufficient progress."²⁰⁶ The interagency report also noted that the design-ins of foreign semiconductors and long-term relationships that had been entered into by foreign and Japanese firms had not yet resulted in the increased level of foreign sales and foreign market share that had been anticipated. Taking into account the disappointing 0.2-percent increase in foreign market share seen in the first quarter of 1992, Ambassador Carla Hills indicated that if substantial progress were not made in the coming months, "additional actions, as necessary, to fulfill the terms of the Arrangement" would be taken.²⁰⁷

A bright spot for the U.S.-Japan semiconductor agreement appeared on September 24, 1992, when USTR announced that the foreign share of the Japanese semiconductor market had grown by 1.4 percent in the second quarter of 1992, to an estimated 16.0 percent. This figure represented the largest quarterly increase to take place under the 1991 semiconductor accord or its predecessor, the 1986 U.S.-Japan semiconductor arrangement.²⁰⁸ Government and industry officials in the United States hailed the progress made during the second quarter of 1992 but also urged Japan to continue its efforts to expand purchases of foreign semiconductors.

During the third quarter the foreign market share dipped to 15.9 percent. By the end of 1992, however, the expectation that the foreign market share would exceed 20 percent was apparently realized. Preliminary data released in 1993 indicated that during the fourth quarter of 1992, the foreign market share reached 20.2 percent. Ambassador Mickey Kantor said that the improvement in foreign market share—

clearly demonstrates that U.S. semiconductor suppliers can compete effectively in the Japanese market when given a fair shot and that trade agreements with Japan can, if vigorously implemented, provide concrete benefits to American industry and workers.²⁰⁹

However, he also indicated that the United States expected "steady and gradual" increases in market

share during the final 3 years of the agreement until July 1996.

Machine Tools

The 5-year voluntary restraint agreement (VRA) on Japanese exports of machine tools to the United States was scheduled to expire on December 31, 1991.²¹⁰ The U.S. machine tool industry, which began requesting an extension of the VRAs as early as March 1991, claimed that significant gains were made during the 5 years of protection allowed by the 1986 agreement. Industry sources estimate that U.S. exports of machine tools (including those categories not covered by VRAs) rose from about \$600 million in 1986 to \$1.1 billion in 1990 and 1991—an increase of about 83 percent.²¹¹

On December 27, 1991, President Bush, citing the national security basis for the 1986 agreements, directed the USTR to negotiate a limited extension of the machine tool VRAs with Japan and Taiwan. Restrictions on non-computer-controlled machine tools were eliminated in December 1991, and all remaining restrictions on machining centers, computer-controlled lathes, computer-controlled punching and shearing machine tools, and computer-controlled milling machine tools were to be phased out over a 2-year period beginning in January 1992.²¹²

A new machine tool VRA with Japan was signed in Washington on June 30, 1992, by Ambassador Carla Hills and Japanese Ambassador Takakazu Kuriyama. It was the result of several rounds of negotiations and followed a tentative agreement reached by the two sides in late April 1992. The agreement applies retroactively to exports of machine tools since January 1, 1992, and is scheduled to run through 1993. Under the new VRA Japan agreed to restrict exports of four categories of machine tools to the U.S. market: numerically controlled (NC) lathes, NC milling machines, machining centers, and NC punching and shearing machines. Shipments of these products will be limited to the shares of apparent 1992-93 U.S. consumption as indicated in table 4-1. This phased approach was designed to allow U.S. machine tool firms to gradually adjust to greater competition from Japanese suppliers.²¹³

As with the previous VRA the apparent consumption shares indicated in table 4-1 will be translated into ceilings for actual numbers of machine tools based on projections of U.S. apparent consumption supplied to Japan by the U.S. Government.²¹⁴ The agreement contains provisions for emergency consultations between the two sides if

Table 4-1
Share of U.S. apparent consumption of Japanese machine tools for the period 1992-93, allowed under the 1992 U.S.-Japan VRA

Category	1992	1993
	<i>Percent Share</i>	
NC Lathes	57.47	60.27
NC Milling Machines	7.17	7.47
Machining Centers	51.54	54.03
NC Punching and Shearing Machines	19.25	21.56

Source: U.S. Department of State.

the Government of Japan considers that, as a result of participating in the VRA, Japanese suppliers are not receiving fair and equitable treatment in relation to non-VRA country machine tool exports to the United States.²¹⁵

Paper and Paper Products

Japan is the world's second-largest consumer and producer of paper and paperboard. However, according to U.S. industry estimates, imports accounted for only 4.1 percent of Japan's \$27 billion paper and paperboard market in 1991, with the U.S. share totaling 2.1 percent. During 1991 the United States held three rounds of talks with Japan to increase foreign access to Japan's market for printing and writing paper and paperboard packaging products. U.S. paper manufacturers have experienced difficulties in marketing paper and paperboard in Japan. According to the Japan Fair Trade Commission (JFTC), distribution channels for paper are reportedly characterized by long-term, close relationships (including financial ties) between manufacturers, intermediaries, and customers.

On January 9, 1992, the White House announced that the United States and Japan would agree by March 1992 on measures to substantially increase access to Japan's paper market for foreign producers and that the JFTC would initiate a study of competition in the paper sector to be completed during the same time period.²¹⁶ On April 5, 1992, through an exchange of letters, the two countries agreed to "Measures to Increase Market Access in Japan for Foreign Products." The measures were incorporated in the "U.S.-Japan Market Access Agreement" signed by Deputy United States Trade Representative Michael Moskow and Japan's Ambassador to the United States, Takakazu Kuriyama on April 23, 1992.²¹⁷ Among the measures agreed to were that the Government of Japan would encourage Japanese paper and paperboard producers, distributors,

converters, and printers to implement internal programs to ensure compliance with the Antimonopoly Law. The Government also made a commitment to encourage major Japanese paper companies to promote "effective long-term buyer-supplier relationships with foreign producers of paper products to increase market access for competitive foreign paper products." In addition, to encourage major end users to increase purchases of foreign paper products, the Government of Japan agreed to urge them to adopt and implement open and nondiscriminatory purchasing for foreign and domestic paper products. The Government of Japan also agreed to assist foreign paper suppliers in obtaining information on Japanese import incentives and promotion programs. The two countries agreed to hold bilateral meetings twice each year to review implementation of the agreement.²¹⁸

The American Paper Institute was very pleased with the agreement and called it a "major achievement."²¹⁹ At the same time, representatives of the U.S. paper industry noted that they would be closely monitoring whether the agreed-upon measures are implemented properly and whether they result in significantly increased access to the Japanese market.

Mexico

The progressive improvement that characterized U.S.-Mexican relations in the past few years in the wake of dramatic economic reforms within Mexico was capped in 1992 with the NAFTA, signed on December 17.²²⁰ Although economic relations focused on the negotiations during most of the year, some bilateral issues arose that were addressed outside of the NAFTA. Most important among these were Mexican measures to control the fast-growing tide of imports from the United States. The new Mexican measures—including the sudden implementation of labeling and certification requirements, imposition of new tariffs, and the recent aggressive enforcement of

importers' tax obligations—caused problems for U.S. exporters and led to bilateral discussions.

In 1992, U.S.-Mexican trade expanded vigorously, despite a recession in the United States and an economic slowdown in Mexico. The reasons for the Mexican slowdown, and the fifth extension of the Salinas administration's economic program during the year, are covered below. A continued path of economic stabilization and structural reform was also signified by another 1992 landmark event, the replacement of Mexico's seven-decade-old agrarian system with a market-oriented system based on private property rights. The now defunct agrarian system was based on communal ("ejido") farming and originated in the Mexican revolution of the 1910s.

The Pact for Stability, Competitiveness and Employment

On October 20, 1992, Mexican President Salinas de Gortari extended his economic program, "The Pact for Stability and Economic Growth" (PECE), through the end of 1993. The extension marked a continuation of the Salinas administration's highly successful "Pact" with Mexican business and labor, originally launched in 1989 and since extended five times.²²¹ The program has been credited with great success in reducing inflation and shrinking public debt while simultaneously achieving growth.

For the purposes of this latest extension, the administration retained the Pact's original Spanish acronym (PECE) but changed the program's full name to "The Pact for Stability, Competitiveness and Employment".²²² The substitution of the term "growth" in the program's earlier name with the terms "competitiveness and employment" conveyed, in addition to shifts in priorities, a subtle acknowledgement that the Mexican economy was losing steam in 1992. Growth, averaging 3.8 percent yearly in 1989-91, declined to 2.6 percent in 1992. For 1993 growth is projected at 2.7 percent.²²³ Economic optimism was also shaken by the volatility of the Mexican stock index during the year. The index plummeted from a high of 1,907 points on June 1, 1992, to a low of 1,252 points by the end of September, although it recovered to 1,759 points by the end of the year.²²⁴

In his "INFORME" (state-of-the-nation address) delivered on Nov. 1, 1992, President Salinas emphasized the themes of competitiveness and employment. He said that in addition to striving for

competitiveness through macroeconomic policies, authorities will focus on boosting employment and productivity in small and medium-sized companies in industries such as textiles, clothing, leather tanning, and footwear.²²⁵

Mexico's slackening 1992 growth rate can be attributed in large measure to the Government's tightening fiscal and monetary policies aimed at reducing inflation. The average short-term interest rate, which declined steadily from almost 26 percent in December 1990 to 11 percent in mid-March 1992, rose again to some 18 percent by October 1992 and closed 1992 at 16.8 percent.²²⁶ The Government's inflation-containing tight-money policy combined with some other developments in slowing Mexico's economic growth. For example, foreign borrowing was restricted once again to control Mexico's climbing foreign debt. In December 1991 the Bank of Mexico had estimated Mexico's external debt at \$105.8 billion, up from its lowest point of \$95.1 billion in 1989 after the debt crisis of 1982. The rise induced the Salinas Government in April 1992 to limit foreign borrowing by commercial banks to 10 percent of their total liabilities. In November this limit was relaxed to 20 percent²²⁷ even though yearend external debt, at an estimated \$105.0 billion, was only slightly lower than in December 1991. Recessions in the United States and other major Mexican export markets were additional factors depressing the growth of the economy.²²⁸

The Government's fight against inflation continued to be effective, however. From the beginning of its tenure in December 1988, the Salinas administration has pursued a consistent and very successful policy of inflation control. From triple-digit levels in 1987, inflation was reduced to an annual average of 18.8 percent in 1991, and 11.9 percent in 1992.²²⁹ The administration still considers such inflation excessive at a time when Mexico is planning to team up in the NAFTA with two advanced industrial countries possessing relatively stable currencies. Mexico aspires for competitiveness on a global scale.²³⁰ Reducing inflation remained therefore the overriding macroeconomic priority in the extended "Pact," and in the Salinas administration's 1993 budget proposal submitted to the Mexican Congress in November 1992.²³¹ The officially targeted inflation rate for 1993 is 7.0 percent.²³² However, Mexico's worsening trade balance compelled the administration to take a mildly inflationary step during the year and accelerate the peso's daily devaluation rate starting in October.²³³

Reduction of internal debt—another major accomplishment of the Salinas administration—

continued in 1992. As a result of fiscal discipline, a dynamic economy, and large state revenues from the privatization process, Mexico's internal debt as a ratio of gross domestic product (GDP) fell from 24.1 percent in 1989 to 21.2 percent in 1990, 17.9 percent in 1991, and an estimated 14.5 percent in 1992.²³⁴

Unemployment and underemployment continued to be a pressing problem.²³⁵ According to data from the National Statistical Institute, only 30 percent of the Mexican population was economically active as of 1990—the most recent comprehensive data available.²³⁶ The 1992 slowdown of economic growth reduced job creation.

Efforts to Control the Trade Deficit

In his November 1992 state of the nation address President Salinas defended Mexico's current account deficit and trade deficit in the following words:

... the current account situation is a result of the structural change now taking place in our economy, and it reflects the large amounts of capital that have entered the country in recent years. This capital has provided financing to import the intermediate and capital goods needed to embark promptly on the reconversion process required by the new economic environment. These goods represent 85 percent of all imports.²³⁷

The data below show Mexico's merchandise trade flows in recent years, and the steady deterioration of the country's trade balance since 1987. In 1989, the first full year of the Salinas administration, a trade deficit replaced the positive balances attained before 1988. Subsequently, the deficit rapidly widened each year (in billion of dollars), as reported in *Comercio Exterior*, July and September 1992, and by the U.S. Embassy, Mexico, *Economic and Financial Report*, April 1993, p. 3:²³⁸

Year	Merchandise exports	Oil products	Merchandise imports	Trade balance
1987	20.5	8.6	13.3	7.2
1988	20.5	6.7	20.3	0.2
1989	22.8	7.8	25.4	(2.6)
1990	26.8	10.1	31.3	(4.5)
1991	27.1	8.7	38.2	(11.1)
1992	27.5	(¹)	46.1	(18.6)

¹ Not available.

Because corporate and individual demand for foreign goods had not been met for many years in the formerly highly protectionist Mexico, the removal of

barriers in the late 1980s sparked an import surge. Mexican exports continued to perform well, but they could not keep pace with the rapid rate of import growth. Although faster growth in imports over exports had several causes unrelated to the liberalization of trade in Mexico (notably recessions in the United States and other important markets,) pent-up import demand freed by liberalization was a major factor.

Despite defending the current account deficit and the import surge as necessary to attain competitiveness, it became apparent in 1992 that the Salinas administration was trying to control the growing trade imbalance, especially in the second half of the year. The October 1992 acceleration of the peso's daily depreciation mentioned earlier (which, in effect, amounted to the slowing of the peso's inflation-driven real-term appreciation)²³⁹ was one of these moves.²⁴⁰ This act responded to a widespread concern that the peso was overvalued to the detriment of Mexican export-competitiveness.²⁴¹ The raising of the peso's depreciation from 20 centavos to 40 centavos daily rendered exports more competitive, but it made imports somewhat more expensive. A widely expected major devaluation of the peso has yet to materialize, however, apparently because of the high priority still being accorded to inflation control. A significant devaluation, which is still considered a possibility,²⁴² would slow down the rapid growth of U.S. exports to Mexico.

Actions with purely import-containing effects were also indicative of the Salinas administration's desire to control the trade imbalance. These moves included the sudden enforcement of labeling and certification requirements; imposition of new duties; and more vigorous efforts to hold importers to their obligations under tax laws.

Import Labeling and Certification Requirements

On July 1, 1992, an amendment to Mexican rules on labeling imported apparel and leather products became effective. This amendment provided that prior to the products' entry into Mexico, it must be labeled by the exporter, not by the importer as had been the case. Rules on labeling had been on the books in Mexico since 1987.²⁴³ In 1990 authorities required that importers attach Spanish-language labels to the products at their own facilities in Mexican customs territory. Subsequently, article 127 of a decree amending the Federal Customs Law and published in December 1991²⁴⁴ shifted the obligation of labeling to the exporter.

In mid-1992 Mexico also began border inspection of imported consumer products for compliance with the Mexican Official Standard (NOM), and started to require certification of such compliance. In August and November 1992, the Mexican Government published decrees identifying additional product categories that would henceforth be subject to labeling or certification of compliance.²⁴⁵ The affected categories were apparel and leather products for labeling²⁴⁶ and electric household appliances, radio and television, and rubber products, including automobile tires, for certification. Certificates were to be issued to importers by laboratories accredited by the Mexican Secretariat of Commerce and Industrial Development. Only laboratories in Mexico are presently eligible for such accreditation, although recognition of foreign bodies for purposes of NOM certification is being considered. Imported products subject to labeling and certification requirements could enter Mexico only at the border zone or a free-trade zone. On September 24 the Mexican Customs Bureau began to halt all imports that had not met the new requirements, causing huge customs delays. This delay resulted in part from a shortage of independent Mexican facilities accredited for testing, causing problems to U.S. exporters of automobile tires, electrical transformers, electrical appliances, and cable and wire, among others. Another problem for exporters was lack of clarity in the labeling rules for products such as those made of leather.

The Mexican side, while recognizing the disruption caused to U.S. exporters, argued that the new regulations were designed with the sole purpose of protecting against substandard merchandise. Mexican officials denied that a new policy to limit imports was in effect. They pointed out that the labeling and certification requirements in question applied to domestic products as well as imported ones. Mexico conceded, however, that imported products lend themselves better to the enforcement of standards at the point of entry than do domestic products, which are spread out across the country.²⁴⁷ Mexican officials held out no hope for an extended suspension but were reportedly cooperative in clarifying and easing the technical problems that U.S. exporters had with the new regulations. With regard to its own limited testing capacity, Mexico stated that a crash course for speedy accreditation of testing facilities was already under way.²⁴⁸

Tariff Actions

In late 1992 Mexico took "temporary" tariff actions that, although not in violation of Mexico's

commitment to the GATT, nevertheless disrupted U.S. exports. (Going beyond its GATT commitment of a 50-percent maximum tariff rate, Mexico unilaterally maximized its applied tariff rate at 20 percent in 1987. Most Mexican tariffs are between 10 and 20 percent, and the trade-weighted average tariff is about 10 percent.)

On September 21, 1992, Mexico increased its tariff on polypropylene from zero to 10 percent, effective immediately. In response, on November 23, President Bush withdrew Mexico's eligibility for duty-free treatment under the Generalized System of Preferences for imports of Mexican polypropylene.²⁴⁹ The imposition of "temporary" tariffs on live cattle and beef products on November 10, effective immediately, was another new "temporary" tariff action.²⁵⁰ In this case Mexico conceded that the move was a safeguard action to restrict imports that surged by 513 percent between January 1989 and July 1992, causing near-depression in the domestic industry.²⁵¹ The measure places a 15-percent duty on live cattle and fresh and frozen beef carcasses, a 20-percent duty on fresh beef cuts, and a 25-percent duty on frozen beef cuts.

In both the polypropylene and beef cases, affected U.S. interests expressed considerable concern about the Mexican action. In the words of Rick Perry, Texas Agriculture Commissioner, "[The tariffs on beef] violate the spirit of the NAFTA agreement, and could make congressional approval of the accord more difficult."²⁵²

Enforcement of Mexican Importers' Tax Obligations

In November 1992 Mexico's Ministry of Finance issued a regulation requiring Mexican importers to prove that they have complied with Mexican tax laws in the prior 4 years before Mexican customs authorities will clear an import shipment.²⁵³ The rules were not officially published but instead were communicated to customs brokers, who then instructed importers on their obligations. To prove that they are up to date, habitual importers must register with the Ministry of Finance and obtain tax identification numbers. The registry is managed by Mexican customs authorities, who are part of the Finance Ministry. The lack of transparency concerning these new importer obligations, the long wait before importers could get registered, and the unpreparedness of Mexican customs for enforcement caused delays and disruptions for U.S. exports to Mexico.²⁵⁴ Mexican officials claimed that the verification of importers' tax payments was intended to deter smuggling and tax evasion. Yet U.S. analysts felt that

the timing of this and other recent actions disrupting importation was more than coincidental in the light of Mexico's rapidly widening trade deficit.²⁵⁵

Agricultural Reform

In January 1992 the Mexican Congress adopted the Salinas administration's proposed amendment to article 27 of the Constitution of 1917,²⁵⁶ launching a comprehensive agrarian reform program that amounted to the reversal of more than seven decades of farming dominated by communal land ownership. This event was followed in February 1992 with implementing agrarian legislation²⁵⁷ and in December 1992 with legislation concerning forestry and water.²⁵⁸ These laws laid the legal foundations for a market-oriented agrarian system based on private ownership and more receptive to foreign investment.

Article 27 of the Constitution had been responsible for creating a network of cooperative farms in Mexico based on communal land tenure. Known as "ejidos," these farming units increasingly displaced private farming since Mexico's 1910-17 revolution. The article conferred on all citizens the right to land, and obliged the Government to provide it by authorizing the expropriation of all land deemed "unused or underused." The subsequent expropriation of the large, privately owned "haciendas" ended the prerevolutionary feudal system of land tenure, replacing it with the "ejido system." This revolutionary land reform code aimed at improving the standard of living for Mexicans, a large majority of whom were then peasant farmers. At the time the reform was perceived as necessary social justice, and it became a prominent symbol of the Mexican revolution of 1910-17.

Over the next seven decades, successive Mexican administrations divided nearly 260 million acres into 28,000 ejidos. The Government retained the ownership of the land but conferred on the ejidos the right to use it. In some cases the ejidos were cultivated collectively, but generally farmers were allotted individual parcels, which their families then held for generations. In its first decades the ejido system had a beneficial effect on Mexican agriculture by bringing vast expanses of fallow land under cultivation.²⁵⁹ In the longer term, however, the ejido system proved to be less than effective. Prohibited from selling or mortgaging land, the farmers were prevented from obtaining private credit and were deprived of the incentive to make improvements. The system thus severely hampered the modernization and mechanization of Mexican farming. Ongoing redistribution of land by the Government could not

keep pace with the farming population's rapid growth, and as a result, the ratio of people to farms increased steadily. Ejido land was frequently subdivided into ever smaller plots, severely depressing farmers' income and productivity.

Government control gradually extended to other aspects of the Mexican agricultural system, from the regulation of farm prices to the establishment of monopolies in the area of purchasing produce and distributing farming supplies. In 1991, agricultural production represented only 9 percent of Mexico's GDP, yet it absorbed 26 percent of its labor force, attesting to the weakness of the farm sector in the economy.²⁶⁰

Prior to 1992 the Salinas administration reduced the influence of parastatal companies operating in agriculture. In 1991, officials reduced the power and budget of the National Company for Food Distribution (CONASUPO), the Government's food-marketing parastatal. CONASUPO currently supports prices for only two staple commodities: beans and corn. In the same year the Government ended the state's monopoly on fertilizer distribution by privatizing FERTIMEX.²⁶¹

The new laws adopted in 1992 provide that individual ejido farmers should be given title to the land they cultivate. The farmers' right to lease or sell land or use it as collateral for loans was also codified. The new laws removed a Mexican citizen's automatic right to land and the Government's obligation to provide it to landless individuals. The Government's authority to expropriate land it deems "unused or underused" was withdrawn, thereby making safer the investment of private individuals or corporations into farm land. The new laws also relaxed earlier limits on acreage, so corporations and associations could reap economies of scale from operating large parcels of land.²⁶² The transition period for implementing the entire agrarian program is expected to take a significant amount of time—possibly 10 years or longer.²⁶³

After a year in operation, the agrarian reform has yet to show its impact. Widespread concerns that farmers in large numbers would rush to sell or lease their land and abandon the countryside have proven unfounded. Observers think that one of the reasons for such inaction is the lengthy process of obtaining land titles for 10 million individual ejido farmers. Such a task requires extensive land survey work and legal preparation.²⁶⁴ Analysts estimate that only about 50 percent of the titles will be issued by the end of the Salinas administration's tenure in December 1994.²⁶⁵ More importantly, interviews conducted with the farmers themselves indicate that they are less

interested in selling their newly acquired land than in renting it or in locating partners or funds that would help them cultivate it.²⁶⁶

Expectations that domestic and foreign investors in agrarian enterprises would eagerly respond to the Salinas agrarian reform have not materialized. Analysts attribute this “wait-and-see” attitude of potential investors to the unclear tax implications of the new laws and to the current high domestic interest rates.²⁶⁷ Some limited, high-profile Mexican corporate investments have nonetheless taken place. For example, AGRAMEX (a Mexican food company) invested in former ejido land in Tamaulipas and arranged for ejido farmers to produce wheat for the company.²⁶⁸

Although the new farm law seeks to facilitate agricultural investment, such foreign investment remains hampered by foreign land ownership restrictions, which continue. Foreigners are still not allowed to own land within 100 kilometers of Mexico’s frontiers or 50 kilometers of either coast. These out-of-limit areas constitute a large portion of Mexico’s cultivable land and include some of the country’s prime vegetable-producing land in Baja California and Sinaloa, as well as good crop and cattle land in Tamaulipas and Veracruz. Besides, even in nonrestricted areas, foreigners may not own more than 49 percent of land holdings. However, in farm-related production, such as food processing and distribution, foreign ownership of up to 100 percent is allowed.²⁶⁹

Potential U.S. and Canadian investors are believed to be reluctant to commit to new investment or expansion until the NAFTA is ratified. The Salinas farm reform is ultimately expected to help U.S. and Canadian companies already in Mexico—most of whom are agricultural processors of frozen vegetables, grains, oilseeds, citrus, poultry, and distilled spirits—to expand their operations.²⁷⁰ It is also believed that the NAFTA’s U.S.-Mexican bilateral chapter on agriculture²⁷¹ will further strengthen the impact of the reform by encouraging U.S. investment in the above sectors, and possibly to a minor extent in the fish and alcoholic beverages sector. Further U.S. investments in Mexico’s vegetable, citrus, other fruit, and cut rose industries, with a focus on the U.S. market, are also seen as distinct possibilities.²⁷²

China

The United States and China signed two major agreements during 1992 that laid the foundation for a significant improvement in bilateral economic and trade relations. An agreement committing China to

provide for the adequate and effective protection of U.S. intellectual property rights (IPR) was concluded in January 1992, and the Chinese Government took a series of steps to comply with its requirements during the course of the year. The second agreement, reached in October, commits China to expand access to its markets for U.S. exports by undertaking the scheduled elimination of most of its nontariff import barriers and by reducing prohibitively high tariffs on certain imports. Although the import reforms provided for under the market-access agreement specifically address U.S. concerns, they are also among the changes that China must make in its trade policies and practices to meet the requirements for membership in the GATT—a distinction China sought with renewed vigor in 1992.

Agreement on Intellectual Property Rights

On January 17, 1992, the United States and China signed a memorandum of understanding²⁷³ that commits China to provide significantly improved protection for U.S. inventions and copyrighted works, including computer software and sound recordings, and to adopt rules and regulations for the protection of trade secrets. The agreement resulted from several years of bilateral negotiations on methods for improving China’s protection of IPR. After little progress had been made in earlier talks, the USTR identified China as a priority foreign country under section 301 of the Trade Act of 1974 and initiated an investigation of China’s IPR practices on May 26, 1991.²⁷⁴ When the two countries were unable to resolve a number of principal IPR issues by November 26, 1991, the date the investigation was scheduled to end, the USTR extended the investigation to January 16, 1992, and issued a list of Chinese products, consisting of about \$1.5 billion in annual U.S. imports from China, to which significantly higher tariffs might be applied if negotiations during the almost 3-month extension were not successful.²⁷⁵ The United States and China reached agreement during the final hours of January 16. The investigation was terminated, and the list of proposed punitive tariffs was withdrawn.²⁷⁶

Despite the difficult negotiations leading to the agreement, China made considerable progress during 1992 toward meeting its commitments in the memorandum of understanding. To improve the level of protection afforded copyrighted works, China joined the Berne Convention for the Protection of Literary and Artistic Works in October 1992 and made a commitment to join the Geneva Phonograms Convention by June 1, 1993. It agreed to issue new

regulations to implement these conventions and to amend its 1991 copyright law to make it fully consistent with them.²⁷⁷ Under the Berne Convention China will extend protection to existing as well as new copyrighted works and sound recordings and will protect computer programs as literary works for a term of 50 years.²⁷⁸ China further promised to ensure that copyright owners of computer programs and sound recordings have control over the rental of their works.²⁷⁹

To meet its commitments to improve protection for U.S. inventions, China amended its 1984 patent law during 1992. Among the key amendments were changes to protect chemical processes in addition to products and to extend the term of patent rights to inventions from 15 to 20 years from the date of filing. The Chinese Government also issued regulations to provide administrative protection for patented pharmaceuticals and agrichemicals. The amended law and new regulations became effective on January 1, 1993.

China still has no trade secrets law. However, the Chinese Government has made a commitment to pass an unfair competition law that will improve protection for trade secrets by January 1, 1994.

Market-Access Agreement

On October 10, 1992, the United States and China signed a memorandum of understanding²⁸⁰ that commits China to open its markets to U.S. exports by undertaking major reforms of its trade regime. The agreement ended a yearlong investigation under section 301 of the Trade Act of 1974 to determine whether specific market-access barriers in China were unreasonable or discriminatory and burdened or restricted U.S. commerce. The investigation, which was initiated by the USTR at the direction of the President,²⁸¹ focused on those practices of the Chinese Government that were considered to cause the greatest harm to major U.S. export interests: import prohibitions and quantitative restrictions; restrictive import-licensing requirements; technical barriers to trade, including standards, testing, and certification requirements, especially in the agricultural area; and unpublished or unclear regulations governing China's imports. Other U.S. concerns were China's excessively high tariff rates and an import-substitution policy that effectively prohibited the entry of many products.²⁸²

Some progress was made toward resolving these issues during a series of bilateral meetings that followed the initiation of the investigation on October

10, 1991, but the two sides were still unable to reach agreement after more than 10 months of negotiations. On August 21, 1992, the United States took the first step toward imposing punitive trade sanctions against China should it fail to make the required commitments to improve market access. The USTR released a list of Chinese products that were targeted for possible tariff rate increases of up to 100 percent ad valorem.²⁸³ In response to the list, which accounted for \$3.9 billion in U.S. imports from China during 1991, the Chinese Government threatened to increase tariffs to prohibitive levels on U.S. exports amounting to about \$4 billion annually. Although the two countries appeared to be on the brink of a trade war, negotiations intensified, and the October 10 deadline for concluding the market-access agreement was met.²⁸⁴

The agreement commits China to phase out most of its nontariff barriers, such as licensing requirements, quotas, and bans, on imports of specific commodities and to eliminate regulations that severely restrict imports in certain sectors of the Chinese economy. The scheduled phaseout of the product-specific restrictions began on December 31, 1992, and will continue on a once-a-year basis until December 31, 1997.²⁸⁵

Barriers to the importation of only four products—telephonic or telegraphic switching equipment, instant cameras, instant print film, and cathode-ray oscilloscopes and oscillographs—were scheduled to be lifted at the end of 1992, but approximately 75 percent of China's nontariff import restraints are to be removed within 2 years. For example, licensing requirements restricting imports of airplanes and helicopters and import controls on some industrial machinery are scheduled to be eliminated on December 31, 1993. This step will be followed by the lifting of restrictions on imports of electrical appliances, medical equipment, most computers, and various auto parts on December 31, 1994. Nearly all of the restrictions that apply to pharmaceuticals and to other chemical products, consisting mainly of quotas, will remain in effect until the end of 1995.

In addition to its commitments to gradually remove numerous product-specific nontariff barriers, the Chinese Government promised to immediately lift quantitative restrictions on imports of automobiles and auto parts needed by U.S. joint ventures in China to meet their production requirements. In response to another key concern to U.S. investors in China, the Chinese Government agreed to take appropriate steps by March 31, 1993, to ensure that the procurement of digital switching systems equipment is conducted on the basis of internationally accepted procedures of

open tender and bidding without discrimination as to the source of the equipment. In turn, the U.S. Government agreed to liberalize export controls on telecommunications and to apply these changes to China.²⁸⁶

The agreement further commits China to liberalize import controls on some major U.S. agricultural products, including wheat and other grains, edible oils, and fruits. China agreed to remove most of the licensing requirements and quotas that apply to these commodities during 1993 or 1994. China also agreed to eliminate standards and testing requirements that apply to foreign agricultural products but not to domestic products and that therefore serve mainly as trade barriers. In addition, China agreed to resolve within 12 months all U.S. concerns about phytosanitary restrictions on imports of fruits, wheat, and tobacco that the United States claims are scientifically unjustified and to negotiate within a year a veterinary protocol to the agreement that will eliminate arbitrary import barriers and establish sound scientific standards for the importation of animal-breeding stock.

The agreement also commits China to significantly reduce its tariffs on certain imports. The products scheduled for duty reductions by December 31, 1993, include edible fruits and nuts, vegetable oils, photographic goods, miscellaneous chemical products, articles of iron and steel, machinery, electrical equipment and parts, cosmetics, and games. Tariffs on these products were raised to prohibitively high levels during an economic retrenchment program that the Chinese Government initiated in late 1988.²⁸⁷

In addition, the agreement confirms that China has eliminated all import-substitution regulations and policies, as it had agreed to do during bilateral negotiations in July 1992. The Chinese Government further pledged not to require in the future as a condition for granting import licenses either the transfer of technology to China or investment in China. In the past China has used import-substitution measures mainly as a means to force U.S. and other foreign companies to transfer technology to gain entry into the Chinese market.

Another key provision commits the Chinese Government to publish on a regular and prompt basis all laws, regulations, policies, and decrees dealing with the operation of its import and export system. China further promised to issue regulations, to go into effect within 12 months, stipulating that only those documents that have been published and made readily available to other governments and to foreign traders can be enforced. These regulations will end China's

longtime practice of using mainly secret directives to govern trade.

China and the GATT

In early 1992 China launched an all-out effort to attain membership in the GATT. As the year began, Chinese officials stated that their aim was to qualify by the end of 1992 or early 1993. At yearend, however, both the United States and the European Community were asking for more clarification of China's trade policies and practices, and China's discussions with the GATT on the terms of its membership had barely begun. China was an original contracting party to the GATT in 1948, withdrew in 1950 after the Communists came to power, and reapplied for membership in 1986. The meetings of the GATT working party considering China's application for reentry were suspended as a result of the Chinese Government's military suppression of the prodemocracy movement in June 1989 and the slowdown in economic reforms that followed. They were not resumed until February 1992.

Accession to the GATT could offer China important benefits. Chinese officials have repeatedly indicated that the main motivation for wanting to rejoin is to take advantage of the most-favored-nation tariff status that GATT members offer one another. This basic principle of the international trading system under GATT would protect China from the U.S. threat, made annually since 1989, either to deny its MFN status or to impose conditions that China must meet to ensure the continuation of MFN treatment. Readmission to the GATT would also serve to shelter China from other member-country restrictions on its exports and would provide a forum for China to defend itself against dumping charges.

China's drive for GATT membership was provided further impetus in November 1992 when formal negotiations were begun on Taiwan's protocol of accession, putting it well ahead of China in the process of becoming a member. Taiwan, which China regards as an overseas Province, applied to join GATT in January 1990 as a separate customs territory under the shorthand designation of "Chinese Taipei." China accepted the entry of Taiwan on this basis rather than as a full member. China insisted, however, that Taiwan not be allowed to join until after it does, although recently it has softened its position and indicated it would accept the admission of Taiwan at the same time as its accession to the GATT.

To regain membership in the GATT, but also as a result of the pressure exerted by the United States in the bilateral market-access negotiations, China

launched a series of trade reforms during 1992. To bring its method of reporting trade into conformity with that used by most trading nations, it implemented the Harmonized Commodity Description and Coding System, commonly referred to as the Harmonized System or HS, on January 1, 1992. Chinese Customs cut tariffs on 125 commodities on the same date and reduced import duties on another 3,371 commodities at yearend. The reductions were made because China's tariffs were, and still are, excessively high compared with those of GATT-member countries. The most recent duty-rate cuts reduced China's overall nominal rate by 7.3 percent, but, according to Chinese Customs figures, left the average rate on a range of 6,000 products at approximately 42 percent.

Acting mainly under U.S. pressure, China also began to dismantle its complex system of nontariff barriers, the Government's primary means of controlling the country's imports, and committed itself to a timetable for continuing the process.²⁸⁸ In addition, the number of export commodities subject to license and quota control was halved during 1992, and trade in all but 16 export products, whose domestic use was regarded as being too important to permit their decontrol, was freed from Government monopoly. Among other reforms, China began publishing previously secret trade directives over the course of the year—its first steps toward complying with the GATT requirement that members maintain trade transparency as well as with a commitment to the United States under the bilateral market-access agreement.

The GATT working party charged with the review of China's trade regime and with drafting its protocol of accession held three meetings during 1992. The decision on whether China should be readmitted to the GATT was postponed at the February meeting and again at the meeting held in October 1992. The delay in making a decision during the October meeting reflected doubts about its qualifications for admission raised by several delegations, including the United States, the European Community, Canada, Brazil, and Japan. At the same time, the working party accepted a proposal made by India and Pakistan and adopted a two-tier approach at the meeting held in December. The working party continued to examine recent reforms in China's trade regime but also began to tentatively discuss the terms of its GATT accession protocol.²⁸⁹

Taiwan

The U.S.-Taiwan bilateral relationship was marked by friction in the first half of the year over protection

of intellectual property rights in Taiwan but strengthened in the second half with the visit of Ambassador Carla Hills, the first U.S. Cabinet member to visit since the withdrawal of political recognition in 1979. Throughout 1992 Taiwan continued its drive toward GATT accession. This effort advanced somewhat with creation of a GATT working party to consider Taiwan's membership application. The year ended with ongoing negotiations to establish a Trade and Investment Framework Agreement with the United States.

Protection of Intellectual Property Rights

U.S.-Taiwan trade relations soured in early 1992 when Ambassador Carla Hills named Taiwan a "priority" country under the Special 301 provision of the 1974 Trade Act. This designation was a result of complaints by U.S. companies that Taiwan was not sufficiently protecting IPR, and it represented the culmination of an ongoing dispute over the past decade. As with earlier disputes,²⁹⁰ negotiations continued, and an understanding was reached leading to the repeal of the priority designation, but at yearend the dispute still continued to simmer.²⁹¹

In so naming Taiwan, the USTR stated that although Taiwan authorities had worked steadily to improve IPR protection and to bring its IPR laws up to international standards by considering a host of new legislation in areas such as semiconductors, industrial designs, and cable television, there was still a serious lack of enforcement.²⁹² USTR cited several complaints about Taiwan's IPR protection. A key problem centered on the piracy of computer software, compact discs (CDs), and videotapes. The United States maintained that a revision of Taiwan's trademark law was necessary, and whereas it commended enforcement efforts at the national level, it criticized the lack of enforcement by local police and courts.²⁹³ USTR also criticized Taiwan's patent law for not covering micro-organisms, foodstuffs, new plant and animal varieties, etc. The United States strongly criticized the provision that the holder of a patent for a product imported into Taiwan was responsible for proving patent infringement, whereas the burden of proof was reversed for goods produced domestically. The United States also criticized compulsory licensing arrangements and called for quick implementation of revised patent laws.²⁹⁴

A video reproduction law regulating video programs, commercials, and enterprises such as videotape viewing parlors (known as MTVs) was debated in early 1992.²⁹⁵ U.S. officials considered

the draft law vague, however, with little relevant discussion of IPR protection and weak enforcement.²⁹⁶

Complaints about IPR violations by private industry increased in early 1992. The Asia-Pacific Council of American Chambers of Commerce (APCAC) said that "speedy" passage of many of the new bills was necessary for Taiwan to demonstrate its willingness to protect IPR. The APCAC also called for increased enforcement and the establishment of standards for trade secrets protection.²⁹⁷

In April 1992 Taiwan was officially cited as a priority foreign country, one whose "acts, policies, and practices are the most onerous . . ." and that is "not making significant progress" in negotiations. A priority country is one whose protection of IPRs is deemed inadequate.²⁹⁸ Taiwan was specifically cited as a center for piracy of copyrights and trademarks.²⁹⁹

Shortly after Taiwan was named a priority country, the United States and Taiwan began a series of negotiations on IPR.³⁰⁰ Taiwan's National Bureau of Standards invited IPR experts from the U.S. Patent and Trademark Office to a seminar in Taiwan.³⁰¹ On June 5, after 2 weeks of negotiations, the United States and Taiwan reached an understanding that met all the U.S. requirements and that, according to USTR, would achieve full IPR protection in Taiwan.³⁰²

Taiwan Authorities agreed to amend patent and trademark laws and to institute new laws consistent with the Dunkel proposal on Trade Related Aspects of Intellectual Property from the Uruguay Round. Taiwan also agreed to establish an export licensing system to prevent the export of infringing products. An increase in criminal penalties and fines was also promised, plus aggressive prosecution of unauthorized MTV parlors and cable stations. A detailed list of requirements and possible signs of piracy was issued to inspectors, to help them spot and prevent the export of counterfeit goods.³⁰³ Inspectors will examine 30 percent of all CDs and computer software and 100 percent of a violator's products for 1 year.³⁰⁴ Finally, the United States and Taiwan will review statistics on penalties against violators of IPR regulations.³⁰⁵

As USTR expected full implementation of the agreement, it rescinded Taiwan's status as a priority country and ended the investigation that began on May 29, while noting that the U.S. Government was "committed to rigorously monitoring . . . [its] implementation."³⁰⁶ Vice Economic Minister Chiang said the agreement was a good opportunity to increase IPR protection and would facilitate Taiwan's technical upgrading and help its reputation abroad.

While these reforms helped allay immediate U.S. concerns over IPR, the topic figured prominently in discussions during Ambassador Carla Hills' visit to Taiwan in December. The U.S. IPR agenda included computer software inspection, copyright laws, differing versions of the bilateral agreements, retroactive protection for pharmaceuticals, a review of the many IPR laws before Taiwan's legislature, trademark and patent protection issues, and a review of criminal enforcement.³⁰⁷

At year's end Taiwan continued to debate major IPR legislation and implement the reforms outlined in the July agreement.³⁰⁸ Prosecution increased, especially in the Taipei area, but Taiwan authorities said that a lack of manpower prevented wider enforcement, and large-scale piracy of CDs and computer software continued. Domestic sales of pirated goods declined sharply after revisions to the Copyright Law in June, but the export of pirated goods continued. Although IPR laws in Taiwan moved toward international standards, both trademark and patent infringement remained bilateral issues at yearend. The U.S. sought to ensure that all of its concerns would be addressed in the legal revisions under consideration.³⁰⁹

GATT Application

Taiwan's bid to accede to the GATT gained momentum in 1992 when the GATT created a working party to examine Taiwan's application.³¹⁰ Given that Taiwan is among the leading exporters in the world, support among members for its entry into GATT was generally favorable. Entry into the GATT will require Taiwan authorities to bring Taiwan's regulatory regime in line with international standards, thereby removing many restrictions that currently face U.S. businesses operating in Taiwan.³¹¹ In addition, GATT membership would bring the world's 13th-largest trading nation into the system of world trade rules.³¹² Although Taiwan's overall tariff rate has declined to 5 percent, its agricultural tariffs remain high, and it maintains many nontariff barriers.³¹³

On September 29, 1992, the GATT established a working party to study and negotiate Taiwan's application. The accession process could take 1 to 2 years, depending on, among other things, the pace of China's accession.³¹⁴ The working party includes several GATT members who will examine Taiwan's trade regime and will submit to the GATT Council a recommendation, possibly including a Draft Protocol of Accession. The working party will follow the customary method of examining an applicant's trade

regime, including Taiwan's treatment of imports, licensing requirements, quantitative restrictions, subsidies, nontariff charges and taxes, customs valuation and classification system, transparency in regulations and administration, and state trading practices and monopolies. The United States is expected to play a key role in the working party and will also negotiate bilaterally (as will other countries) on Taiwan's tariffs and other trade restrictions.³¹⁵

The United States has voiced support for Taiwan's GATT application. During her December visit, Ambassador Carla Hills signaled U.S. support for Taiwan's GATT application, saying "Taiwan's prospective GATT membership offers opportunities too good to miss and responsibilities too important to ignore."³¹⁶ The United States considers Taiwan's possible accession a positive step for the global trading system and a way to increase trading opportunities for U.S. businesses.³¹⁷ After formation of the working party, the USTR began to solicit private sector priorities for the negotiating process.³¹⁸

The GATT working party held its first meeting in November.³¹⁹ The working party received Taiwan's application and solicited views and questions from members for a 6-week period. The GATT Secretariat then analyzed the material for an additional 6 weeks. Taiwan then received an edited version of the Secretariat's report for a 6-week review. After this 18-week process, direct negotiations between Taiwan and various Contracting Parties began in 1993.

Trade and Investment Framework Agreement

The United States and Taiwan established a framework for future trade and investment negotiations during Ambassador Hills' December 1992 trip to Taiwan. A formal agreement incorporating the framework was ready for signing in early 1993.³²⁰ The agreement creates a permanent structure for bilateral trade negotiations and an "action plan" outlining key issues for discussion. The framework is designed to improve and regularize bilateral trade relations.

The United States has signed framework agreements with many countries, including Australia, New Zealand, members of the Association of Southeast Asian Nations, and 31 countries of Latin America.³²¹ Ambassador Hills told a business conference that "the Framework Agreement serves as a constructive vehicle to encourage trade

liberalization. The Framework Agreement is a natural extension of our longstanding economic ties."³²²

The agreement has several broad goals. They include enhancing friendship and cooperation, increasing trade and investment, further liberalizing trade, and fostering an open trading environment. The agreement also establishes several key principles that will guide future policy: the importance of private investment (regardless of domestic or foreign origin), the importance of services, the need to eliminate nontariff barriers, the need for adequate IPR protection and adequate workers' rights, the need for a quick and fair dispute-settlement procedure, and finally, the importance of a regularized mechanism for dialog on trade and investment matters.³²³

At the heart of the agreement is a Council on Trade and Investment, a joint U.S.-Taiwan body. The Council will hold consultations on trade and investment areas of interest and will negotiate agreements when necessary. It will identify and work toward the removal of trade and investment barriers that distort trade flows in either country.³²⁴

It is possible that the framework agreement could be a precursor to a comprehensive bilateral free-trade agreement (FTA). Many in the Taiwan press have hinted at this possibility, and officials on both sides have suggested potential interest. Franklin Lavin, Deputy Assistant Secretary of Commerce for East Asia and the Pacific, called the agreement an important step, one that could lay the foundations for FTA talks once NAFTA is approved and Taiwan is in the GATT.³²⁵ Either way, the TIFA is expected to lead to a new level of cooperation between the United States and Taiwan on a variety of trade and investment matters.

Republic of Korea

In 1992 the United States and Korea signed two major agreements designed to stimulate bilateral trade. In February the two countries settled a longstanding dispute over Korean procurement of telecommunications equipment. Under the agreement, U.S. providers of telecommunications equipment are expected to find improved market access in Korea. In addition, the United States and Korea signed a comprehensive trade and investment agreement. The aim of the accord is to reduce nontariff barriers to trade in Korea and increase bilateral investment. Also of interest to U.S. officials and exporters, Korea began implementing its seventh 5-year economic plan, which calls for extensive upgrading of Korea's infrastructure.

Telecommunications

In 1989 Korea was named as a priority country under section 1374(a) of the 1988 Omnibus Trade and Competitiveness Act (OTCA) for allegedly engaging in unfair trade practices regarding U.S. telecommunications goods and services.³²⁶ The section establishes an initial 1-year negotiating period to rectify such problems, which period may be extended at the President's discretion for two additional 1-year periods. Negotiations took place from 1989 until conclusion of a bilateral telecommunications market-access agreement.³²⁷

During the negotiations the United States sought liberalization of Korea's trade policies (i.e., standards, government procurement, and tariffs) regarding telecommunications goods and services. In particular the United States was concerned about Korea's alleged restrictions on the sale of value-added telecommunications services by foreign vendors and standards, tariffs, and government-procurement policies regarding telecommunications goods.³²⁸

Korea agreed to liberalize value-added services, streamline registration, eliminate investment restrictions in enhanced services by 1994, improve access to the standards-setting process, open up government procurement practices, and cut key tariffs by 40 percent. USTR Carla Hills said that the agreement would "give U.S. firms a fair shot at the fastest growing sectors of a market now estimated to be worth \$5 billion annually."³²⁹

Trade and Investment Agreement

On September 18, 1992, the United States and Korea reached final agreement on a set of measures aimed at reducing nontariff barriers to trade and increasing bilateral investment. The two countries had been involved in extensive discussions on trade and investment liberalization since January 1992, when President Bush, during his visit to Seoul, asked Korean President Roh to open negotiations on market-opening measures. The Korean Government agreed to the negotiations under the auspices of the Presidents' Economic Initiative (PEI), and an agenda was set to work towards resolution of trade barriers within 12 months.³³⁰

The talks focused on "informal" obstacles to trade and investment and resulted in a report presenting agreed-upon actions that could be taken to liberalize two-way trade. The PEI report focused on standards and regulatory procedures, customs procedures,

technology, and investment. Although Korea made few new concrete obligations, the PEI report does set the stage for closer bilateral cooperation on these structural barriers to trade and investment. Each of the areas covered in the PEI report is examined in more detail below.

Standards and Regulatory Procedures

Standards and regulatory procedures are an area of great concern to U.S. exporters, who claim that unclear standards and regulations have been used to block the sale of their merchandise in Korea. The report recommends that both Governments, in line with their obligations as members of the GATT Agreement on Technical Barriers to Trade (TBT),³³¹ move toward a system that ensures clear public notification of the adoption of new standards. In December Korea promulgated regulations to ensure that the Korean Government adheres to the principles and obligations of the PEI and TBT.

The United States and Korea also reaffirmed that they should allow a "reasonable period of time" between the introduction of a proposed standard or technical regulation and its final adoption to allow exporters to comment on and adjust to the new requirements of the TBT. In addition, the two sides also agreed to a regularized exchange of technical information. Finally, the PEI report recommended that technical regulations be based on sound scientific information and legitimate public policy objectives.³³²

In addition to reaffirming their obligations under the GATT TBT, the two sides broke new ground in the PEI report with respect to bilateral cooperation. The two sides agreed to establish regular contact between the Korean Ministry of Health and Social Affairs and the U.S. Food and Drug Administration; between the Korean Ministry of Agriculture, Fisheries and Forestry and the U.S. Department of Agriculture; and between the Korean Industrial Advancement Administration and the U.S. National Institute for Standards and Technology. The United States and Korea agreed to consult on standards related to telecommunications equipment, manufacturing practices for pharmaceuticals, and the importation of biological products—all areas of U.S. export interest.³³³

Customs and Other Import-Clearance Procedures

The Korean customs and clearance system was another area of discussion in the PEI report. Customs

procedures in Korea may delay transfer of imports from the port of entry to distribution channels. The PEI report calls for the two countries to ensure that customs and other clearance procedures are not so burdensome or lengthy as to make imported merchandise uncompetitive with domestic goods. Further, the report recommends closer bilateral cooperation between the relevant U.S. and Korean Government agencies, greater transparency of customs regulations and procedures, and efforts to make customs information more accessible to members of the international trade community.³³⁴

Technology

Technology transfer and cooperation were also taken up during the PEI discussions. The working group on technology made recommendations in four areas: information exchange, promotion of commercial technology cooperation, intellectual property rights, and science and technology cooperation. The PEI report calls for the two countries to intensify their efforts to coordinate existing national programs to promote the expansion of trade among firms in technology-intensive industries, with special attention to new-to-market small and medium-sized businesses. Both sides agreed to make "best efforts" to strengthen IPR enforcement activities. Further, Korea pledged to (1) review and limit its information requirements regarding potential commercial technology cooperation, transfer, and investment by foreign firms, (2) limit the review of business information supplied with applications and approvals to Government research institutes, and (3) further enhance its efforts to protect the confidentiality of such business information.³³⁵

In return for Korea's agreement to the above measures, the United States indicated in the PEI report that, upon meeting certain export control requirements, Korea could receive preferential licensing status otherwise reserved for members of the Coordinating Committee for Multilateral Export Controls (COCOM).³³⁶ In the PEI report, the United States affirmed that those full 5(k) benefits, including intra-COCOM trade, could be granted if Korea were to achieve a COCOM-comparable control system and demonstrate an ability to implement the COCOM common standard level of effective protection. Granting intra-COCOM trade benefits, however, would not be a strictly bilateral matter and would require a consensus among COCOM member states that Korea has met the common standard.³³⁷

Investment

The Korean Government prohibits foreign investment in 57 industrial sectors and restricts investment in another 181 categories. In other sectors,

joint ventures are required for foreign firms to enter the Korean market. Since the start of the PEI discussions, Korea has liberalized investment restrictions in certain sectors and has dropped some joint-venture requirements.³³⁸ Further, Korean officials have promised to draft legislation that would rescind many of the approval requirements for foreign investment. The working group on investment met in late 1992 to discuss restrictions on land acquisition by foreign firms, financing for foreign firms, further liberalization of sectoral restrictions on foreign investment, and improvements in notification and approval procedures.³³⁹ In early 1993 Korea liberalized some restrictions pertaining to land acquisition by foreigners³⁴⁰ and relaxed restrictions on financing.³⁴¹

Korean 5-Year Plan

Korea adopted its seventh 5-year economic plan on November 12, 1991.³⁴² The plan covers the period 1992 to 1996 and outlines modernization of Korea's infrastructure and advancement of its technological base. To facilitate these various goals, the Korean Government plans to invest in a variety of social projects. Plans are under way to upgrade roads, build a new international airport, establish a high-speed rail, and expand port facilities. To boost domestic telecommunications capabilities, the government intends to construct a national computer network. Several environmental projects are planned, including the building of waste water treatment facilities, incinerators, and sewage plants. The Korean Government hopes to expand energy capacity by building new power plants, possibly allowing foreign investment in such plants. Finally, the Korean Government plans to create new industrial zones, high-tech complexes, and office parks.³⁴³

The U.S. Department of Commerce said that the 5-year plan showed that the Korean Government recognized that longer term measures are necessary for continued export competitiveness, increased market liberalization, and the speedy development of Korea's technological capabilities.³⁴⁴ Commerce's Office of International Major Projects identified U.S. export opportunities presented by the plan. These opportunities include electronics equipment, computers, pollution control equipment, construction materials and equipment, transportation, communication, medical and scientific instruments, industrial machinery, telecommunications equipment, and electric power equipment.³⁴⁵ The U.S. trade center in Korea has held conferences and seminars on exporting to Korea.³⁴⁶ Finally, the Trade Center has held matchmaker and post-initiated programs to help U.S. business find partners in Korea and to ease entry into the market.³⁴⁷

ENDNOTES

¹ The U.S. International Trade Commission received a congressional request to monitor the EC 92 program in a series of reports. The fifth and most recent report provides detailed coverage of developments in 1992 and reviews the Community's overall progress in accomplishing single-market objectives in particular issue areas. 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.

² For a detailed description of the background to the dispute on oilseeds, see USITC, *Operation of the Trade Agreements Program (OTAP), 40th Report, 1988*, USITC publication 2208, July 1989, p. 88.

³ For a report on USIA Worldnet Broadcast with Carla Hills, see "United States Will Have To Take Action on Oilseeds Absent a Solution, Hills Says," *International Trade Reporter*, Sept. 9, 1992, p. 1546.

⁴ "Proposed Determination of Action Concerning the European Community's Oilseeds Subsidy Regime; Request for Public Comment and Public Hearing," No. 301-63A, of June 12, 1992, 57 F.R. 25087.

⁵ Office of the United States Trade Representative (USTR), "USTR Factsheet: Oilseeds," press release supplement, Nov. 5, 1992.

⁶ Under GATT article III, imported products are to receive no less favorable treatment than that accorded to like products of national origin. GATT, *Text of the General Agreement on Tariffs and Trade*, Geneva, July 1986. For an explanation of the U.S. position, panel views and, conclusion, see "Sidebar US/EC: Payments and Subsidies Paid to Processors and Producers of Oilseeds and Related Animal-Feed Proteins," *GATT Focus*, newsletter No. 68, Feb. 1990, p. 3.

⁷ For background on the GATT panel's actions, see USITC, *OTAP, 42d Report, 1990*, USITC publication 2403, July 1991, p. 169.

⁸ USTR, "USTR Factsheet: Oilseeds."

⁹ For further explanation of the July 1991 oilseeds reform package proposed by the EC, see USITC, *The Year in Trade: OTAP, 1991*, USITC publication 2554, Aug. 1992, pp. 88-89.

¹⁰ USTR, *1993 National Trade Estimate Report on Foreign Trade Barriers*, 1993, p. 88.

¹¹ "EC/U.S. Oilseeds Dispute Taken Up Again," *European Report*, No. 1778, (June 20, 1992), External Relations, p. 9.

¹² "Proposed Determination of Action Concerning the European Community's Oilseeds Subsidy Regime: Request for Public Comment and Public

Hearing No. 301-63A, of June 12, 1992," 57 F.R. 25087.

¹³ USTR, "U.S. To Withdraw Trade Concessions in Oilseeds Dispute With EC," press release 92-62, Nov. 5, 1992.

¹⁴ USTR, "USTR Factsheet: Oilseeds."

¹⁵ "EC, US To Negotiate Compensation on Oilseeds," *GATT Focus*, newsletter No. 90, May-June 1992.

¹⁶ Keith M. Rockwell, "U.S. Rejects Latest EC Offer in Oilseeds Row," *Journal of Commerce*, July 30, 1992.

¹⁷ "EC/U.S. Oilseeds Dispute Taken Up Again," p. 9.

¹⁸ U.S. Department of State, "Uruguay Round: MacSharry Oct. 9 Speech," telegram, message reference No. 05623, Dublin, Oct. 9, 1992.

¹⁹ "EC/U.S. Oilseeds Dispute Taken Up Again," p. 9.

²⁰ "U.S. Rejects EC Offer of Compensation in Oilseeds Dispute," *European Report*, No. 1789, (July 29, 1992), External Relations, p. 3.

²¹ "Trade War Over Oilseed Put on Hold," *European Report*, No. 1791, Sept. 3, 1992, External Relations, p. 5.

²² USTR, "USTR Factsheet: Oilseeds."

²³ "Trade War Over Oilseeds Put on Hold," p. 5.

²⁴ USTR, "USTR Factsheet: Oilseeds."

²⁵ "Determination of Action Concerning the European Community's Oilseeds Subsidy Regime, Request for Public Comment and Public Hearing," No. 301-63A of November 12, 1992, 57 F.R. 53801.

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²⁷ Peter Doyle, European Community Spokesman, "Oilseeds," transcript of television interview, CNN International Hour, Nov. 20, 1992, Federal Information Systems Corp., LEGI-SLATE, No. 891154.

²⁸ Ambassador Carla Hills was quoted in Washington after the breakthrough in oilseeds was jointly announced in "Breakthrough in GATT Negotiations as EC and U.S. Clinch Deal," *European Report*, No. 1815, (Nov. 25, 1992), supplement, p. 1.

²⁹ U.S. Department of Agriculture, News Division, Office of Public Affairs, "U.S.-EC Agreement on Oilseeds and the Uruguay Round," *USDA Backgrounder*, Nov. 20, 1992.

³⁰ *Ibid.*

³¹ The EC produced 13.3 million tons of oilseeds in crop year 1991/92, according to the USDA.

³² The United States has been demanding increased access to the EC market, but differences between the two sides remained principally over whether cuts would be in volume or acreage terms, as the CAP reform plan operates by limiting the areas of oilseeds cultivated. "Details of GATT Deal and Compatibility With CAP Reform," *European Report*, No. 1815 (Nov. 25, 1992), Document, p. 3.

³³ "EC/US Oilseeds Accord Confirmed, but National Positions Still Unclear," *European Report*, No. 1818 (Dec. 5, 1992), External Relations, p. 8.

³⁴ USDA, News Division, Office of Public Affairs, "U.S.-EC Agreement on Oilseeds and the Uruguay Round," *USDA Background*, Nov. 20, 1992.

³⁵ The White House, "Statement by the President in Announcement of Agreement on GATT," press release, Nov. 20, 1992.

³⁶ *Ibid.*

³⁷ Corn gluten feed is a feedstuff ingredient for livestock derived as a residue from the corn wet-milling process.

³⁸ Malt sprout pellets are screenings and cleanings of barley and the sprouts and rootlets removed from barley during the malting process.

³⁹ Office of the U.S. Trade Representative, *1993 Trade Policy Agenda and 1992 Annual Report of the President of the United States on the Trade Agreements Program*, 1993, p. 69.

⁴⁰ "EC/US Oilseeds Accord Confirmed, but National Positions Still Unclear," p. 8.

⁴¹ "Details of GATT Deal and Compatibility With CAP Reform," p. 3.

⁴² Doyle, "Oilseeds," transcript.

⁴³ EC Ambassador to the United States Andreas van Agt, address to the Library of Congress presenting an assessment of EC enlargement, Mar. 4, 1993.

⁴⁴ Edward Madigan, U.S. Secretary of Agriculture, "Oilseeds Accord," transcript of television interview, CNN International Hour, Nov. 20, 1992, Federal Information Systems Corp., LEGI-SLATE, No. 891155.

⁴⁵ "Petition for Relief Under Section 301 of the Trade Act of 1974, as Amended," filed on behalf of National Pork Producers Council and American Meat Institute, Nov. 28, 1990.

⁴⁶ For more information on meat plant closings due to the TCMD, see USITC, *The Year In Trade: OTAP, 1991*, USITC publication 2554, p. 89.

⁴⁷ Delegation of the Commission of the European Communities, Office of Press and Public Affairs (EC Delegation), "EC and U.S. Resolve Meat Inspection Differences," *European Community News*, Nov. 13, 1992.

⁴⁸ USTR, "Hills Initiates Investigation of European Community Meat Rules," press release 91-1, Jan. 10, 1991.

⁴⁹ USTR, "U.S./EC Resolve 3rd Country Meat Directive Dispute," press release 92-63, Nov. 13, 1992.

⁵⁰ "Petition for Relief Under Section 301 of the Trade Act of 1974, as Amended."

⁵¹ USTR, "Hills Initiates Investigation of European Community Meat Rules."

⁵² USTR, *1993 Trade Policy Agenda and 1992 Annual Report*, p. 69.

⁵³ USTR, *1993 National Trade Estimate Report on Foreign Trade Barriers*, p. 90.

⁵⁴ USTR, "Hills Initiates Investigation of European Community Meat Rules."

⁵⁵ "EC/US: Commission Proposal on 3rd Country Meat Trade Directive," *European Report*, No. 1804 (Oct. 17, 1992), External Relations, p. 5.

⁵⁶ The United States maintains that its standards, although not identical, provide an equal degree of protection.

⁵⁷ "Determination Concerning European Community Third Country Meat Directive No. 301-83, of October 16, 1992," 57 F.R. 201, 47508.

⁵⁸ USTR, *1993 Trade Policy Agenda and 1992 Annual Report*, p. 69.

⁵⁹ "Determination Concerning European Community Third Country Meat Directive No. 301-83, of October 16, 1992."

⁶⁰ U.S. Department of State, "U.S.-EC Discussions on Third Country Meat Directive," telegram, message reference No. 239246, prepared by U.S. Department of State, Washington DC, July 25, 1992.

⁶¹ "Determination Concerning European Community Third Country Meat Directive No. 301-83, of October 16, 1992."

⁶² USTR, "U.S./EC Resolve 3rd Country Meat Directive Dispute."

⁶³ U.S. Department of State, "U.S.-EC Discussions," telegram, message reference No. 239246.

⁶⁴ USTR, "U.S./EC Resolve 3rd Country Meat Directive Dispute."

⁶⁵ The United States agreed to enhance the role of the U.S. Department of Agriculture's Food Safety and Inspection Service concerning the procedures for U.S. meat plant approval for export of meat to the Community.

⁶⁶ EC Delegation, "EC and U.S. Resolve Meat Inspection Differences."

⁶⁷ USTR, "U.S./EC Resolve 3rd Country Meat Directive Dispute."

⁶⁸ USTR, "United States Requests GATT Panel on German Subsidies to Airbus," press release 91-4, Feb. 14, 1991.

⁶⁹ In December 1991 the EC commissioned a report that attempts to counter U.S. complaints in the GATT concerning subsidies to Airbus by charging that the U.S. aircraft industry is also indirectly supported through Department of Defense spending, NASA spending, and tax programs. The United States rebuts the report's claims on all three charges, pointing out the European industry's own dependence on governmental research and development spending and military procurement. European Commission, news conference, press transcript, ID: 780364, Dec. 4, 1991.

⁷⁰ For the details of 1991 negotiations see USITC, *The Year in Trade: OTAP, 1991*, USITC publication 2554, pp. 92-94.

⁷¹ "Airbus/GATT: U.S. Complaint To Be Examined by Subsidies Committee," *European Report*, No. 1661, (Mar. 15, 1992), External Relations, p. 12.

⁷² U.S. Department of State, "Revision of 1991 National Trade Estimate Report," telegram, message reference No. 017253, prepared by U.S. Department of State, Washington, DC, Jan. 18, 1992.

⁷³ "Subsidies Panel to Examine US/EC Airbus Dispute," *GATT Focus*, newsletter No. 80, Apr. 1991, p. 8.

⁷⁴ USTR, *1992 Trade Policy Agenda and 1991 Annual Report*, p. 51.

⁷⁵ The GATT panel report must be adopted by consensus, which signifies unanimous agreement. One party may block its adoption, even if it is the losing party.

⁷⁶ USTR, *1993 Trade Policy Agenda and 1992 Annual Report*, p. 68.

⁷⁷ U.S. Department of State, "Airbus: Delivery of U.S. Response to EC Indirect Support Report," telegram, message reference No. 081563, prepared by U.S. Department of State, Washington, DC, Mar. 16, 1992.

⁷⁸ USTR, "Fact Sheet: Airbus Agreement," press release 92-44, July 17, 1992.

⁷⁹ U.S. Department of State, "U.S.-EC Agreement on Trade in Civil Aircraft," telegram, message reference No. 09531, prepared by USEC, Brussels, July 20, 1992.

⁸⁰ U.S. Department of State, "Airbus Info and Talking Points," message reference No. 052387, telegram, prepared by U.S. Department of State, Washington, DC, Feb. 20, 1993.

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⁸⁷ In 1993 the United States and the EC continue to support a multilateralization of the bilateral agreement through GATT, noting that the bilateral deal could only be amended by agreements of both sides and that a unilateral withdrawal was not possible before July 1993 with a 1-year notice. U.S. Department of State, "EC Commission Sticks to Agreement on Civil Aircraft," telegram, message reference No. 02414, prepared by USEC, Brussels, Feb. 1993.

⁸⁸ U.S. Department of State, "U.S.-EC Agreement on Trade in Civil Aircraft," telegram, message reference No. 09531.

⁸⁹ EC Commission, DG III A2, "Internal Market Brief," Jan. 6, 1993.

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on energy. Sanctions directed at the telecommunications sector have since been imposed.

⁹⁵ USTR, *1993 Trade Policy Agenda and 1992 Annual Report*, p. 66.

⁹⁶ "Fact Sheet: European Community," U.S. Department of State Dispatch, Feb. 15, 1993, p. 90.

⁹⁷ EC Commission, *From Single Market to European Union*, pamphlet, (Luxembourg: Office for Official Publications of the European Community, 1992).

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¹⁰⁰ Ibid.

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¹⁰³ Denmark and the Treaty of European Union, *Official Journal of the European Communities (OJ)*, No. C 348 (Dec. 31, 1992), pp. 1-4.

¹⁰⁴ "Edinburgh Summit Puts Community Back on Track," *European Report*, No. 1821 (Dec. 21, 1992), Document, p. 3.

¹⁰⁵ Denmark subsequently voted in favor of the Maastricht Treaty on May 18, 1993.

¹⁰⁶ The United Kingdom's House of Commons voted in favor of the Maastricht Treaty in May 1993 and awaits action in the House of Lords. "Treaty of

Maastricht in the Hands of the House of Lords," *European Report*, No. 1861 (May 26, 1993), Institutions and Political Cooperation, p. 1.

¹⁰⁷ The second phase of EMU, from 1994 to 1997, will provide an opportunity for member states to bring their economic performances into line with the best performing members, will incorporate a Cohesion Fund for the development of poorer regions, and will establish the European Monetary Institute for monetary management. Phase three will start on January 1997 if a majority of members meet convergence criteria and the narrow fluctuation margins of the current exchange-rate mechanism (ERM) for 2 years without devaluation. In phase three, the European Central Bank and a single currency will be established. If a majority of members do not meet the criteria of low inflation, low long-term interest rates, a budget deficit under 3 percent of national GDP, a public debt ratio of less than 60 percent of GDP, and 2 years of currency stability within the ERM, phase three will be postponed until 1999.

¹⁰⁸ "Fact Sheet: European Community," U.S. Department of State Dispatch, p. 91. As of February 1993 only Denmark, which opted out of the single currency, and Luxembourg meet all EMU convergence criteria.

¹⁰⁹ U.S. House of Representatives, Committee on Foreign Affairs, Subcommittee on Europe and the Middle East, *Developments in Europe*, 102d Cong., 2d sess., testimony of Assistant Secretary of State Thomas Niles, Sept. 29, 1992.

¹¹⁰ The EFTA countries are Austria, Finland, Sweden, Norway, Switzerland, Iceland, and Liechtenstein.

¹¹¹ The revised agreement rescheduled the start of the EEA. In addition, the agreement contains a provision that allows Switzerland to join the EEA if it so chooses in the future. The new agreement focuses on the traditional customs union between the principality of Liechtenstein and Switzerland, which must be resolved for Liechtenstein to operate in the wider context of the EEA. Of greatest controversy is the effect of the Swiss rejection of the EEA on the Cohesion Fund, the ECU 2 billion originally agreed by the EFTA countries to support the development of the poorer EC member states, in which the Swiss contribution is 27 percent of the total.

¹¹² "EFTA: Ministerial Meeting Set for June 15/16," *European Report*, No. 1863 (June 1, 1993), External Relations, p. 2, and EC Delegation official, telephone conversation with USITC staff, June 14, 1993.

¹¹³ U.S. Department of State, "EC Commission Issues Favorable Opinion on Norwegian EC Membership Application," telegram, message reference No. 03691, prepared by USEC, Brussels, Mar. 24, 1993.

114 Ibid.

115 According to an EC official, the feeling is that if Switzerland cannot agree to ratify the EEA, then Switzerland will not be able to ratify membership in the EC. EC Commission official, telephone conversation with USITC staff, Washington, DC, Apr. 7, 1993.

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¹⁴⁸ GATT, *United States - Measures Affecting Alcoholic and Malt Beverages*, panel report (DS23/R), derestricted by GATT Council, Apr. 30, 1992.

¹⁴⁹ CITT, *Certain Beer Originating in or Exported From the United States of America by or on Behalf of Pabst Brewing Company, G. Heileman Brewing Company Inc. and the Stroh Brewery Company Inc. and the Stroh Brewery Company, Their Successors and Assigns, for Use or Consumption in the Province of British Columbia*, Canadian International Trade Tribunal, Inquiry No. NQ-91-002, Oct. 2, 1991.

¹⁵⁰ Following a remand of the case by the panel to the CITT, the Tribunal determined on November 9, 1992, that the said breweries did cause material

injury by dumping beer in British Columbia. "Specifically, the Tribunal finds that the price suppression caused by the dumping of the subject imports supports a determination that the subject imports have caused, are causing and are likely to cause material injury to" the Canadian breweries in question. *Certain Beer Originating in or Exported From the United States of America by or on Behalf of Pabst Brewing Company, G. Heileman Brewing Company Inc. and the Stroh Brewery Company, Their Successors and Assigns, for Use or Consumption in the Province of British Columbia*, Canadian International Trade Tribunal, Inquiry No. NQ-91-002 Remand, Nov. 9, 1992. On Feb. 8, 1993, the panel affirmed the CITT's determination on remand.

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251 *Ibid.* and *Houston Chronicle*, "Beef With Mexico," Nov. 19, 1992, p. 5.

252 "Tariffs Prove Need for NAFTA," *Houston Post*, Nov. 28, 1992.

253 U.S. Department of State, "Additional Information on New Mexican Regulation for Tax Registration of Importers" telegram, message reference No. 29693, prepared by U.S. Embassy, Mexico City, Dec. 8, 1992, and USTR, *1993 National Trade Estimate Report*, p. 186.

254 USTR, *1993 National Trade Estimate Report*, p. 186.

255 U.S. Department of State, "USTR Discusses Trade Irritants With the GOM," telegram, message reference No. 30451, prepared by the U.S. Embassy, Mexico City, Dec. 17, 1992.

256 *Diario Oficial*, Jan. 4, 1992.

257 *Ley Agraria, Diario Oficial*, Feb. 26, 1992.

258 *Ley Forestal, Diario Oficial*, Dec. 22, 1992, and *Ley de Aguas Nacionales, Diario Oficial*, Dec. 1, 1992.

259 Between 1940 and 1960, agricultural production in Mexico grew at an average rate of 4.6

percent, compared with 2.7 percent for all Latin America. *Backgrounder*, The Heritage Foundation, Oct 1, 1992, p. 3.

²⁶⁰ U.S. Department of State, *Profile of Mexican Agriculture*, U.S. Embassy, Mexico City, Mar. 20, 1992, p. 2.

²⁶¹ *Backgrounder*, The Heritage Foundation, p. 9.

²⁶² Corporations are now permitted to own up to 25 times the amount of land allowable to individual farmers.

²⁶³ See USITC, *Potential Impact on the U.S. Economy and Selected Industries of the North American Free-Trade Agreement* (investigation 332-337), USITC publication 2596, Jan. 1993, p. 22-2.

²⁶⁴ At a January 1993 meeting with rural leaders, Mr. Salinas promised that the "certification of ejido rights" process will take place throughout the country in 1993.

²⁶⁵ Kenneth Shwedel, American Chamber of Commerce, Mexico City, "A Game of Wait and See," *Business Mexico*, Dec. 1992, p. 7.

²⁶⁶ *Ibid.*

²⁶⁷ U.S. Embassy, Mexico City, *Economic and Financial Report*, p. 80.

²⁶⁸ *Ibid.*

²⁶⁹ U.S. Embassy, Mexico City, *Economic Trends Report*, Apr. 1993, p. 80, and Kenneth Shwedel, "A Game of Wait and See," p. 6.

²⁷⁰ U.S. Embassy, Mexico City, *Foreign Investment Report*, Aug. 1992, p. 28, and U.S. Embassy, Mexico City, *Economic Trends Report*, p. 72.

²⁷¹ Under the NAFTA, Mexico has separate agricultural accords with the United States and Canada. See chapter 1 of this report for a fuller explanation.

²⁷² USITC, *Potential Impact of NAFTA*, USITC publication 2596, p. 22-4.

²⁷³ The full name of the agreement is "Memorandum of Understanding Between the Government of the United States of America and the Government of the People's Republic of China on the Protection of Intellectual Property."

²⁷⁴ 56 F.R. 24878. The so-called "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). These provisions direct the USTR to identify foreign countries that lack adequate and effective protection of IPR or that deny fair and equitable market access to U.S. persons and firms relying on IPR protection. They further direct that the designation of priority foreign country, which automatically triggers a 301

investigation, be accorded those countries whose policies and practices have the greatest actual or potential adverse impact on U.S. products and who have not made significant progress in negotiating the issues involved.

²⁷⁵ 56 F.R. 61278 and 56 F.R. 61447. Under the Special 301 provisions, the USTR may impose punitive trade sanctions against the country under investigation if it does not agree to make the designated changes in its IPR practices. Public hearings were held in early January 1992 to assist the USTR in preparing a final list of products targeted for tariff increases that would amount to approximately \$400 million, the estimated loss to U.S. industries during 1991 as a result of China's inadequate IPR protection.

²⁷⁶ 57 F.R. 3084. For more information on the Special 301 investigation and the proposed retaliatory tariffs, see USITC, *69th Quarterly Report on Trade Between the United States and China, the Former Soviet Union, Central and Eastern Europe, the Baltic Nations, and Other Selected Countries During 1991*, USITC publication 2503, Apr. 1992 (*69th Quarterly Report*), p. 10.

²⁷⁷ USTR, *1993 Trade Policy Agenda and 1992 Annual Report*, p. 56.

²⁷⁸ China's copyright law, which became effective June 1, 1991, had provided no protection for foreign books, films, songs, or computer software not first published in China.

²⁷⁹ USTR, *1993 Trade Policy Agenda and 1992 Annual Report*, p. 56.

²⁸⁰ The full title of the agreement is "Memorandum of Understanding Between the Government of the United States and the Government of the People's Republic of China Concerning Market Access."

²⁸¹ 56 F.R. 51943.

²⁸² For more background information, see USITC, *69th Quarterly Report*, USITC publication 2503, pp. 10-11.

²⁸³ 57 F.R. 38912.

²⁸⁴ 57 F.R. 47889.

²⁸⁵ The provisions described below summarize major sections of the agreement, cited by full title at the beginning of this section and available from the USTR.

²⁸⁶ According to the U.S. Department of Commerce's Bureau of Export Administration, bilateral restrictions imposed on certain technically advanced exports to China, including some telecommunications equipment, following the Chinese Government's military repression of the prodemocracy movement in June 1989 were lifted during the final months of the Bush administration. In late 1992 the United States also adopted changes made by the

Coordinating Committee for Multilateral Export Controls (COCOM) that applied to China, among other countries, and included the lifting of controls on more advanced telecommunications equipment. COCOM negotiations under way during 1993 are expected to result in the further liberalization of controls on telecommunications.

²⁸⁷ For a description of China's tariffs and other import charges, see USTR, *1993 National Trade Estimate Report on Foreign Trade Barriers*, pp. 51-52.

²⁸⁸ See the section on the market-access agreement between the United States and China, above.

²⁸⁹ China's prospects for attaining GATT membership in the near future dimmed during bilateral talks between the United States and China held in early March 1993. During this meeting Assistant USTR Douglas Newkirk named the minimum conditions that China must meet for U.S. support of its accession to GATT: a single national trade policy common to all Provinces and regions of the country; full transparency of trade regulations; the continuing gradual removal of nontariff import barriers; a commitment to move to a full market economy; and, until the transition to a market economy is completed, the acceptance of a safeguard system to protect GATT member countries from possible surges in Chinese exports. GATT article XIX provides GATT member countries with safeguard protection against import surges, but involves the payment of compensation and other complications that arise because of imports of the same products from other GATT members. The proposed safeguard system applying only to China would be in addition to article XIX and presumably would not require other countries to meet certain obligations to China.

During a meeting of the GATT working party that followed on March 15 to 17, 1993, the European Community joined the United States in demanding a safeguard clause. China at that time refused to accept a system of safeguards that would enable other GATT members to unilaterally enact emergency quotas and tariffs to restrict the importation of Chinese goods, but during a GATT working party meeting held May 24 to 28, 1993, adopted a more flexible approach to the issue.

²⁹⁰ USITC, *OTAP, 41st Report, 1989*, USITC publication 2317, Sept. 1990, p. 117.

²⁹¹ Taiwan was first named to the priority watchlist under the Special 301 provision in 1989, the year the provision went into effect. Taiwan was promoted to the watchlist on November 1, 1989, after liberalizing several trade practices and negotiating new copyright and IPR agreements with the United States. U.S. House of Representatives, Committee on Ways and Means, testimony of Ambassador Carla Hills, June 8, 1989, in USTR, *Identification of Priority*

Practices and Countries Under Super 301 and Special 301 Provisions of the Omnibus Trade and Competitiveness Act of 1988, serial 101-28 (Washington: GPO, 1989), pp. 10-11. Also see USITC, *The Year in Trade: OTAP 1991*, USITC publication 2554, p. 126.

²⁹² *Ibid.*, p. 9.

²⁹³ *Ibid.*, p. 10. The drop in enforcement was demonstrated in the statistics on police raids: the number of raids on both videotape viewing parlors and rental shops dropped by more than one-half for the first 5 months of 1992 as opposed to the first 5 months of 1991. The number of cases brought to trial, except for trademark infringement, also dropped during the period. Taiwan authorities claimed the number of infringements was dropping, but U.S. officials argued that lax enforcement was the key. Taiwan Government Information Office, *Comparison of Unauthorized Video Tapes (VTS) Seized, Jan. to May, 1991 and Jan. to May, 1992*, in U.S. Department of State, "Intellectual Property Enforcement," telegram, message reference No. 05567, prepared by American Institute in Taiwan (AIT), Taipei, Aug. 7, 1992.

²⁹⁴ *Ibid.*

²⁹⁵ Taiwan Government Information Office, *Draft Video Reproduction Law*, in U.S. Department of State, "Taiwan's Video Reproduction Law," telegram, message reference No. 02971, prepared by AIT, Taipei, Apr. 29, 1992.

²⁹⁶ *Ibid.*

²⁹⁷ Asia-Pacific Council of American Chambers of Commerce, "Intellectual Property Rights (IPR) Resolution," Apr. 24, 1992, in U.S. Department of State, "APCAC Assesses Intellectual Property Rights in Asia," telegram, message reference No. 10904, prepared by U.S. Embassy, Manila, Apr. 28, 1992.

²⁹⁸ USTR, "Notice of Trading Partners Identified as Priority Foreign Countries," 57 F.R. 19329.

²⁹⁹ American Institute in Taiwan, Arlington, VA, "American Institute in Taiwan and Coordinating Council for North American Affairs Sign Understanding on Intellectual Property Rights Issues," press release, June 5, 1992, and U.S. Department of State, "Taiwan Reactions to Special 301 Designation," telegram, message reference No. 03066, prepared by AIT, Taipei, May 1, 1992.

³⁰⁰ AIT press release, June 5, 1992.

³⁰¹ Taiwan National Bureau of Standards, letter to AIT, in U.S. Department of State, "Taiwan Invites AIT Experts to Intellectual Property Rights Seminar," telegram, message reference No. 03349, prepared by AIT, Taipei, May 13, 1992.

³⁰² AIT press release, June 5, 1992.

³⁰³ Taiwan Ministry of Economic Affairs, "Provisional Standards for Inspection of Computer Software Program Exports," translated by AIT, in U.S.

Department of State, "Taiwan's Provisional Standards for Inspection of Computer Software Program Exports," telegram, message reference No. 07103, prepared by AIT, Taipei, Oct. 6, 1992.

304 Directorate General of Customs, letter to Taiwan Customs Bureaus, translated by AIT, in U.S. Department of State, "Customs Implements May 1992 Bilateral IPR Understanding," telegram, message reference No. 05246, prepared by AIT, Taipei, July 24, 1992.

305 AIT press release, June 5, 1992.

306 Ibid.

307 "U.S. Presents Eight Issues for IPR Talks Beginning Dec. 4," *Commercial Times*, Nov. 30, 1992, in U.S. Department of State, "Taiwan Media Reaction on Visit by USTR Carla Hills," telegram, message reference No. 08418, prepared by AIT, Nov. 30, 1992.

308 U.S. Department of State, "Revision of 1992 National Trade Estimate Report: Taipei," telegram, message reference No. 004245, prepared by the AIT, Taipei, Washington, DC, Jan. 7, 1993.

309 Ibid.

310 For more background, see USITC, *The Year in Trade: OTAP, 1991*, USITC publication 2554, p. 125.

311 U.S. Department of State, "Economic Trends Report for Taiwan," telegram, message reference No. 06224, prepared by AIT, Taipei, Sept. 1, 1992.

312 Carl Goldstein and Julian Baum, "Outside GATT's Door," *Far Eastern Economic Review*, (Oct. 22, 1992), p. 58.

313 "Possible Impact of Re-accession to GATT on Taiwan's Industries," in *Industry and Commerce Monthly*, translated by AIT, reproduced in U.S. Department of State, "Possible Impact of Re-accession to GATT on Taiwan's Industries," telegram, message reference No. 02302, prepared by AIT, Apr. 2, 1992.

314 Goldstein and Baum, "Outside GATT's Door," p. 58. For a discussion of China's GATT application, see the China section of this chapter.

315 USTR, "Trade Policy Staff Committee: Public Comments on U.S. Negotiations With Taiwan in the Context of the Accession of the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu to the GATT," 57 F.R. 47890.

316 Ambassador Carla Hills, "Text of Keynote Address at 16th Joint Business Conference by Carla Hills, U.S. Trade Representative," *Taiwan Economic News*, Jan., 1993, p. 28.

317 The AIT considers the following industries to offer best prospects for U.S. investment and exports: pollution control, computers and peripherals, scientific instruments, integrated circuits, and medical

equipment. U.S. Department of State, "Economic Trends Report for Taiwan," telegram, message reference No. 06224.

318 Ibid.

319 USTR, *1993 Trade Policy Agenda and 1992 Annual Report*, 1992, p. 54.

320 The Trade and Investment Framework Agreement (TIFA) was formally announced on January 15, 1993.

321 Hills, "Text of Keynote Address," pp. 27-28.

322 "Carla Hills Speaks at Joint Business Conference," *China Times*, translated by AIT in U.S. Department of State, telegram, message reference No. 08508, prepared by AIT, Taipei, Dec. 3, 1992.

323 "Agreement Between the American Institute in Taiwan and the Coordination Council for North American Affairs Concerning a Framework of Principles and Procedures for Consultations Regarding Trade and Investment," Jan. 15, 1993. p. 1.

324 Ibid., p. 2.

325 "Lavin: Framework Agreement to be Basis for Future FTA Discussions," *United Party News*, Dec. 5, 1992 reported in U.S. Department of State, "Taiwan Media Reaction on Visit by USTR Carla Hills's Trip to Taiwan," telegram, message reference No. 08477, prepared by AIT, Taipei, Dec. 2, 1992.

326 Pub. L. 100-418, title I, sec. 1372-1374, Aug. 23, 1988. This provision directs the President to eliminate discriminatory practices by foreign governments toward the U.S. telecommunications industry. USTR was required to conduct an investigation within 5 months of August 23, 1988, identifying priority countries. Priority countries are defined in part as those whose acts, policies, and practices deny mutually advantageous market opportunities to telecommunications products and services of U.S. firms. USTR's findings are updated in a semiannual report to Congress.

327 For more background see USITC, *The Year in Trade: OTAP, 1991*, USITC publication No. 2554, p. 123.

328 For more background see USITC, *OTAP, 42d Report, 1990*, USITC publication 2403, July 1991, p. 147, and USTR, *Foreign Trade Barriers*, 1990, p. 135.

329 USTR, "Hills Announces Telecommunications Agreement With Korea, Other Trade Act Decisions on Government Procurement and Telecommunications," press release, Feb. 21, 1992; USTR, "Fact Sheet: Negotiations With the European Community and the Republic of Korea Under Section 1384 of the 1988 Trade Act," press release, Feb. 21, 1992, p. 1.; and USTR, *Foreign Trade Barriers*, 1992, p. 166.

In early 1993 USTR undertook a review of the effectiveness of all U.S. telecommunications trade

agreements reached pursuant to provisions of the OTCA. In April 1993 USTR announced that Korea had agreed to rectify certain aspects of noncompliance with the telecommunications agreement that came to light during the review. According to USTR Korea agreed to ensure "a completely transparent and non-discriminatory procurement system for Korea Telecom." USTR, "USTR Corrects Telecommunications Market Access Problem in Korea," press release, Apr. 1, 1993.

³³⁰ U.S. Department of State, Bureau of East Asia and Pacific Affairs, *Presidents' Economic Initiative: Report of Senior Officials to Korea-U.S. Economic Consultation*, publication 10009, Sept. 18, 1992, p. 1.

³³¹ For more information on the Agreement on Technical Barriers to Trade (commonly known as the Standards Code), see USITC, *The Year in Trade: OTAP, 1991*, USITC publication 2554, p. 43.

³³² U.S. Department of State, *Presidents' Economic Initiative*, Sept. 18, 1992, pp. 11-12.

³³³ *Ibid.*, pp. 12-14.

³³⁴ *Ibid.*, pp. 2-3.

³³⁵ *Ibid.*, pp. 37-40.

³³⁶ Under section 5(k) of the U.S. Export Control Act, the Secretary of State, in consultation with the Secretaries of Commerce and Defense, is authorized to negotiate with non-COCOM countries regarding the control of strategic products and technology related to national security. In return for the adoption of effective export control measures by non-COCOM countries, the Secretary of Commerce may grant some or all of the preferential licensing benefits that are otherwise reserved for COCOM partners. Korea, along with Austria, Ireland, and Sweden, received partial 5(k) benefits in 1991. The current members of COCOM are the United States, Australia, Belgium,

Canada, Denmark, France, Germany, Greece, Italy, Japan, Luxembourg, the Netherlands, Norway, Portugal, Spain, Turkey, and the United Kingdom.

³³⁷ U.S. Department of State, *Presidents' Economic Initiative*, p. 41.

³³⁸ The following sectors are now open to foreign investment: maritime freight forwarding and brokerage services, the import and wholesaling of alcoholic beverages, securities businesses, and data communications services.

³³⁹ U.S. Department of State, "Seoul Daily Press Translations, Nov. 9, 1992," telegram, message reference No. 11889, prepared by U.S. Embassy, Seoul, Nov. 9, 1992.

³⁴⁰ U.S. Department of State, "Daily Seoul Press Translations, Dec. 9, 1992," telegram, message reference No. 12890, prepared by U.S. Embassy, Seoul, Dec. 9, 1992.

³⁴¹ U.S. Department of State, "Daily Seoul Press Translations, Dec. 31, 1992," telegram, message reference No. 00029, prepared by U.S. Embassy, Seoul, Jan. 4, 1993.

³⁴² USITC, *The Year in Trade: OTAP, 1991*, USITC publication 2554, pp. 120-121.

³⁴³ Paul Carroll and Balbina Y. Hwang, "Export Opportunities for U.S. Firms in Korea and Taiwan," in *Business America*, Aug. 24, 1992, pp. 2-3.

³⁴⁴ Daniel Duvall, "Seoul Summit Underlines U.S. Economic Partnership," *Business America*, Oct. 23, 1992.

³⁴⁵ Carroll and Hwang, "Export Opportunities for U.S. Firms," p. 3.

³⁴⁶ *Ibid.*, p. 4.

³⁴⁷ Duvall, "Seoul Summit Underlines U.S. Economic Partnership," p. 2.

CHAPTER 5

Administration of U.S. Trade Laws and Regulations

This chapter reviews activities related to the administration of U.S. trade laws during 1992. It is subdivided into sections on (1) import-relief laws (the escape-clause, market disruption, and adjustment assistance provisions of the Trade Act of 1974); (2) unfair trade laws; and (3) certain other trade provisions. These other provisions include the U.S. Generalized System of Preferences (GSP), the Caribbean Basin Economic Recovery Act (CBERA), and the Andean Trade Preference Act (ATPA).

Import Relief Laws

Safeguard Actions

Section 201 of the Trade Act of 1974,¹ commonly referred to as the U.S. "escape clause" law, is based on article XIX of the General Agreement on Tariffs and Trade (GATT). Article XIX permits a country to "escape" from its obligations under the agreement with respect to an article when certain conditions exist. The U.S. International Trade Commission conducts investigations under section 201 upon receipt of a petition from an entity such as a trade association, firm, certified or recognized union, or other group of workers that is representative of an industry; upon request from the President or the United States Trade Representative; upon resolution of the House Committee on Ways and Means or the Senate Committee on Finance; or upon its own motion.

The Commission conducted one investigation under section 201 in 1992. That investigation, which was instituted in June 1992 by the Commission following receipt of a petition filed by two domestic firms, concerned whether extruded rubber thread was being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic

industry producing an article like or directly competitive with the imported article.²

In December 1992 the Commission reported to the President that it was equally divided on the question of injury to the domestic industry. Section 330(d) of the Tariff Act of 1930 provides that when the Commission is equally divided on the question of injury, the President may consider either side as the determination of the Commission. In January 1993 President Bush announced that he was considering the negative determination to be the determination of the Commission. Consequently, no import relief was provided.³

Market Disruption

Under section 406 of the Trade Act of 1974,⁴ 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 whenever 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 June 1992 the Commission commenced an investigation under section 406 concerning oscillating fans from the People's Republic of China,⁵ following receipt of a petition by a domestic firm. This investigation—the only market disruption case active in 1992—was terminated in July 1992 at the request of the petitioner.⁶

Adjustment Assistance

The Trade Adjustment Assistance (TAA) Program, provided for in title II of the Trade Act of 1974, authorizes the provision of economic assistance to

workers, firms, and industries dislocated as a result of Federal policies to reduce barriers to foreign trade. Initially authorized by the Trade Expansion Act of 1962, the current program is scheduled to expire on September 30, 1993. In 1992 the TAA was again modified to allow weeks of active military duty in a reserve status (including service during Operation Desert Storm) to qualify toward the minimum number of weeks of prior employment required for TAA eligibility.⁷

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 for service benefits that include allocations for job search, relocation, and training. Industrywide technical consultation provided through Commerce-sponsored programs is designed to restore the economic viability of U.S. industries adversely affected by international import competition.⁸

Assistance to Workers

The Department of Labor instituted 1,465 investigations in fiscal year 1992 (October 1, 1991, through September 30, 1992) on the basis of petitions filed for trade adjustment assistance. This figure represents a small decrease from the 1,509 investigations instituted in fiscal 1991. The results of investigations completed or terminated in fiscal 1992 including those in process from the previous fiscal year, are shown in the following tabulation:⁹

Item	Number of Investigations or petitions	Estimated number of workers
Completed certifications ...	700	49,543
Partial certifications	3	560
Petitions denied	680	60,997
Petitions terminated or withdrawn	59	5,182
Total	1,442	116,282

The number of completed and partial certifications in fiscal 1992 increased to 703 from 549 in fiscal 1991. Preliminary figures for fiscal 1992 indicate that Labor expenditures for direct trade readjustment allowances (TRAs) to certified workers decreased to \$42.7 million, significantly below the \$115.7 million expenditures in fiscal 1991. According to the Department of Labor, fiscal 1992 expenditures for TRA were abnormally low because extended

unemployment compensation payments were made to workers in lieu of TRA payments.

In addition, Labor provided training, job search, and relocation services valued at a preliminary estimate of \$70.2 million in fiscal 1992 for worker activities in the areas shown in the following tabulation:

Item	Estimated number of participants ¹⁰
Training	18,600
Job search	600
Relocation allowances	750
Total	19,950

Preliminary data for fiscal 1992 indicated that an estimated 19,950 workers used available service benefits, representing a decrease of 6.6 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 182 firms as eligible to apply for trade adjustment assistance during fiscal year 1992. This figure represents a 17.4-percent increase from the 155 firms certified in the previous fiscal year. The TAAD administers its firm assistance programs through a nationwide network of 12 Trade Adjustment Assistance Centers (TAACs). Technical services are provided to certified firms through TAAC staffs and independent consultants under direct contract with TAACs. Funding for the TAACs during fiscal 1992 totaled \$13.4 million for technical services to 838 firms adversely affected by international import competition.

In addition to the technical assistance for firms, Commerce funded four industry development projects, valued at \$565,000. The industries receiving such funding represented fabricators of engines and automotive equipment and producers of semiconductors and electronics.

Laws Against Unfair Trade Practices

The U.S. Department of Commerce issued 16 new antidumping orders during 1992, following completion of investigations by Commerce and the U.S. International Trade Commission. In addition,

Commerce issued four new countervailing-duty orders following completion of investigations by Commerce and, in two of the four instances, by the Commission. (In the other two instances, no Commission investigation was required).¹¹ During 1992 the Commission completed 12 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 issued exclusion orders prohibiting the importation of merchandise and cease-and-desist orders enjoining further violation of section 337.

In 1992 one section 301 investigation was instituted on the basis of a petition filed by private parties and one investigation was self-initiated under section 302(b)(2)(A) by USTR pursuant to the "special 301" provisions contained in section 182(a) of the Trade Act of 1974. Bilateral settlements were reached in several pending section 301 investigations.

Antidumping Investigations

The present antidumping law is contained in title VII of the Tariff Act of 1930.¹² 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 U.S. industry is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of such imports.

In general, imports are considered to be sold at LTFV when the U.S. selling price 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, as adjusted by statute.¹³ 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. In 1992 the Commission completed 85 preliminary and 20 final antidumping injury investigations.¹⁴ The disproportionately large number of preliminary investigations was primarily attributable to antidumping investigations involving the U.S. steel

industry commenced in June 1992. Antidumping orders were imposed as a result of affirmative Commission determinations in 16 of the 20 final investigations on products imported from 13 different countries. Details of antidumping actions and orders, including suspension agreements,¹⁵ in effect in 1992 are presented in tables A-24 and A-25. The following tabulation summarizes the number of antidumping investigations between 1990 and 1992:¹⁶

	1990	1991	1992
Petitions filed	19	24	24
Preliminary Commission determinations:			
Negative	6	22	13
Affirmative (includes partial affirmatives) ..	27	31	72
Terminated ¹⁷	1	2	11
Final Commerce determinations:			
Negative	0	0	2
Affirmative	16	28	24
Terminated	0	1	2
Suspended	0	0	7
Final Commission determinations:			
Negative	2	13	4
Affirmative (includes partial affirmative) ...	14	19	16
Terminated	1	0	1

Countervailing-Duty Investigations

The U.S. 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.¹⁸ In general, procedures for such investigations are similar to those under the antidumping law. Petitions are filed with Commerce (the administering authority) and 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 Duties¹⁹ or has otherwise been designated a "country under the Agreement."²⁰ 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 or (2) international

obligations of the United States require an injury investigation.²¹ 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.

Two new countervailing-duty orders—on magnesium and softwood lumber, both from Canada—were imposed in 1992 as a result of investigations involving both Commerce and the Commission. Two new countervailing-duty orders were imposed on products following investigation by Commerce alone under section 303 of the Tariff Act. In 1992 the Commission completed 49 preliminary and two final injury investigations.²² As with antidumping investigations, the disproportionately large number of preliminary 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 agreements²³ in effect in 1992, are presented in tables A-26 and A-27. The following tabulation summarizes the number of countervailing-duty investigations between 1990 and 1992:²⁴

	1990	1991	1992
Petitions filed	5	8	4
Preliminary Commission determinations:			
Negative	2	1	6
Affirmative (includes partial affirmatives)	3	6	43
Terminated	0	1	0
Final Commerce determinations:			
Negative	2	2	2
Affirmative	2	4	4
Terminated	0	1	2
Suspended	0	0	0
Final Commission determinations:			
Negative	0	2	0
Affirmative (includes partial affirmatives) ..	0	1	2
Terminated	0	0	3

Reviews of Outstanding Antidumping and Countervailing-Duty Orders

Section 751 of the Tariff Act of 1930, as amended (19 U.S.C. 1675), requires that Commerce conduct, if requested, annual reviews of outstanding antidumping and countervailing-duty orders to determine the

amount of any net subsidy or dumping margin and that it review suspension agreements to determine compliance. 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. 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 and may terminate or resume a suspended investigation.

The Commission did not complete any investigations under section 751 in 1992. However, as a result of reviews conducted by Commerce in 1992 based on a party's request, Commerce partially rescinded one countervailing-duty order²⁵ and partially or completely revoked six antidumping orders, including two antidumping orders revoked pursuant to court remand.²⁶ Commerce did not revoke any antidumping or countervailing-duty orders or findings based on a determination that the orders or findings were no longer of interest to interested parties in 1992. Further, Commerce did not terminate any investigations that had previously been suspended.

Enforcement of Trade Agreements and Response to Unfair Foreign Practices²⁷

Chapter 1 of title III of the Trade Act of 1974, as amended²⁸ (sections 301 through 310), gives USTR,²⁹ subject to any direction by the President, the authority and means to enforce U.S. rights under trade agreements or to respond to "unjustifiable," "unreasonable," or "discriminatory" acts by a foreign country or instrumentality that burden or restrict U.S. commerce.³⁰ If USTR finds that the foreign practice is "unjustifiable" and that it burdens or restricts U.S. commerce or finds that U.S. rights under a trade agreement are being violated, USTR must take all appropriate and feasible action to enforce such rights or to eliminate such act, policy, or practice.

For "unreasonable" or "discriminatory" acts, USTR has discretion over whether to take action.³¹ An interagency committee headed by USTR conducts the investigations, including hearings if requested. Section 301 investigations are usually initiated on the basis of petitions by interested parties alleging practices inconsistent with section 301, but an

investigation may also be initiated by USTR even if a petition is not filed.

If the foreign entity does not agree to change its practices, USTR is empowered to (1) deny it the benefits of trade-agreement concessions; (2) impose duties, fees, or other import restrictions on products and services, when appropriate; and (3) enter into an agreement with the subject country to eliminate the practice or to provide compensatory benefits for the United States. USTR monitors compliance of foreign countries with the steps they have agreed to take under these provisions and may modify or terminate action under section 301 in certain circumstances.

In 1992 USTR initiated two new section 301 investigations. No petitions filed in 1992 with USTR were rejected or withdrawn. In addition to new investigations, further developments occurred in 15 of the investigations initiated prior to 1992. Table 5-1 summarizes USTR activity in 1992; it was compiled from USTR's Report to Congress on section 301 developments.³²

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 unfair 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. Also unlawful under section 337 are other unfair methods of competition or unfair acts³³ 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.

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.³⁴ The President may disapprove a Commission order within 60 days of its issuance for "policy reasons."

In 1992, 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 12 investigations under section 337 in 1992, including a formal enforcement proceeding, compared with 13 in 1991. These investigations pertained to products in a number of industries, such as semiconductors, medical equipment, pharmaceuticals, industrial machinery, and various consumer products. Exclusion orders were issued in three investigations and cease-and-desist orders were issued in one 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. As a result of an informal enforcement proceeding in which allegations of a section 337 consent order violation were investigated by the Office of Unfair Import Investigations, a respondent agreed to pay a civil penalty to the United States in the amount of \$100,000. At the close of 1992 13 section 337 investigations, including an advisory opinion proceeding, were pending before the Commission. Commission activities involving section 337 actions in 1992 are presented in table A-28.

As of December 31, 1992, a total of 51 outstanding exclusion orders based on violations of section 337 were in effect. Thirty-three of these orders involved patent violations. Table A-29 also lists the investigations in which these exclusion orders were issued.

Table 5-1

Summary of activity on section 301 investigations during 1992

Product/service and country	Docket No.	Petitioned/Initiated and date ¹	Status at yearend 1992
Investigations initiated in 1992:			
Pencil slats, Indonesia	301-90	P&M Cedar Products, Inc./Hudson ICS Aug. 1992	Based on the petition alleging that various Indonesian practices concerning pencil slats were unreasonable and burdened U.S. Commerce, USTR initiated an investigation in October 1992. Based on the results of the investigation, USTR determined that there was no evidence that the alleged practices had adverse trade effects, and thereby terminated the investigation. USTR stated that it will continue to pursue improvements in international trade of wood products through multilateral negotiations with Indonesia and other countries.
Intellectual property, Taiwan	301-89	USTR May 1992	On June 5, 1992, USTR terminated the investigation after bilateral consultations produced an agreement. USTR is monitoring Taiwan's compliance with the agreement. (For a detailed description of events, see ch. 4).
Other investigations active in 1992:			
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).
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. Canada challenged the United States through a GATT panel hearing on March 17, 1992. Final affirmative determinations in CVD were issued in May 1992, and a CVD order in June 1992. (For a detailed description of events, see ch. 4).
Intellectual property, China	301-86	USTR May 1991	An agreement was reached between the United States and China on January 17, 1992, under which China agreed to make significant improvements in the protection and enforcement of intellectual property rights. (For a detailed description of events, see ch. 4).
Intellectual property, India	301-85	USTR May 1991	After USTR identified India as a "priority foreign country" pursuant to the "special 301" provisions of the Trade Act of 1974, a USTR investigation was initiated in May 1991. The United States and India negotiated in 1991 and the Indian Government agreed to modify certain regulations and practices to improve protection of intellectual property. However, in Feb. 1992 USTR determined India's practices to be burdensome and to restrict U.S. trade. Consequently, while terminating the investigation, USTR considered the possibility of trade action and instructed an interagency group to develop options on April 29, 1992. The United States, acting pursuant to section 504 of the Trade Act of 1974, suspended India's duty-free treatment for certain chemical products under the Generalized System of Preferences (GSP) due to India's inadequate intellectual property rights protection. USTR also declined to extend

See footnote at end of table.

**Table 5-1—Continued
Summary of activity on section 301 investigations during 1992**

Product/service and country	Docket No.	Petitioned/ Initiated and date ¹	Status at yearend 1992
Intellectual property, India—Continued			
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. USTR determined that trade action was inappropriate in light of rapid turnover of the Thai Government. USTR has restarted negotiations with the new Thai Government toward improving patent protection.
Third country meat directive, EC	301-83	National Pork Producers Council/American Meat Institute Nov. 1990	After the United States and EC negotiated, a bilateral agreement was reached, setting equivalency sanitary standards for U.S. meat plants in Oct. 1992. USTR is monitoring the implementation of the agreement, which establishes December 31, 1993, as the target date for full implementation. (For a detailed description of events, see ch. 4).
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. Bilateral negotiations have continued between the United States and Canada, and retaliatory duties remain in effect. (For a detailed description of events, see ch. 4).
Oilseeds, EC	301-63A	American Soybean Association	After a longstanding dispute over production subsidies on oilseeds, the United States and EC reached a settlement on November 20, 1992. USTR terminated the investigation but continues to monitor the implementation of the agreement. (For a detailed description of events, see ch. 4).
Followup on investigations settled Before 1992:			
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 followup mechanism for continued consultations and progress reports through the U.S. Embassy in Bangkok.

See footnote at end of table.

**Table 5-1—Continued
Summary of activity on section 301 investigations during 1992**

Product/service and country	Docket No.	Petitioned/ Initiated and date ¹	Status at yearend 1992
Enlargement, EC	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.
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.

Other Import Administration Laws and Programs

The United States now administers three distinct preferential 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 Preferences Act, whose first year of operation was 1992. Over 40 percent of the overall imports entering the United States in 1992 entered free of duty. Of that amount, 8.6 percent benefited from the duty-free privileges of the three programs described in this section, as shown in the following tabulation (in millions of dollars):

U.S. imports for consumption—	1991	1992
Total	483,778	523,326
MFN duty-free	167,641	193,863
GSP	13,663	16,735
CBERA	1,121	1,499
ATPA	N/A	97

This section of the report will also cover two other U.S. import programs—the series of bilateral agreements that results from the Arrangement Regarding International Trade in Textiles and the steel import program.

Generalized System of Preferences

The concept of offering preferential tariff treatment to developing countries was developed under the auspices of the United Nations Conference on Trade and Development during the 1960s. The underlying rationale was that free trade would promote economic development more effectively than foreign aid. The U.S. GSP program was originally enacted in the Trade Act of 1974 and was renewed in the Trade and Tariff Act of 1984.³⁵ It gives the President the authority, subject to various conditions and requirements, to grant duty-free treatment to some imports from developing countries.³⁶

The U.S. GSP program grants duty-free treatment to more than 140 beneficiary countries³⁷ for imports that are classified in more than 4,300 tariff categories.³⁸ As shown in table 5-2, \$16.7 billion in imports from GSP beneficiary countries actually received duty-free treatment under the GSP program in 1992, out of \$35.7 billion in eligible imports. This figure compares with \$109.7 billion in total imports from GSP beneficiaries in 1992 and \$523.3 billion in total imports from the world. Table 5-3 shows the top 10 beneficiary countries of the GSP program in 1992. Table A-30 shows the top 20 GSP products or product categories in 1992, and table A-31 shows the overall sectoral distribution of GSP benefits.

Table 5-2
U.S. imports for consumption¹ from GSP beneficiaries and the world, 1992

(Millions of dollars)

Item	All GSP beneficiaries	World
Total	109,656	523,326
GSP eligible products ²	35,709	205,701
Duty-free under GSP ³	16,735	16,735
GSP program exclusion	8,086	8,086
Other	10,888	180,880
Noneligible product imports	73,947	317,625

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 treatment under GSP. For a variety of reasons, all imports from beneficiary countries that are "eligible" for GSP do not always and necessarily actually receive duty-free GSP treatment. Such "eligible" imports may not actually receive duty-free treatment under GSP for at least 4 types of reasons: (1) the importer fails to claim GSP benefits affirmatively; (2) the imports are from a beneficiary country that has lost GSP on that product or category for exceeding the so-called competitive need limits; (3) the imports are from a beneficiary country that has lost GSP on that product because of a petition to remove that country from GSP for that product; and (4) the imports fail to meet the rules of origin or direct shipment requirement in the GSP statute.

³ These import data show total imports from all GSP beneficiary countries that actually received duty-free treatment under the GSP program.

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, 1992

(Millions of dollars)

Rank	Beneficiary	Total Imports	Imports of GSP articles	
			GSP-eligible ¹	GSP duty-free ²
1	Mexico	33,933	15,567	4,832
2	Malaysia	8,176	3,891	2,538
3	Thailand	7,485	3,025	1,862
4	Brazil	7,557	2,368	1,559
5	Philippines	4,312	1,276	1,054
6	Indonesia	4,424	1,151	643
7	India	3,752	749	637
8	Israel	3,810	1,447	492
9	Venezuela	7,533	321	304
10	Argentina	1,216	444	291
	Top 10	82,199	30,240	14,213
	Total	109,656	35,709	16,735

¹ These import data show total imports of the top 10 beneficiary countries that are eligible for duty-free treatment under GSP. For a variety of reasons, all imports from beneficiary countries that are "eligible" for GSP do not always and necessarily actually receive duty-free GSP treatment. Such "eligible" imports may not actually receive duty-free treatment under GSP for at least 4 types of reasons: (1) the importer fails to claim GSP benefits affirmatively; (2) the imports are from a beneficiary country that has lost GSP on that product or category for exceeding the so-called competitive need limits; (3) the imports are from a beneficiary country that has lost GSP on that product because of a petition to remove that country from GSP for that product; and (4) the imports fail to meet the rules of origin or direct shipment requirement in the GSP statute.

² These import data show the total imports from the top 10 GSP beneficiary countries that actually received duty-free treatment under the GSP program.

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

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

Each year, the Trade Policy Staff Committee (TPSC) conducts a review that leads to modifications in product eligibility and country eligibility. In 1992 the TPSC completed the 1991 Annual GSP Review and the Special GSP review for Central and Eastern Europe. The Special GSP Review was conducted pursuant to the President's Trade Enhancement Initiative for that region. As a result of these reviews, the President added about 100 new products to the GSP program and removed one product from the program.³⁹ The President also suspended Syria as a GSP beneficiary after determining that Syria "has not taken and is not taking steps to afford internationally recognized worker rights" as required by sections 502(b)(7) and 502(c)(7) of the Trade Act of 1974. The following countries were designated as beneficiary developing countries for purposes of the GSP program in 1992: Estonia,⁴⁰ Ethiopia,⁴¹ Latvia,⁴² Lithuania,⁴³ and each of the former republics of the Socialist Federal Republic of Yugoslavia other than Serbia and Montenegro (i.e., Bosnia-Herzegovina, Croatia, Macedonia, and Slovenia).⁴⁴

The President also removed two products from GSP on an expedited basis in 1992 under the GSP program's escape-clause procedure: (1) Malaysia lost GSP on extruded rubber thread in HTS heading 4007.00.00;⁴⁵ and (2) sulfanilic acid in HTS subheading 2921.42.28 was removed from GSP for all beneficiary countries.⁴⁶

A final noteworthy modification of product and country eligibility in 1992 was when the President partially suspended India's GSP benefits after taking into account the adequacy and effectiveness of India's protection of intellectual property rights, as required by section 502(c)(5) of the GSP statute.⁴⁷ This action followed a determination by the USTR, under the "Special 301" provisions of the 1974 Trade Act of 1974, that India's denial of adequate and effective patent protection was unreasonable and burdens or restricts U.S. commerce.

Lastly, the GSP program is scheduled to expire on July 4, 1993.⁴⁸ The TPSC has initiated its

consideration of the renewal of the GSP program by holding hearings and inviting public comment.

Caribbean Basin Economic Recovery Act⁴⁹

The CBERA provides duty-free and reduced-duty entry into the United States for eligible products from designated Caribbean Basin countries. The CBERA became operative on January 1, 1984 (Public Law 98-67, title II, as amended) and has no statutory expiration date.

There were 24 designated eligible beneficiaries ("CBERA countries") during calendar year 1992: Antigua and Barbuda, Aruba, the Bahamas, Barbados, Belize, the British Virgin Islands, Costa Rica, Dominica, the Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Montserrat, the Netherlands Antilles, Nicaragua, Panama, St. Kitts-Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. No countries have been added to the list of CBERA beneficiaries since 1990.⁵⁰

Most imports under the CBERA are admitted into the United States duty-free. In 1992 duties on handbags, luggage, flat goods (such as wallets, change purses, and eyeglass cases), work gloves, and leather wearing apparel began to be reduced under the program by 20 percent per year for 5 years.⁵¹ Specifically excluded from benefits under the CBERA are most textiles and apparel, canned tuna, petroleum and petroleum products, certain footwear, certain watches and watch parts, and sugar from "Communist" countries.⁵²

In addition to receiving CBERA benefits, the countries of Costa Rica, Dominican Republic, Guatemala, Haiti, Jamaica, and Trinidad and Tobago also benefited from the special Guaranteed Access Levels (GAL) program during 1992. The GAL program was established in 1986 to improve access for Caribbean Basin 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 CBERA countries that have signed GAL agreements. 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 9802.00.80.⁵³ 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.

In 1992 total U.S. imports from CBERA countries were \$9.4 billion, or 1.8 percent of all U.S. imports. Approximately 65 percent of U.S. imports from CBERA countries in 1992, valued at \$6.1 billion, entered duty-free under various U.S. programs or provisions (table 5-4). In contrast, only 48 percent of U.S. imports from CBERA countries, valued at \$4.1 billion, entered duty-free in 1984.

A record high of over 16 percent of imports from beneficiaries, valued at \$1.5 billion, entered duty-free under the CBERA during 1992 (table 5-4). The leading CBERA duty-free imports in 1992 were cane sugar (\$193.6 million), footwear uppers (\$132.1 million), aromatic drugs (\$78.6 million), and frozen beef (\$68.6 million). (See table A-32.)

Handbags, luggage, flat goods, work gloves, and leather wearing apparel that entered under the CBERA's reduced-duty provision accounted for less than 1 percent of imports, or about \$29 million.

Imports of textile and apparel articles subject to GAL agreements increased significantly during 1992. Dutiable GAL imports (the Caribbean Basin value added) increased from \$146 million in 1991 to over \$226 million in 1992, and duty-free GAL imports (the U.S.-origin component) increased from \$411 million to \$618 million during the same period. Imports from both designated CBERA beneficiaries and other Caribbean Basin countries are shown in table A-33.

Andean Trade Preference Act

In December 1991 the ATPA was established⁵⁴ for the South American Andean countries of Bolivia, Colombia, Ecuador, and Peru.⁵⁵ The ATPA, a modified version of the CBERA, was the trade component of President Bush's program to expand economic opportunities for, and to provide viable alternatives to, the Andean countries as they try to curtail the growth and production of illegal drugs.⁵⁶

Colombia and Bolivia were designated as beneficiaries by the President on July 2, 1992 (retroactive to January 1, 1992).⁵⁷ Ecuador⁵⁸ and Peru were not so designated during 1992.⁵⁹ U.S. imports under the ATPA from Bolivia and Colombia totaled \$97 million in 1992. Chrysanthemums, standard carnations, anthuriums, and orchids were the largest import (\$46 million), followed by fresh cut roses (\$21 million), and cellular plastics of polymers of vinyl chloride (\$7 million). (See table A-34.)

Approximately 50 percent of U.S. imports from the Andean countries of Colombia and Bolivia in 1992, valued at \$1.5 billion, entered duty-free under various U.S. programs. Items entering duty-free under the ATPA program accounted for 6 percent (\$97 million) of the total duty-free entry of imports. In comparison, 66 percent (\$1 billion) of these imports entered duty-free under most-favored nation (MFN) status, and 15 percent (\$237 million) entered duty-free under GSP. (See table 5-5.)

Arrangement Regarding International Trade in Textiles

The Arrangement Regarding International Trade in Textiles, known as the Multifiber Arrangement, has governed world trade in textiles and apparel since

1974. In general the GATT-sanctioned MFA is designed to prevent market disruption in the importing developed countries while allowing the exporting developing countries to increase their share of world trade in these products. Under the MFA developed countries negotiate bilateral agreements with exporting developing countries for the purpose of setting quantitative limits (quotas) on particular products or groups of products. In the absence of an agreement, developed countries are able to impose unilateral quotas for up to 2 years to prevent market disruption. The quotas are a departure from the GATT as they are applied on a country-specific basis in contradiction to the nondiscrimination principle that all GATT member countries be treated equally when quotas or other trade restrictions are applied.

In December 1992 the GATT announced an extension of the MFA, for a fifth time, for 1

Table 5-4
U.S. Imports for consumption from countries designated under CBERA, by duty treatments, 1990-92

(1,000 dollars, customs value)

Item	1990	1991	1992
Total imports	7,525,208	8,229,366	9,425,609
Dutiable value ¹	2,573,813	2,869,880	3,269,148
HTS 9802.00.60 and 9802.00.80 ²	520,107	691,052	863,225
HTS 9802.00.80.10	112,770	146,307	226,200
HTS 9802.00.80.50	406,235	544,695	637,023
Other dutiable	2,053,706	2,178,828	2,405,923
Duty-free value ⁴	4,951,395	5,359,486	6,156,467
MFN ⁵	1,968,007	1,912,824	2,097,079
CBERA ⁶	1,020,717	1,120,697	1,498,556
HTS 9802.00.60 and 9802.00.80 ⁷	1,153,325	1,418,075	1,777,260
HTS 9802.00.80.10	318,106	410,905	618,245
HTS 9802.00.80.50	815,542	1,007,115	1,158,839
GSP ⁸	472,303	410,439	340,666
Other duty-free ⁹	337,042	497,451	442,904
CBERA reduced duty ³	0	0	29,418

¹ Reduced by the duty-free value of imports entering under HTS subheadings 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 Caribbean Basin-origin value added.

³ Imports of handbags, luggage, flat goods, work gloves, and leather wearing apparel subject to 20-percent duty reductions under the CBERA between 1992 and 1996.

⁴ Calculated as total imports less dutiable value.

⁵ Value of imports that have a col. 1-general duty rate of zero.

⁶ Reduced by the value of MFN duty-free imports and ineligible items that were misreported as entering under the CBERA program and the value of reduced-duty items (handbags, luggage, flat goods, work gloves, and leather wearing apparel) reported separately above as dutiable.

⁷ Value of nondutiable exported and returned U.S.-origin products or components.

⁸ Reduced by the value of MFN duty-free imports and ineligible items that were misreported as entering under the GSP program.

⁹ Calculated as a remainder and represents imports entering free of duty under special rate provisions.

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 5-5

U.S. Imports for consumption from countries designated under the Andean Trade Preference Act, by duty treatments, 1992

(1,000 dollars, customs value)

Item	Imports
Total imports	3,049,595
Dutiable value ¹	1,508,821
HTS 9802.00.60 and 9802.00.80	96,454
HTS 9802.00.80.10	0
HTS 9802.00.80.50	96,454
Other	1,412,367
Duty-free value ²	1,540,774
ANDEAN ³	97,117
MFN ³	1,011,633
GSP ⁴	236,657
HTS 9802.00.60 and 9802.00.80	122,048
HTS 9802.00.80.10	0
HTS 9802.00.80.50	122,048
Other duty free ⁵	73,319

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 ATPA 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 zero.

⁴ Values for ANDEAN 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.

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

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

additional year through 1993. This extension, like the preceding one that went into effect in August 1991, was intended to bridge the expiration of the MFA with the anticipated implementation of a Uruguay Round agreement on textiles and apparel. A draft Uruguay Round agreement released in December 1991 calls for a phaseout of the MFA over 10 years and a return of textile and apparel trade to normal GATT rules.⁶⁰

Bilateral agreements negotiated by the United States under the MFA govern most U.S. imports of textiles and apparel. In 1992 the United States had bilateral agreements or quotas in place with more than 40 countries,⁶¹ as shown in table 5-6. These countries supplied almost 80 percent of the import volume that year.

The United States in 1992 renegotiated or extended expiring pacts with Mexico and several Caribbean Basin suppliers—Costa Rica, the Dominican Republic, El Salvador, Guatemala, and Jamaica; secondary Asian suppliers—Malaysia,

Pakistan, and Sri Lanka; and smaller sources—Mauritius and Uruguay.

New agreements were signed with Colombia and Bulgaria and, for the first time, with newly emerging suppliers—Bahrain and Lesotho. The United States also recently imposed unilateral restraints on several types of garments from Laos, Lebanon, Oman, and Qatar. The agreements with Argentina, the Commonwealth of Independent States (the former U.S.S.R.), Fiji, Guam, Myanmar (Burma), Nigeria, and the former Yugoslavia were allowed to expire during 1992.

U.S. imports of MFA products resumed double-digit growth in 1992, rising by 14 percent over the 1991 level, to a record 14.5 billion square meter equivalents (SMEs) valued at \$34 billion. The growth in these imports, which averaged about 11 percent annually in the 1980s, had slowed to less than 1 percent in 1990 and to just under 5 percent in 1991. Almost 80 percent of the total value of the MFA imports in 1992 consisted of apparel, imports of which advanced by 15 percent in quantity and by 18

Table 5-6
Countries with U.S. textile and apparel agreements or quotas in 1992: U.S. general imports under the
Multifiber Arrangement, 1992, and expiration dates of bilateral agreements or quotas as of
Mar. 2, 1993

Country	MFA signatory ¹	Value of imports	Expiration date
	(Y or N)	Million dollars	
Argentina ²	Y	9.9	Mar. 31, 1992
Bahrain	N	28.7	Dec. 31, 1995
Bangladesh	Y	725.7	Jan. 31, 1995
Brazil	Y	321.4	Mar. 31, 1994
Bulgaria	N	17.0	Dec. 31, 1995
China	Y	4,584.0	Dec. 31, 1993
Colombia	Y	325.6	Dec. 31, 1993
Commonwealth of Independent States ³	N	8.8	Dec. 31, 1992
Costa Rica	Y	595.6	Dec. 31, 1992
Czech Republic and Slovakia	Y	44.1	May 31, 1993
Dominican Republic ⁴	Y	1,255.8	Dec. 31, 1993
Egypt	Y	154.3	Dec. 31, 1993
El Salvador	Y	182.7	Dec. 31, 1993
Fiji ²	Y	37.1	Dec. 31, 1992
Guam ⁵	N	(⁶)	July 31, 1992
Guatemala	Y	474.1	(⁷)
Haiti	N	65.1	Dec. 31, 1993
Hong Kong	Y	4,319.2	Dec. 31, 1995
Hungary	Y	67.3	Dec. 31, 1993
India	Y	1,116.6	Dec. 31, 1993
Indonesia	Y	935.6	June 30, 1994
Jamaica	Y	295.9	Dec. 31, 1993
Korea	Y	2,426.7	Dec. 31, 1993
Laos ⁸	N	5.4	Oct. 29, 1993
Lebanon ⁸	N	5.1	Oct. 29, 1993
Lesotho	Y	51.7	Nov. 30, 1994
Macau	Y	515.3	Dec. 31, 1993
Malaysia	Y	671.0	Dec. 31, 1994
Mauritius	N	115.0	Sept. 9, 1993
Mexico	Y	1,117.0	Dec. 31, 1993
Myanmar (Burma) ²	N	27.3	Sept. 30, 1992
Nepal	N	68.1	Dec. 31, 1993
Nigeria ²	N	1.7	Dec. 31, 1992
Oman ⁸	N	83.5	(⁹)
Pakistan	Y	632.7	Dec. 31, 1993
Panama	Y	51.3	Mar. 31, 1994
Philippines	Y	1,240.6	Dec. 31, 1993
Poland	Y	72.6	Dec. 31, 1993
Qatar ⁸	N	60.4	(⁹)
Romania	Y	13.1	Dec. 31, 1993
Singapore	Y	651.2	Dec. 31, 1995
Sri Lanka	Y	656.1	June 30, 1994
Taiwan	N	3,034.1	Dec. 31, 1995
Thailand	Y	989.7	Dec. 31, 1993
Turkey	Y	419.1	Dec. 31, 1993
United Arab Emirates	N	158.9	Dec. 31, 1993
Uruguay	Y	48.1	June 30, 1993
Former Yugoslavia ²	N	66.8	Dec. 31, 1992

¹ "Y" indicates this country is a signatory to the MFA Protocol that went into effect on Aug. 1, 1991.

² The agreement with this country was allowed to expire without being renewed.

³ The agreement with the former Soviet Union, which expired in 1992, was applied cumulatively to the 12 successor states during 1992 (57 F.R. 33494). No agreements currently exist with the 12 successor states: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. In addition, no agreements currently exist with the Baltic nations: Estonia, Latvia, and Lithuania.

⁴ Subsequent to the original agreement, a quota was negotiated on an additional MFA category through a self-implementing Memorandum of Understanding (MOU), which is scheduled to expire Dec. 31, 1994.

Table 5-6

Countries with U.S. textile and apparel agreements or quotas in 1992: U.S. general imports under the Multifiber Arrangement, 1992, and expiration dates of bilateral agreements or quotas as of Mar. 2, 1993—Footnotes Continued

⁵ The agreement with Guam, a U.S. territory, was a "quota exception" for sweaters classified as products of foreign countries but assembled in this insular area. Quota-free entry was allowed for a specified number of sweaters. Imports in excess of the specified amounts were charged to quotas established for the country of origin, usually the country where the sweater parts were knitted.

⁶ Not applicable.

⁷ Quotas were established on certain product categories under 3 separate self-implementing MOUs, two of which expire Dec. 31, 1994 and one of which expires Dec. 31, 1993.

⁸ The restraints established with this country were imposed unilaterally.

⁹ Unilateral restraints on several product categories were imposed on this country. These restraints are scheduled to expire at different times during 1993.

Source: Trade data compiled from official statistics of the U.S. Department of Commerce. Other information from the Office of the United States Trade Representative, Office of the Chief Textile Negotiator; and U.S. Department of Commerce, International Trade Administration, Office of Textiles and Apparel.

percent in value that year, to 7.1 billion SMEs (\$27 billion). U.S. imports of textiles⁶² rose by 12 percent in quantity and by 15 percent in value, to 7.4 billion SMEs (\$7 billion).

The traditional "Big Three" suppliers—Hong Kong, Korea, and Taiwan—continued to lose U.S. market share in 1992. Their shipments to the U.S. market fell for the 3rd consecutive year, by about 2 percent, to 3.1 billion SMEs (\$10 billion) in 1992. As a result, the Big Three's share of the U.S. import market declined to 22 percent in 1992, as shown in figure 5-1, from 25 percent in 1991 and from 30 percent as recently as 1987. Faced with rising production costs at home and limited quota growth in the U.S. market (roughly 1 percent annually), the Big Three have been exporting higher value-added products to the United States and moving production of inexpensive goods to lower cost countries such as China, Indonesia, and Thailand.

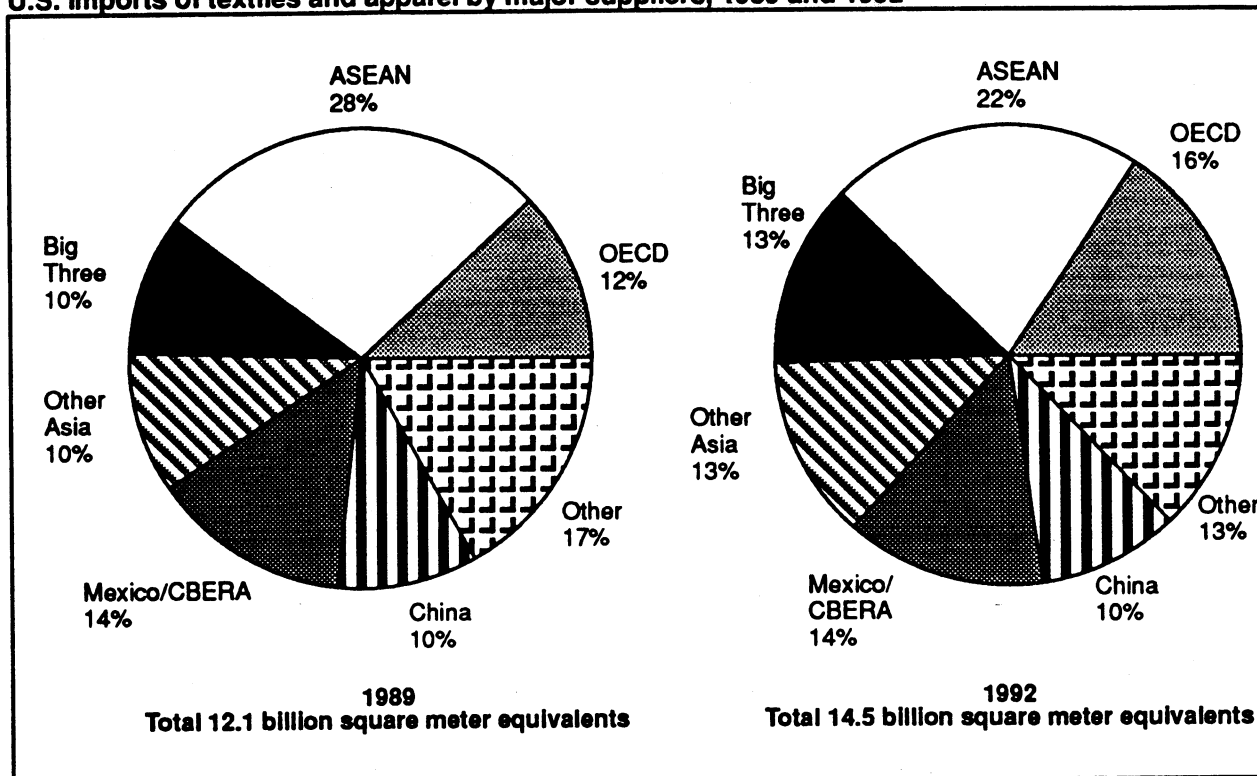
Imports from China rose by 14 percent, or by almost 244 million SMEs, to almost 2 billion SMEs (\$4.6 billion). China remained the largest supplier of textiles and apparel to the U.S. market in 1992, although its share of total imports was unchanged from the 1991 level of 13.5 percent. Imports from Thailand in 1992 accelerated by 51 percent, or by 209 million SMEs, to almost 620 million SMEs (\$990 million), making it the sixth-largest supplier. Contributing to this increase from Thailand was a new bilateral agreement signed in 1991 that provided greater certainty to U.S. importers on the level of imports that would be allowed into the United States. Increases of about 100 million SMEs were recorded in U.S. imports from Bangladesh, the Dominican Republic, Pakistan, India, Canada, Indonesia, and Brazil in 1992.

Regionally the member countries of the Association of Southeast Asian Nations (ASEAN), Thailand, Singapore, Malaysia, Indonesia, Philippines, and Brunei, along with Mexico and beneficiaries of the Caribbean Basin Economic Recovery Act (CBERA), generated a significant amount of the growth in U.S. textile and apparel imports in 1992.⁶³ Largely as a result of shifting trade from the Big Three to lower cost producers, U.S. imports from ASEAN members (in addition to Thailand, also Brunei, Indonesia, Malaysia, the Philippines, and Singapore) rose by 378 million SMEs. U.S. imports from Mexico and the Caribbean Basin Initiative (CBI) countries, led by the Dominican Republic, Costa Rica, Guatemala, Jamaica, and Honduras, rose by 261 million SMEs. Most of the imports from Mexico and the CBI countries consisted of apparel assembled from U.S. components, which are assessed duties only on the value added offshore and which benefit from preferential quota and duty access to the U.S. market.

Steel Import Program

In 1984, following an investigation under section 201 of the Trade Act of 1974, the U.S. International Trade Commission found that increased imports of certain steel products were a substantial cause of serious injury, or threat of serious injury, to the domestic steel industry. The Commission recommended a 5-year program of import quotas and tariffs on certain steel mill products. On September 18 of that year, however, the President determined that the Commission's recommended import relief for the steel industry was not in the national economic interest.⁶⁴ Instead, the President outlined a program specially designed to help the domestic

Figure 5-1
U.S. imports of textiles and apparel by major suppliers, 1989 and 1992



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.

steel industry to compete with imports.⁶⁵ The President directed the Office of the United States Trade Representative (USTR) to negotiate “surge control arrangements or understandings” with countries whose steel shipments to the United States had increased significantly.⁶⁶ These understandings took the form of voluntary restraint agreements (VRAs) on the exports of steel from these countries. In exchange, the domestic industry was required to invest substantially all net cash-flow from steel operations into modernization of steel works and to spend at least 1 percent of net cash-flow on worker training and retraining.

On July 25, 1989, the President announced a Steel Trade Liberalization Program, under which the VRAs were extended for 2-1/2 years, until March 31, 1992.⁶⁷ Under this program the President also

directed USTR to negotiate bilateral consensus agreements (BCAs) with VRA countries. The BCAs included commitments by countries to prohibit most subsidies for steel production and to work to keep markets open for steel through the reduction of tariff and nontariff measures. The BCAs were envisioned as providing a framework for a Multilateral Steel Agreement (MSA) with similar goals.⁶⁸ USTR was charged with leading an effort to develop the MSA.

On March 31, 1992, the VRAs terminated. Also on March 31, 1992, negotiations on the MSA were suspended without agreement, although bilateral and multilateral discussions resumed near the end of the year. The proposed MSA calls for the elimination of steel tariffs, the elimination of most subsidies and other nontariff measures, and establishment of an effective dispute-settlement mechanism.

ENDNOTES

- ¹ 19 U.S.C. 2251 and following.
- ² U.S. International Trade Commission, *Extruded Rubber Thread* (investigation No. TA-201-63), USITC publication 2563, Oct. 1992; 58 F.R. 4717.
- ³ 58 F.R. 6317.
- ⁴ 19 U.S.C. 2436.
- ⁵ See 57 F.R. 26876, instituting investigation No. TA-406-12.
- ⁶ 57 F.R. 30232.
- ⁷ Pub. L. 102-318, sec. 106.
- ⁸ Trade Act of 1974, title II, Trade Adjustment Assistance Program, secs. 251-264.
- ⁹ Derived from official statistics of the U.S. Department of Labor, Employment and Training Administration, Office of Trade Adjustment Assistance, Management Information System.
- ¹⁰ Preliminary figures provided by the U.S. Department of Labor, Office of Trade Adjustment Assistance.
- ¹¹ See discussion of section 303 of the Tariff Act of 1930, below.
- ¹² 19 U.S.C. 1673 and following.
- ¹³ 19 U.S.C. 1677b.
- ¹⁴ 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.
- ¹⁵ An antidumping investigation may be suspended through an agreement prior to 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 reinstated if LTFV sales recur. 19 U.S.C. 1673c.
- ¹⁶ When a petition alleges dumping (or subsidies) with respect to more than one product or by more than one country, separate investigations generally are instituted for imports of each product from each country. 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. The numbers set forth in this table do not include determinations made following court-ordered remands made based on petitions filed in previous years.
- ¹⁷ These figures include petitions withdrawn voluntarily by petitioners.
- ¹⁸ 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. 19 U.S.C. 1303(a)(1), 1677(5), and 1677-1(a).
- ¹⁹ Officially referred to as the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade.
- ²⁰ 19 U.S.C. 1671.
- ²¹ 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).
- ²² The figures set forth in this section do not include court-remanded cases on which new votes were taken or investigations terminated prior to a determination being reached.
- ²³ A countervailing-duty investigation may be suspended through an agreement prior to 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 reinstated if subsidization recurs. 19 U.S.C. 1671c.
- ²⁴ The number of investigations instituted and determinations made generally exceeds the number of petitions filed. The number of petitions filed does not include three investigations self-initiated by Commerce in 1992. The above numbers do not include determinations made following court-ordered remands.
- ²⁵ "Steel Wire Nails From Thailand: Final Results of Countervailing Duty Administrative Review and Rescission of Countervailing Duty Order, in Part," 57 F.R. 11065.
- ²⁶ "Dicholoro Isocyanurates From Japan: Remanded Final Results of Review and Revocation

of Antidumping Duty Order," 57 F.R. 55223; "Red Raspberries From Canada: Final Results of the Antidumping Duty Administrative Review, and Revocation in Part of the Antidumping Duty Order," 57 F.R. 49686; "Tubeless Steel Disc Wheels From Brazil: Revocation of Antidumping Duty Order," 57 F.R. 28829; "Industrial Phosphoric Acid From Israel: Final Results of Antidumping Duty Administrative Review and Revocation in Part of the Antidumping Duty Order," 57 F.R. 10008; "Elemental Sulphur From Canada: Final Results of Antidumping Duty Administrative Review and Revocation in Part of Antidumping Duty Order," 57 F.R. 1452; "Titanium Sponges From Japan: Final Results of Antidumping Duty Administrative Review and Revocation in Part," 57 F.R. 557.

²⁷ Significant portions of this section were taken from two reports published by USTR and one published by the USITC: USTR, *Report to Congress on Section 301 Developments Required by Section 309(a)(3) of the Trade Act of 1974*, Jan.-June 1992; USTR, *Report to Congress on Section 301* [draft], July-Dec. 1992; USITC, *The Year in Trade: Operation of the Trade Agreements Program, 43d Report, 1991*, USITC publication 2554, Aug. 1992.

²⁸ 19 U.S.C. 2411, and following.

²⁹ Prior to the enactment of the Omnibus Trade and Competitiveness Act of 1988, authority to act under section 301 resided with the President, whereas USTR was effectively responsible for administration of the investigations. The new trade law placed section 301 authority directly in the hands of USTR. 19 U.S.C. 2411.

³⁰ Within this context, "commerce" includes services associated with international trade, whether or not such services are related to specific goods, and foreign direct investment by U.S. persons with implications for international trade in goods or services. 19 U.S.C. 2411(d).

³¹ The statute provides a number of procedures and time limits for action by USTR. USTR has 45 days from receipt of a petition to determine whether or not to initiate an investigation. 19 U.S.C. 2412. In all investigations consultations are requested with the foreign country or instrumentality involved. 19 U.S.C. 2412. If an investigation involves issues arising under a trade agreement, the United States employs the dispute-settlement provisions of the agreement. 19 U.S.C. 2413(a). The period for a determination by USTR concerning the practice in question and any action to be taken varies according to the type of practice alleged. 19 U.S.C. 2414(a).

³² USTR, *Report to Congress on Section 301*, Jan.-June 1992 and USTR, *Report to Congress on Section 301*, July-Dec. 1992.

³³ Examples of "other" unfair acts are common law trademark or copyright infringement, false advertising, false designation of origin, and trade

secret misappropriation. Unfair practices that involve the importation of dumped or subsidized merchandise must be pursued under antidumping and CVD provisions and not under section 337.

³⁴ 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.

³⁵ Trade Act of 1974, title V (Pub. L. 93-618, 88 Stat. 2066 and following); and Trade and Tariff Act of 1984, title V (Pub. 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 U.S. House, 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: GPO, 1990).

³⁶ Because the GSP program offers developing countries market access that is better than most-favored-nation (MFN) treatment, the Contracting Parties to the General Agreement on Tariffs and Trade (GATT) had to agree to a waiver of the MFN obligation. See GATT Decision of June 25, 1971 (L/3545), *Basic Instruments and Selected Documents (BISD)*, Eighteenth Supplement, page 24, and GATT Decision of November 28, 1979 (L/4903), *BISD*, Twenty-sixth Supplement, page 203.

³⁷ The countries designated as "beneficiary developing countries" for purposes of the GSP program are set forth in general note 3(c)(ii)(A) of the Harmonized Tariff Schedule of the United States (HTS).

³⁸ The HTS subheadings that have the letter "A" or "A*" in the special subcolumn of column 1 are designated "eligible articles" for purposes of the GSP program. The "A" indicates that all beneficiary countries are eligible for duty-free treatment on all imports classified in that subheading. The "A*" indicates that all imports in that subheading are eligible for duty-free treatment, but that one or more beneficiary countries are not eligible for duty-free treatment on those imports. General note 3(c)(ii)(D) of the HTS sets forth the beneficiary countries that are not eligible for duty-free treatment under particular subheadings.

³⁹ President, "Proclamation 6446—To Modify Duty-Free Treatment Under the Generalized System of Preferences," 57 F.R. 26969, and President, "Proclamation 6447—To Modify Duty-Free Treatment Under the Generalized System of Preferences and for Other Purposes," 57 F.R. 26981.

⁴⁰ President, "Proclamation 6402—To Amend the Generalized System of Preferences," 57 F.R. 4833.

⁴¹ President, "Proclamation 6517—To Amend the Generalized System of Preferences," 57 F.R. 61757.

⁴² Presidential Proclamation 6402.

⁴³ Ibid.

⁴⁴ President, "Proclamation 6465—To Amend the Generalized System of Preferences," 57 F.R. 39095.

⁴⁵ President, "Proclamation 6411—To Amend the Generalized System of Preferences," 57 F.R. 9041.

⁴⁶ Presidential Proclamation 6517.

⁴⁷ President, "Proclamation 6425—Amending the Generalized System of Preferences," 57 F.R. 19067.

⁴⁸ 57 F.R. 9340.

⁴⁹ For a more detailed description of the CBERA, see USITC, *Annual Report on the Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers: Seventh Report, 1991*, USITC publication 2553, Sept. 1992.

⁵⁰ Anguilla, Cayman Islands, Suriname, and Turks and Caicos Islands are potentially eligible for CBERA benefits, but they have neither requested designation nor have been so designated by the United States.

⁵¹ CBERA, sec. 213(h)(1), as amended.

⁵² CBERA, sec. 213(b) and sec. 231, as amended. Restrictions on textiles and apparel apply to articles subject to the Multifiber Arrangement. Restrictions on footwear apply to articles not eligible for GSP duty-free entry as of August 5, 1983, but do not apply to disposable items and footwear parts such as uppers.

⁵³ HTS subheadings 9802.00.60 (imported products containing certain metal of U.S. origin processed abroad and returned for further processing) and 9802.00.80 (imported assembled products containing U.S. components) provide for reduced duties for certain U.S. products processed or assembled outside of the United States and subsequently returned.

⁵⁴ The U.S. Congress approved the ATPA on November 27, 1991 (H.R. 1724, originally H.R. 661) and legislation to enact the ATPA was signed by President Bush on December 4, 1991 (Public Law 102-82). In February 1992 the United States requested—and ultimately obtained—a waiver from article I of the GATT (which requires that MFN tariffs be applied to all GATT members) to provide ATPA tariff preferences. U.S. Department of State, "GATT

Waiver for ATPA: Request for Assistance," telegram, message reference No. 004246, prepared by U.S. Department of State, Washington, DC, Jan. 7, 1992, and U.S. Department of State, "Agenda for February Meeting of GATT Council," telegram, message reference No. 01176, prepared by U.S. Embassy, Geneva, Feb. 11, 1992.

⁵⁵ Venezuela, although technically an "Andean" country, was ineligible to be a beneficiary of the ATPA because (1) its per capita GDP is significantly higher than that of the other Andean countries, (2) petroleum (excluded from duty-free entry under the ATPA) is Venezuela's leading export, and (3) the United States is concerned that Venezuelan industrial exports under the ATPA would compete with sensitive sectors of the U.S. economy. U.S. Department of State, "GATT Waiver for ATPA: Responses to Questions," telegram, message reference No. 023987, prepared by U.S. Department of State, Washington, DC, Jan. 25, 1992.

⁵⁶ Ambassador Carla A. Hills, "Statement Before the Subcommittee on Trade, Committee on Ways and Means," U.S. House of Representatives, July 25, 1991.

⁵⁷ "Proclamation 6445—To Implement the Andean Trade Preference Act and to Designate Colombia as a Beneficiary Country and Other Purposes," and "Proclamation 6456—To Designate Bolivia as a Beneficiary Country for Purposes of the Andean Trade Preference Act," *Weekly Compilation of Presidential Documents*, July 6, 1992, pp. 1198-1199.

⁵⁸ Ecuador was designated as a beneficiary country under the ATPA on April 13, 1993. "Proclamation 6554—To Modify 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*, Apr. 19, 1993, pp. 583-586.

⁵⁹ For more information on the ATPA designation criteria see U.S. Department of Commerce, International Trade Administration, *Guidebook to the Andean Trade Preference Act (ATPA)*, July 1992, p. 44.

⁶⁰ See chapter 2 for further discussion of the Dunkel text.

⁶¹ Agreements with non-MFA countries are negotiated under section 204 of the Agricultural Act of 1956 (7 U.S.C. 1854) and generally are similar to those with MFA signatories.

⁶² Primarily includes yarns, fabrics, carpets, and home furnishings.

⁶³ For a discussion of the CBERA, see ch. 5, above.

⁶⁴ President, memorandum to USTR, Sept. 18, 1984, 49 F.R. 36813. For additional details on the steel import program, see USITC, *OTAP, 36th Report, 1984*, USITC publication 1725, p. 16.

⁶⁵ On July 19, 1983, the President had announced his decision to grant import relief to the

specialty steel industry for a period of 4 years (53 F.R. 52897). The relief program was scheduled to expire on July 19, 1987. Under the relief program, quotas were placed on imports of stainless steel bars, stainless steel wire rod, and certain alloy tool steel products and increased duties were imposed on stainless steel plates and stainless steel sheets and strips. On July 16, 1987, the President extended the import relief program in the form then in effect for a period from July 20, 1987, through September 30, 1989. Since the import relief program was not extended after its expiration on September 30, 1989, product coverage of the VRAs was broadened to include specialty steel products that were previously subject to import relief. Countries that signed the VRAs agreed to limit their exports of stainless steel plates, sheets and strips to their market-share level. All but one of these countries were exempted from having to pay additional duties; Finland was not

exempt, because its VRA did not include stainless steel flat-rolled products. Permitted shipment levels for these products were unaffected by the VRAs for all countries except the EC-10, which negotiated limits on rods, bars, and alloy tool steel as part of their VRA, and Austria, which included alloy tool steel in its VRA.

⁶⁶ President, memorandum to USTR, Sept. 18, 1984, 49 F.R. 36813.

⁶⁷ *Ibid.* USITC, *Quarterly Report on the Status of the Steel Industry*, USITC publication 2486, Mar. 1992, p. xv.

⁶⁸ For more detailed discussion of the VRA program extension, see USITC, *OTAP, 42d Report, 1990*, USITC publication 2403, pp. 180-183, and USITC *The Year in Trade: OTAP, 1991*, USITC publication 2554, p. 68.

APPENDIX STATISTICAL TABLES

Table A-1
U.S. merchandise trade with Canada, by SITC Nos. (revision 3), 1990-92
(1,000 dollars)

SITC section No.	Description	1990	1991	1992
<i>U.S. exports</i>				
0	Food and live animals	3,764,648	4,204,056	4,512,079
1	Beverages and tobacco	125,874	140,741	143,439
2	Crude materials, inedible, except fuels	2,923,638	2,747,873	2,849,700
3	Mineral fuels, lubricants and related materials	2,154,800	1,240,336	1,359,462
4	Animal and vegetable oils, fats and waxes	57,414	63,507	72,684
5	Chemicals and related products, n.e.s.	6,650,274	6,555,248	7,284,821
6	Manufactured goods classified chiefly by material	9,822,800	10,266,449	10,845,220
7	Machinery and transport equipment	42,746,260	42,289,120	44,272,250
8	Miscellaneous manufactured articles	7,508,083	8,122,351	8,960,464
9	Commodities & transact not class elsewhere in SITC	3,064,167	3,082,109	2,917,410
	Total all commodities	78,217,958	78,711,789	83,217,528
<i>U.S. imports</i>				
0	Food and live animals	3,755,819	3,934,951	4,508,403
1	Beverages and tobacco	654,845	692,695	827,120
2	Crude materials, inedible, except fuels	7,335,834	6,253,552	7,044,778
3	Mineral fuels, lubricants and related materials	9,810,313	10,240,523	10,562,904
4	Animal and vegetable oils, fats and waxes	92,340	132,576	174,257
5	Chemicals and related products, n.e.s.	4,282,363	4,348,228	4,942,655
6	Manufactured goods classified chiefly by material	15,774,898	15,316,044	16,261,686
7	Machinery and transport equipment	40,753,015	40,548,726	43,246,884
8	Miscellaneous manufactured articles	3,588,667	3,635,340	4,381,359
9	Commodities & transact not class elsewhere in SITC	5,150,214	5,821,188	6,292,454
	Total all commodities	91,198,308	90,923,823	98,242,500

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

Table A-2
Leading exports to Canada, by HTS number, 1990-92

(1,000 dollars)

HTS no.	Description	1990	1991	1992
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	\$3,077,938	\$3,743,020	\$3,573,762
8708.99	Parts and accessories, nesl, of the motor-vehicles of headings 870 to 8705	13,111,597	2,544,825	2,755,623
8708.29	Parts and accessories nesl of bodies (including cabs) of the motor vehicles of headings 8701 to 8705	2,515,650	2,457,468	2,648,542
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	2,815,797	2,521,153	2,434,199
9880.00	Estimated low-value shipments	2,097,667	2,198,576	1,934,931
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	1,241,585	1,510,785	1,630,287
8542.11	Digital monolithic electronic integrated circuits	1,088,650	1,065,852	1,286,489
8708.40	Gear boxes of the motor-vehicles of headings 8701 to 8705	1,129,982	1,080,444	1,266,965
8473.30	Parts and accessories of the machines of heading 8471	980,142	1,127,021	1,141,065
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, G.V.W. not exceeding 5 m tons or two storage units which may contain in the same housing one or two storage units, input units or output units	1,163,846	1,613,271	1,098,881
8471.91	Printed books, brochures, leaflets and similar printed matter, other than in single sheets	896,093	920,549	1,024,304
4901.99	Airplanes and other aircraft, of an unladen weight exceeding 15000 kg	630,237	634,661	695,182
8802.40	Printed circuits	372,002	527,064	689,733
8534.00	Parts suitable for use solely or principally with spark-ignition internal combustion piston engines (including rotary engines)	1,303,045	790,942	602,381
8409.91	Brakes and servo-brakes and parts thereof of the motor vehicles of headings 8701 to 8705	612,831	551,176	569,823
8708.39	Newspapers, journals and periodicals except those appearing at least four times a week	427,989	450,219	552,356
4902.90	Recorded media for sound or other similarly recorded phenomena	549,561	560,459	549,633
8524.90	Rectangular plates, sheets and strip, of a thickness exceeding 0.2 mm, of aluminum alloys	401,926	466,994	544,904
7606.12	Parts of airplanes or helicopters, nesl	562,631	489,849	533,913
8803.30	Parts of airplanes or helicopters, nesl	755,725	682,271	522,677
	Total	25,734,893	25,936,598	26,055,649
	Total, U.S. exports to Canada	78,217,958	78,711,789	83,217,528

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 imports from Canada, by HTS number, 1990-92

(1,000 dollars)

HTS no.	Description	1990	1991	1992
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	\$8,489,162	\$8,859,400	\$8,824,858
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, G.V.W. not exceeding 5 m tons	4,824,102	5,011,707	6,138,850
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	4,413,806	4,643,350	4,813,746
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	4,341,767	4,187,250	4,506,462
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported and returned	3,456,245	3,380,737	3,731,751
4801.00	Newsprint, in rolls or sheets	4,162,479	3,930,037	3,565,746
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of a thickness exceeding 6 mm	2,494,067	2,445,095	3,223,579
8708.99	Parts and accessories, nesl, of the motor-vehicles of headings 8701 to 8705	3,227,979	2,703,407	2,981,525
2711.21	Natural gas, in gaseous state	1,974,833	2,334,057	2,728,952
8542.11	Digital monolithic electronic integrated circuits	919,944	1,300,012	1,620,029
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	1,990,417	1,860,331	1,600,303
4703.21	Chemical woodpulp, soda or sulfate, other than dissolving grades, of semibleached or bleached coniferous wood	1,902,993	1,372,707	1,366,547
8473.30	Parts and accessories of the machines of heading 8471	1,179,644	1,394,515	1,364,857
7108.12	Nonmonetary gold (including gold plated with platinum) in unwrought forms (excluding powder)	409,147	1,131,237	1,140,128
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	1,222,928	857,484	920,927
0102.90	Live bovine animals other than purebred breeding animals	555,170	587,803	900,767
9999.95	Estimated low-value shipments	878,370	878,675	899,820
8803.30	Parts of airplanes or helicopters, nesl	1,033,275	1,072,013	771,399
7601.10	Unwrought aluminum, not alloyed	583,376	653,199	719,739
7601.20	Unwrought aluminum alloys	791,551	679,905	655,740
	Total	48,851,255	49,282,921	52,475,724
	Total, U.S. imports from Canada	91,198,308	90,923,823	98,242,500

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), 1990-92
(1,000 dollars)

SITC section No.	Description	1990	1991	1992
<i>U.S. exports</i>				
0	Food and live animals	1,917,947	2,085,619	2,664,676
1	Beverages and tobacco	23,440	44,384	75,449
2	Crude materials, inedible, except fuels	1,395,064	1,625,918	1,833,323
3	Mineral fuels, lubricants and related materials	826,113	865,401	1,233,034
4	Animal and vegetable oils, fats and waxes	119,493	142,289	164,120
5	Chemicals and related products, n.e.s.	2,299,225	2,624,402	3,120,866
6	Manufactured goods classified chiefly by material	3,488,357	4,419,172	5,433,071
7	Machinery and transport equipment	12,938,173	15,059,415	18,418,563
8	Miscellaneous manufactured articles	2,894,371	3,693,571	4,770,636
9	Commodities & transact not class elsewhere in SITC	1,565,413	1,719,047	1,891,161
	Total all commodities	27,467,595	32,279,218	39,604,899
<i>U.S. imports</i>				
0	Food and live animals	2,565,454	2,503,296	2,299,990
1	Beverages and tobacco	259,762	246,484	277,487
2	Crude materials, inedible, except fuels	769,406	685,441	670,306
3	Mineral fuels, lubricants and related materials	5,191,617	4,623,646	4,580,704
4	Animal and vegetable oils, fats and waxes	8,649	16,956	16,580
5	Chemicals and related products, n.e.s.	646,598	699,532	820,082
6	Manufactured goods classified chiefly by material	2,463,605	2,229,692	2,467,022
7	Machinery and transport equipment	13,235,230	14,492,027	16,985,900
8	Miscellaneous manufactured articles	3,033,724	3,559,289	4,292,654
9	Commodities & transact not class elsewhere in SITC	1,331,918	1,388,770	1,523,838
	Total all commodities	29,505,962	30,445,131	33,934,561

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

Table A-5
Leading exports to Mexico, by HTS number, 1990-92

(1,000 dollars)

HTS no.	Description	1990	1991	1992
9880.00	Estimated low-value shipments	\$1,109,569	\$1,281,008	\$1,375,287
8708.29	Parts and accessories nesi of bodies (including cabs) of the motor vehicles of headings 8701 to 8705	662,230	919,511	1,331,263
8708.99	Parts and accessories, nesi, of the motor-vehicles of headings 8701 to 8705	1,510,498	1,400,095	1,282,236
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	537,197	626,205	808,476
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	592,706	683,629	749,142
8544.30	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	344,191	409,651	656,863
1007.00	Grain sorghum	346,950	389,001	573,183
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15000 kg	222,880	283,966	559,119
1201.00	Soybeans, whether or not broken	211,375	346,051	450,254
8473.30	Parts and accessories of the machines of heading 8471	378,539	398,889	421,454
8538.90	Parts nesi, suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537	348,205	325,072	397,326
9401.90	Parts of seats (other than those of heading 9402)	180,285	353,720	392,071
8504.90	Parts of electrical transformers, static converters and inductors	300,004	317,852	370,609
9032.90	Parts and accessories of automatic regulating or controlling instruments and apparatus	191,211	298,681	367,762
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	51,840	143,861	347,892
3926.90	Articles of plastics and articles of other materials of headings 3901 to 3914, nesi	212,630	218,057	335,576
8409.91	Parts suitable for use solely or principally with spark-ignition internal combustion piston engines (including rotary engines)	198,556	194,515	266,587
8503.00	Parts for use solely or principally with machines of heading 8501 (electric motors & generators) or 8502 (electric generator sets & rotary converters)	148,013	201,112	262,533
8540.11	Cathode-ray color television picture tubes, including video monitor cathode-ray tubes	142,359	189,538	246,340
4819.10	Cartons, boxes and cases of corrugated paper or paperboard	169,594	196,316	238,346
	Total	7,858,831	9,176,730	11,432,320
	Total, U.S. exports to Mexico	27,467,595	32,279,218	39,604,899

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 imports from Mexico, by HTS number, 1990-92

(1,000 dollars)

HTS no.	Description	1990	1991	1992
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	\$4,821,484	\$4,340,803	\$4,272,347
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	2,279,610	2,656,728	2,779,088
8544.30	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	1,089,926	1,197,471	1,478,580
8528.10	Color television receivers	882,809	947,626	1,228,167
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported and returned	977,118	1,014,974	1,124,284
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	643,708	736,635	768,510
8708.21	Safety seat belts for bodies (including cabs) of the motor vehicles of headings 8701 to 8705	433,184	529,130	710,616
9401.90	Parts of seats (other than those of heading 9402)	114,516	241,343	458,018
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	364,356	409,457	452,111
8708.99	Parts and accessories, nesl, of the motor-vehicles of headings 8701 to 8705	282,731	297,320	430,500
8473.30	Parts and accessories of the machines of heading 8471	264,754	278,619	413,839
8704.21	Motor vehicles for the transport of goods, with compression-ignition internal-combustion piston engine, G.V.W. not exceeding 5 tons	0	138,338	375,378
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	307,083	328,368	364,162
0102.90	Live bovine animals other than purebred breeding animals	419,153	360,959	340,914
9999.95	Estimated low-value shipments	291,535	301,928	319,669
8536.50	Switches nesl, for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V	225,336	257,388	310,017
8501.40	Other AC motors single-phase, nesl	177,246	196,081	240,622
8544.51	Electric conductors, for a voltage exceeding 80 V but not exceeding 1,000 V, fitted with connectors	260,984	234,961	238,209
0901.11	Coffee, not roasted, not decaffeinated	285,535	289,174	223,785
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	205,565	164,534	223,058
	Total	14,326,632	14,921,838	16,751,872
	Total, U.S. imports from Mexico	29,505,962	30,445,131	33,934,561

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 Community, by SITC Nos. (revision 3), 1990-92
(1,000 dollars)

SITC section No.	Description	1990	1991	1992
<i>U.S. exports</i>				
0	Food and live animals	3,721,335	3,980,441	3,930,729
1	Beverages and tobacco	2,663,483	2,227,635	2,142,823
2	Crude materials, inedible, except fuels	6,307,491	5,795,031	6,081,290
3	Mineral fuels, lubricants and related materials	3,724,002	3,931,703	3,129,617
4	Animal and vegetable oils, fats and waxes	162,349	193,553	273,299
5	Chemicals and related products, n.e.s.	10,509,932	11,259,314	12,051,070
6	Manufactured goods classified chiefly by material	5,576,705	5,885,721	5,890,748
7	Machinery and transport equipment	44,897,866	47,882,280	46,021,812
8	Miscellaneous manufactured articles	11,489,275	12,425,687	13,313,176
9	Commodities & transact not class elsewhere in SITC	4,007,087	4,016,226	4,510,170
	Total all commodities	93,059,526	97,597,591	97,344,734
<i>U.S. imports</i>				
0	Food and live animals	2,079,649	2,094,190	2,103,250
1	Beverages and tobacco	2,483,583	2,311,302	2,708,783
2	Crude materials, inedible, except fuels	1,032,586	975,435	1,003,778
3	Mineral fuels, lubricants and related materials	4,486,507	3,115,671	3,475,755
4	Animal and vegetable oils, fats and waxes	254,828	271,770	299,492
5	Chemicals and related products, nes	9,504,611	10,095,234	11,600,370
6	Manufactured goods classified chiefly by material	13,264,779	12,218,659	12,398,982
7	Machinery and transport equipment	39,326,294	36,913,844	39,932,333
8	Miscellaneous manufactured articles	13,999,036	12,950,665	13,606,893
9	Commodities & transact not class elsewhere in SITC	4,367,075	4,151,303	4,695,932
	Total all commodities.	90,798,948	85,098,074	91,825,568

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

Table A-8
Leading exports to the European Community, by HTS number, 1990-92

(1,000 dollars)

HTS no.	Description	1990	1991	1992
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	\$7,191,458	\$8,630,185	\$6,828,782
8473.30	Parts and accessories of the machines of heading 8471	4,181,135	4,286,452	4,287,493
8803.30	Parts of airplanes or helicopters, nesl	3,219,192	3,166,927	2,862,152
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	2,284,385	2,477,535	2,167,752
9880.00	Estimated low-value shipments	2,078,694	2,209,631	2,115,722
8411.91	Parts of turbojets or turbopropellers	2,281,827	2,430,565	1,986,088
1201.00	Soybeans, whether or not broken	1,465,122	1,497,964	1,754,598
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	1,578,958	1,562,354	1,642,206
8471.92	Automatic data processing machines with or without input or output units or containing storage units in the same housing	1,113,056	1,201,281	1,395,934
8471.93	Storage units of automatic data processing machines, whether or not entered with the rest of a system	1,265,322	1,329,790	1,362,616
8411.12	Turbojets of a thrust exceeding 25 kN	298,744	953,236	1,203,554
7108.12	Nonmonetary gold (including gold plated with platinum) in unwrought forms (excluding powder)	612,754	610,619	1,198,098
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	643,491	768,410	1,093,125
2402.20	Cigarettes containing tobacco	1,754,253	1,237,823	1,083,013
8542.11	Digital monolithic electronic integrated circuits	1,115,430	1,154,467	1,026,481
9306.90	Bombs, grenades, torpedoes, mines, missiles and similar munitions of war and parts thereof	669,750	681,811	896,182
8708.99	Parts and accessories, nesl, of the motor-vehicles of headings 8701 to 8705	579,707	674,227	799,149
2303.10	Residues of starch manufacture and similar residues	659,635	745,538	786,937
8471.20	Digital automatic data processing machines, containing in the same housing at least a central processing unit and an input and output unit	1,087,273	857,584	729,414
8524.90	Recorded media for sound or other similarly recorded phenomena	397,121	535,741	725,164
	Total	34,477,306	37,012,143	35,944,457
	Total, U.S. exports to the European Community	93,059,526	97,597,591	97,344,734

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 imports from the European Community, by HTS number, 1990-92
(1,000 dollars)

HTS no.	Description	1990	1991	1992
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	\$5,293,155	\$3,442,540	\$3,489,786
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported and returned	2,943,893	2,885,281	3,271,141
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	2,583,778	2,119,886	2,601,916
8411.12	Turbojets of a thrust exceeding 25 kN	1,972,372	1,974,259	2,267,699
8411.91	Parts of turbojets or turbopropellers	1,401,680	1,671,072	2,142,211
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	814,909	1,404,898	2,122,430
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	2,696,104	1,846,479	1,877,642
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	1,579,909	1,172,992	1,496,492
8803.30	Parts of airplanes or helicopters, nesl	1,193,493	1,475,231	1,282,638
7102.39	Nonindustrial diamonds, nesl	1,069,333	1,133,761	1,121,251
7113.19	Articles of jewelry and parts thereof, of precious metal, (excluding silver)	1,069,770	1,005,641	1,108,459
9999.95	Estimated low-value shipments	902,740	862,825	942,014
8708.99	Parts and accessories, nesl, of the motor-vehicles of headings 8701 to 8705	961,100	773,700	827,448
9701.10	Paintings, drawings and pastels, executed entirely by hand, framed or not framed	967,133	730,583	753,842
8473.30	Parts and accessories of the machines of heading 8471	718,409	830,584	723,309
2204.21	Wine (excluding sparkling wine); grape must with fermentation prevented or arrested by the addition of alcohol, in containers of 2 liters or less	559,280	557,560	710,319
8802.30	Airplanes and other aircraft, of an unladen weight exceeding 2,000 kg but not exceeding 15,000 kg	856,332	796,102	704,557
8701.90	Tractors (other than tractors of heading 8709), nesl	904,805	682,337	676,454
8471.93	Storage units of automatic data processing machines, whether or not entered with the rest of a system	402,191	550,589	626,602
8542.11	Digital monolithic electronic integrated circuits	551,666	477,090	581,563
	Total	29,442,053	26,393,409	29,327,772
	Total, U.S. imports from the European Community	90,798,948	85,098,074	91,825,568

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), 1990-92
(1,000 dollars)

SITC section No.	Description	1990	1991	1992
<i>U.S. exports</i>				
0	Food and live animals	7,323,076	7,408,330	8,446,926
1	Beverages and tobacco	1,839,113	1,797,777	1,911,274
2	Crude materials, inedible, except fuels	6,877,590	6,076,825	5,815,326
3	Mineral fuels, lubricants and related materials	1,454,548	1,305,916	1,161,517
4	Animal and vegetable oils, fats and waxes	66,215	71,579	64,023
5	Chemicals and related products, n.e.s.	4,583,401	5,047,738	4,709,782
6	Manufactured goods classified chiefly by material	3,725,479	4,004,656	3,045,443
7	Machinery and transport equipment	14,301,567	14,312,851	14,477,190
8	Miscellaneous manufactured articles	5,184,408	5,199,331	5,217,572
9	Commodities & transact not class elsewhere in SITC	783,039	919,065	1,000,522
Total all commodities		46,138,436	46,144,069	45,849,575
<i>U.S. imports</i>				
0	Food and live animals	303,088	287,884	287,408
1	Beverages and tobacco	31,904	31,552	34,094
2	Crude materials, inedible, except fuels	165,006	163,823	187,115
3	Mineral fuels, lubricants and related materials	89,489	94,685	190,457
4	Animal and vegetable oils, fats and waxes	19,185	20,277	16,172
5	Chemicals and related products, n.e.s.	2,387,213	2,738,844	3,217,698
6	Manufactured goods classified chiefly by material	6,599,900	6,362,098	6,111,902
7	Machinery and transport equipment	69,511,593	71,161,148	74,298,218
8	Miscellaneous manufactured articles	9,144,734	8,991,581	9,534,476
9	Commodities & transact not class elsewhere in SITC	1,360,103	1,367,352	1,642,036
Total all commodities		89,612,215	91,219,246	95,519,576

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

Table A-11
Leading exports to Japan, by HTS number, 1990-92

(1,000 dollars)

HTS no.	Description	1990	1991	1992
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	\$2,103,726	\$1,888,153	\$2,574,413
4403.20	Coniferous wood in the rough, whether or not stripped of bark or sapwood or roughly squared, not treated with preservatives	1,587,943	1,333,694	1,503,461
1005.90	Corn (maize) excluding seed	1,643,577	1,516,602	1,475,626
8473.30	Parts and accessories of the machines of heading 8471	1,369,300	1,387,790	1,376,195
2402.20	Cigarettes containing tobacco	1,312,380	1,348,899	1,291,988
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	1,016,946	1,066,081	1,028,983
1201.00	Soybeans, whether or not broken	818,633	867,339	878,180
8803.30	Parts of airplanes or helicopters, nesl	970,713	894,927	806,962
2844.20	Uranium enriched in U235 and plutonium and their compounds; alloys, dispersions, ceramic products and mixtures containing these products	599,623	680,646	657,256
0202.30	Boneless meat of bovine animals, frozen	669,013	535,474	651,727
8542.11	Digital monolithic electronic integrated circuits	661,275	687,993	600,972
1001.90	Wheat and meslin, excluding durum wheat	420,045	422,071	584,270
0303.10	Pacific salmon, frozen, excluding fillets, other meat portions and livers and roes	551,649	345,810	558,019
7601.10	Unwrought aluminum, not alloyed	752,082	916,878	535,382
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	590,911	529,863	527,945
9880.00	Estimated low-value shipments	539,770	551,305	512,563
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	404,875	374,670	501,582
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of a thickness exceeding 6 mm	501,421	492,348	498,787
8471.93	Storage units of automatic data processing machines, whether or not entered with the rest of a system	324,414	320,365	405,944
0306.14	Crabs, frozen	331,584	390,877	405,869
	Total	17,169,878	16,551,786	17,376,121
	Total, U.S. exports to Japan	46,138,436	46,144,069	45,849,575

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 Imports from Japan, by HTS number, 1990-92

(1,000 dollars)

HTS no.	Description	1990	1991	1992
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	\$19,873,347	\$19,343,444	\$19,290,792
8471.92	Automatic data processing machines with or without input or output units or containing storage units in the same housing	3,073,198	3,624,681	4,018,319
8471.93	Storage units of automatic data processing machines, whether or not entered with the rest of a system	2,277,390	2,400,067	3,161,152
8542.11	Digital monolithic electronic integrated circuits	2,332,534	2,534,363	3,027,493
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	2,254,956	3,529,561	2,660,242
8473.30	Parts and accessories of the machines of heading 8471	2,650,993	2,552,493	2,600,253
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but n/o 1,500 cc	1,403,787	1,763,722	1,846,703
8525.30	Television cameras	1,892,300	2,195,240	1,587,100
9504.10	Video games of a kind used with a television receiver and parts and accessories thereof	1,804,096	1,196,403	1,567,387
8521.10	Magnetic tape-type video recording or reproducing apparatus	1,781,981	1,407,650	1,367,615
8708.99	Parts and accessories, nesl, of the motor-vehicles of headings 8701 to 8705	1,389,003	1,232,453	1,346,231
9009.12	Electrostatic photocopying apparatus, operating by reproducing the original image via an intermediate onto the copy (indirect process)	1,000,257	1,033,288	1,232,425
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, G.V.W. not exceeding 5 m tons	1,728,806	1,713,040	1,224,799
9009.90	Parts and accessories for photocopying apparatus incorporating an optical system or of the contact type, and thermocopying apparatus	629,190	754,746	891,966
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported and returned	747,669	793,929	828,067
8517.82	Electrical telegraphic apparatus, nesl	730,748	792,363	791,301
8519.99	Sound reproducing apparatus nesl, not incorporating a sound recording device	575,081	673,468	747,469
9999.95	Estimated low-value shipments	528,482	542,982	732,892
8525.20	Transmission apparatus incorporating reception apparatus	426,806	522,592	684,007
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	238,644	467,465	639,883
	Total	47,339,267	49,073,951	50,246,094
	Total, U.S. imports from Japan	89,612,215	91,219,246	95,519,576

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), 1990-92
(1,000 dollars)

SITC section No.	Description	1990	1991	1992
<i>U.S. exports</i>				
0	Food and live animals	1,194,519	946,960	1,060,635
1	Beverages and tobacco	118,513	124,320	121,808
2	Crude materials, inedible, except fuels	2,939,527	2,558,595	2,399,858
3	Mineral fuels, lubricants and related materials	719,503	670,952	696,576
4	Animal and vegetable oils, fats and waxes	51,773	44,689	47,820
5	Chemicals and related products, n.e.s.	1,689,953	1,658,079	1,493,929
6	Manufactured goods classified chiefly by material	978,844	1,275,991	882,462
7	Machinery and transport equipment	5,156,907	6,523,301	6,106,253
8	Miscellaneous manufactured articles	1,052,163	1,116,161	1,141,932
9	Commodities & transact not class elsewhere in SITC	172,182	292,050	269,159
	Total all commodities	14,073,883	15,211,098	14,220,431
<i>U.S. imports</i>				
0	Food and live animals	176,012	177,140	155,711
1	Beverages and tobacco	5,452	4,942	5,560
2	Crude materials, inedible, except fuels	47,834	58,562	97,404
3	Mineral fuels, lubricants and related materials	9,572	31,460	101,808
4	Animal and vegetable oils, fats and waxes	947	1,254	856
5	Chemicals and related products, n.e.s.	251,971	240,866	265,537
6	Manufactured goods classified chiefly by material.	2,101,079	2,018,764	1,980,098
7	Machinery and transport equipment	7,446,226	7,194,489	7,508,524
8	Miscellaneous manufactured articles	8,153,540	6,963,738	6,242,633
9	Commodities & transact not class elsewhere in SITC	144,326	171,167	165,030
	Total all commodities	18,336,960	16,862,383	16,523,160

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

Table A-14
Leading exports to Korea, by HTS number, 1990-92

(1,000 dollars)

HTS no.	Description	1990	1991	1992
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	\$406,023	\$790,473	\$931,877
8542.11	Digital monolithic electronic integrated circuits	511,517	466,012	540,051
4101.21	Whole raw hides and skins of bovine animals nesi, fresh or wet-salted	624,356	529,148	535,468
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	453,623	445,702	487,449
5201.00	Cotton, not carded or combed	480,737	356,255	346,950
8803.30	Parts of airplanes or helicopters, nesi	298,443	233,119	298,627
1201.00	Soybeans, whether or not broken	193,819	240,018	246,726
1001.90	Wheat and meslin, excluding durum wheat	216,230	209,458	235,559
1005.90	Corn (maize) excluding seed	603,806	179,455	204,580
4403.20	Coniferous wood in the rough, whether or not stripped of bark or sapwood or roughly squared, not treated with preservatives	271,783	230,476	185,217
4703.29	Chemical woodpulp, soda or sulfate, other than dissolving grades, of semibleached or bleached nonconiferous wood	124,318	117,346	175,360
8802.12	Helicopters, of an unladen weight exceeding 2,000 kg	175,643	391,628	174,452
0202.30	Boneless meat of bovine animals, frozen	91,673	139,838	159,488
7204.49	Ferrous waste and scrap, nesi	238,648	224,951	156,027
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	171,856	186,523	151,303
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	185,664	170,412	150,572
8525.20	Transmission apparatus incorporating reception apparatus	27,715	72,098	146,298
8473.30	Parts and accessories of the machines of heading 8471	230,835	198,593	145,964
8479.90	Parts of machines and mechanical appliances having individual functions, nesi	58,740	168,713	143,139
8542.19	Monolithic electronic integrated circuits, other than digital	160,412	108,676	132,582
	Total	5,525,841	5,458,895	5,547,688
	Total, U.S. exports to Korea	14,073,883	15,211,098	14,220,431

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 imports from Korea, by HTS number, 1990-92

(1,000 dollars)

HTS no.	Description	1990	1991	1992
8542.11	Digital monolithic electronic integrated circuits	\$1,429,559	\$1,492,930	\$1,720,740
8471.92	Automatic data processing machines with or without input or output units or containing storage units in the same housing	706,113	623,004	754,268
4203.10	Articles of apparel of leather or of composition leather	850,895	704,784	639,224
8521.10	Magnetic tape-type video recording or reproducing apparatus	383,717	510,897	617,881
6403.91	Footwear, covering the ankles, with outer soles of rubber, plastics or composition leather and uppers of leather	1,040,371	740,510	480,332
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	935,482	723,542	464,848
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but n/o 1,500 cc	813,169	697,935	451,621
8473.30	Parts and accessories of the machines of heading 8471	197,226	185,246	382,705
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	280,445	350,958	301,155
8516.50	Microwave ovens of a kind used for domestic purposes	287,772	226,854	257,265
6404.11	Sports footwear; tennis, basketball, gym, training shoes and the like, with outer soles of rubber or plastics and uppers of textile materials	220,120	261,465	256,224
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	362,599	274,739	238,399
8523.13	Prepared unrecorded magnetic tapes for sound recording or similar recording of other phenomena, of a width exceeding 6.5 mm	180,954	236,948	203,405
8527.11	Reception apparatus for radiotelephony, radiotelegraphy or radio broadcast casting combined with sound recording or reproducing apparatus	105,226	149,491	197,335
8527.21	Radio broadcast receivers not capable of operating without an external source of power combined with sound recording or reproducing apparatus	175,972	157,086	178,514
6205.30	Men's or boys' shirts, not knitted or crocheted, of man-made fibers	176,568	140,894	166,913
6201.93	Men's/boys' anoraks (incl. ski-jackets), windbreakers & like articles (incl. padded, sleeveless jackets), of man-made fibers, nt knit/crochet	145,327	140,094	164,703
8427.20	Self-propelled works trucks fitted with lifting and handling equipment other than powered by an electric motor	147,255	109,905	144,217
8542.19	Monolithic electronic integrated circuits, other than digital	194,804	166,968	140,294
8525.20	Transmission apparatus incorporating reception apparatus	169,546	124,014	139,724
Total		8,803,120	8,018,264	7,899,765
Total, U.S. imports from Korea		18,336,960	16,862,383	16,523,160

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), 1990-92
(1,000 dollars)

SITC section No.	Description	1990	1991	1992
<i>U.S. exports</i>				
0	Food and live animals	1,002,667	1,148,075	1,199,541
1	Beverages and tobacco	166,530	163,992	135,892
2	Crude materials, inedible, except fuels	1,263,611	1,396,601	1,225,482
3	Mineral fuels, lubricants and related materials	491,209	440,709	404,828
4	Animal and vegetable oils, fats and waxes	5,308	4,235	8,584
5	Chemicals and related products, n.e.s.	1,529,445	1,839,906	1,988,599
6	Manufactured goods classified chiefly by material	821,177	1,053,593	860,247
7	Machinery and transport equipment	4,818,055	5,482,287	6,866,740
8	Miscellaneous manufactured articles	793,870	859,115	1,042,887
9	Commodities & transact not class elsewhere in SITC	250,085	329,562	800,680
	Total all commodities	11,141,956	12,718,074	14,533,478
<i>U.S. imports</i>				
0	Food and live animals	309,222	296,515	280,181
1	Beverages and tobacco	3,996	4,489	5,843
2	Crude materials, inedible, except fuels	87,341	94,011	82,749
3	Mineral fuels, lubricants and related materials	102	67	100
4	Animal and vegetable oils, fats and waxes	1,678	1,315	2,434
5	Chemicals and related products, n.e.s.	348,785	394,278	404,902
6	Manufactured goods classified chiefly by material	3,122,376	3,130,832	3,382,932
7	Machinery and transport equipment	9,037,344	9,404,296	10,907,426
8	Miscellaneous manufactured articles	9,404,559	9,337,661	9,132,046
9	Commodities & transact not class elsewhere in SITC	250,712	278,103	332,175
	Total all commodities	22,566,115	22,941,568	24,530,788

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

Table A-17
Leading exports to Taiwan, by HTS number, 1990-92

(1,000 dollars)

HTS no.	Description	1990	1991	1992
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	\$524,371	\$537,014	\$1,244,540
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	249,169	453,179	865,987
8542.11	Digital monolithic electronic integrated circuits	499,972	556,341	737,735
1005.90	Corn (maize) excluding seed	542,621	633,721	587,090
7108.12	Nonmonetary gold (including gold plated with platinum) in unwrought forms (excluding powder)	177	41,478	472,525
1201.00	Soybeans, whether or not broken	411,327	466,862	454,244
8803.30	Parts of airplanes or helicopters, nesl	139,369	501,044	264,196
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	263,233	203,995	222,994
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	123,735	152,631	167,408
9880.00	Estimated low-value shipments	143,884	158,927	165,182
8542.19	Monolithic electronic integrated circuits, other than digital	132,706	162,963	157,941
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	177,896	189,627	146,600
2844.20	Uranium enriched in U235 and plutonium and their compounds; alloys, dispersions, ceramic products and mixtures containing these products	48,337	538	138,751
8473.30	Parts and accessories of the machines of heading 8471	122,211	129,862	135,183
7403.11	Cathodes and sections of cathodes of refined copper	175,790	205,211	122,589
1001.90	Wheat and meslin, excluding durum wheat	110,379	109,002	118,804
2902.50	Styrene	72,803	129,090	111,019
8710.00	Tanks and other armored fighting vehicles, motorized, whether or not fitted with weapons, and parts of such vehicles	60,631	36,953	109,071
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	120,370	42,611	107,115
4101.21	Whole raw hides and skins of bovine animals nesl, fresh or wet-salted	107,122	117,799	106,549
	Total	4,026,102	4,828,849	6,435,522
	Total, U.S. exports to Taiwan	11,141,956	12,718,074	14,533,478

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-18
Leading imports from Taiwan, by HTS number, 1990-92

(1,000 dollars)

HTS no.	Description	1990	1991	1992
8471.92	Automatic data processing machines with or without input or output units or containing storage units in the same housing	\$1,020,973	\$1,208,679	\$1,647,308
8473.30	Parts and accessories of the machines of heading 8471	936,368	1,100,472	1,409,954
8542.11	Digital monolithic electronic integrated circuits	389,743	420,832	605,332
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	510,123	674,577	578,373
9403.60	Wooden furniture, other than of a kind used in the bedroom	354,342	356,227	343,736
8471.20	Digital automatic data processing machines, containing in the same housing at least a central processing unit and an input and output unit	93,558	258,296	342,201
8712.00	Bicycles and other cycles (including delivery tricycles), not motorized	404,498	365,247	338,804
8414.51	Table, floor, wall, window, ceiling or roof fans, with a self-contained electric motor of an output not exceeding 125 W	273,235	298,489	326,193
8471.99	Units of automatic data processing machines, nesl	229,661	212,019	301,560
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	334,791	338,296	283,420
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	442,559	374,888	250,326
9403.20	Metal furniture, other than of a kind used in offices	165,967	200,774	241,441
9506.91	Gymnasium, playground or other exercise articles and equipment; parts and accessories thereof	188,432	207,740	222,330
8534.00	Printed circuits	142,308	170,505	218,866
8542.19	Monolithic electronic integrated circuits, other than digital	147,795	159,025	218,221
9504.10	Video games of a kind used with a television receiver and parts and accessories thereof	96,140	75,442	209,811
9999.95	Estimated low-value shipments	152,448	160,152	201,078
4202.92	Trunks, cases, bags and similar containers, with outer surface of plastic sheeting or of textile materials	197,336	201,360	196,719
3926.90	Articles of plastics and articles of other materials of headings 3901 to 3914, nesl	203,829	193,626	195,644
9405.20	Electric table, desk, bedside or floor-standing lamps	177,866	192,123	192,530
	Total	6,461,972	7,168,768	8,323,849
	Total, U.S. imports from Taiwan	22,566,115	22,941,568	24,530,788

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), 1990-92
(1,000 dollars)

SITC section No.	Description	1990	1991	1992
<i>U.S. exports</i>				
0	Food and live animals	526,183	401,837	322,892
1	Beverages and tobacco	7,595	8,949	11,081
2	Crude materials, inedible, except fuels	721,627	817,333	664,609
3	Mineral fuels, lubricants and related materials	4,564	54,794	200,139
4	Animal and vegetable oils, fats and waxes	1,697	1,327	9,275
5	Chemicals and related products, n.e.s.	1,053,517	1,670,797	1,208,356
6	Manufactured goods classified chiefly by material	243,835	411,787	448,444
7	Machinery and transport equipment	1,924,106	2,491,628	3,946,461
8	Miscellaneous manufactured articles	244,066	331,387	437,590
9	Commodities & transact not class elsewhere in SITC	48,545	48,216	89,745
	Total all commodities	4,775,734	6,238,054	7,338,594
<i>U.S. imports</i>				
0	Food and live animals	540,012	469,487	638,941
1	Beverages and tobacco	9,267	12,611	19,410
2	Crude materials, inedible, except fuels	221,173	213,696	190,797
3	Mineral fuels, lubricants and related materials	668,980	607,766	511,602
4	Animal and vegetable oils, fats and waxes	1,447	1,342	1,572
5	Chemicals and related products, n.e.s.	335,335	386,970	501,000
6	Manufactured goods classified chiefly by material	1,470,132	1,718,761	2,258,495
7	Machinery and transport equipment	2,386,998	3,196,838	4,413,961
8	Miscellaneous manufactured articles	9,329,185	12,058,633	16,547,364
9	Commodities & transact not class elsewhere in SITC	157,322	188,936	431,187
	Total all commodities	15,119,852	18,855,041	25,514,328

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

Table A-20
Leading exports to China, by HTS number, 1990-92

(1,000 dollars)

HTS no.	Description	1990	1991	1992
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	\$558,096	\$825,247	\$1,713,338
3100.00	Fertilizers	543,854	981,718	629,079
1001.90	Wheat and meslin, excluding durum wheat	497,348	361,174	272,951
8803.30	Parts of airplanes or helicopters, nesi	130,547	237,098	219,900
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	1,084	54,040	194,449
5201.00	Cotton, not carded or combed	277,213	318,794	185,943
4403.20	Coniferous wood in the rough, whether or not stripped of bark or sapwood or roughly squared, not treated with preservatives	175,548	165,988	121,283
8411.12	Turbojets of a thrust exceeding 25 kN	32,877	73,932	95,533
4804.11	Uncoated, unbleached kraftliner paper or paperboard, in rolls or sheets, nesi	63,691	120,301	83,998
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	766	3,111	82,439
8802.50	Spacecraft (including satellites) and spacecraft launch vehicles	39,064	0	77,969
7403.11	Cathodes and sections of cathodes of refined copper	8,853	9,632	74,118
8479.89	Machines and mechanical appliances having individual functions, nesi	42,359	70,687	73,456
5502.00	Artificial filament tow	87,592	88,366	69,791
2917.36	Terephthalic acid and its salts	142,618	114,479	67,943
8525.20	Transmission apparatus incorporating reception apparatus	17,821	34,549	67,353
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	53,572	50,511	63,431
7404.00	Copper waste and scrap	17,344	32,896	59,972
8431.43	Parts for boring or sinking machinery of subheading 8430.41 or 8430.49	62,229	64,067	58,811
3902.10	Polypropylene	39,641	106,510	58,428
	Total	2,792,117	3,713,098	4,270,187
	Total, U.S. exports to China	4,775,734	6,238,054	7,338,594

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 imports from China, by HTS number, 1990-92

(1,000 dollars)

HTS no.	Description	1990	1991	1992
6402.99	Footwear with outer soles and uppers of rubber or plastics, nesl	\$585,229	\$932,874	\$1,006,229
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	367,698	680,275	968,454
9503.90	Other toys and models, nesl	462,773	540,435	853,162
6110.90	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of textile materials, nesl	527,261	617,425	762,876
9502.10	Dolls representing only human beings and parts and accessories thereof, whether or not dressed	435,920	479,448	530,392
9503.41	Stuffed toys representing animals or non-human creatures and parts and accessories thereof	263,042	320,739	503,334
6403.91	Footwear, covering the ankles, with outer soles of rubber, plastics or composition leather and uppers of leather	99,127	278,795	497,408
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	635,153	556,447	467,452
6206.10	Women's or girls' blouses, shirts and shirt-blouses, not knitted or crocheted, of silk or silk waste	194,795	233,784	442,176
8527.11	Reception apparatus for radiotelephony, radiotelegraphy or radio broadcasting combined with sound recording or reproducing apparatus	249,435	366,732	431,963
9505.10	Articles for Christmas festivities and parts and accessories thereof	168,012	255,500	377,760
6702.90	Artificial flowers, foliage & fruit & parts thereof, & articles made up of artificial flowers, foliage or fruit, of materials	192,589	252,306	340,448
0306.13	Shrimps and prawns, frozen	353,365	219,117	317,283
9503.49	Toys representing animals or non-human creatures, other than stuffed toys, and parts and accessories thereof	171,349	250,635	313,658
4202.92	Trunks, cases, bags and similar containers, with outer surface of plastic sheeting or of textile materials	191,168	226,668	306,391
6402.91	Footwear covering the ankle, with outer soles and uppers of rubber or plastics, excluding waterproof footwear	97,088	197,865	292,240
4203.10	Articles of apparel of leather or of composition leather	70,228	151,554	285,832
4202.22	Handbags, with outer surface of plastic sheeting or of textile materials	191,784	254,833	282,999
8525.20	Transmission apparatus incorporating reception apparatus	103,429	225,785	280,322
3926.90	Articles of plastics and articles of other materials of headings 3901 to 3914, nesl	171,369	182,739	275,183
	Total	5,530,815	7,223,957	9,535,564
	Total, U.S. imports from China	15,119,852	18,855,041	25,514,328

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
Countervailing-duty actions reported by signatories to the GATT Committee on Subsidies and Countervailing Measures during 1992**

Reporting country	Country of origin	Product	Initiation date ¹	Provisional measures ²	Date and final outcome ³
Australia	Argentina	Tanned bovine leather	July 14, 1992		Oct. 23, 1992-NFF
	Brazil	Tanned bovine leather	July 15, 1992		Oct. 23, 1992-NFF
	Canada	Frozen pork	Aug. 19, 1992		Nov. 27, 1992-NI
	Denmark	Canned ham	Oct. 15, 1991-R		Mar. 13, 1992-DD
	France	Glace cherries	July 30, 1991	Nov. 08, 1991	Apr. 08, 1992-DD
	Greece	Canned peaches	Feb. 27, 1991	Sept. 20, 1991	Feb. 19, 1992-DD
	India	Tanned bovine leather	July 15, 1992		Oct. 23, 1992-NFF
	Indonesia	Canned tuna	Dec. 21, 1992		
	Ireland	Canned ham	Oct. 15, 1991-R		Mar. 13, 1992-DD
	Italy	Glace cherries	July 30, 1991	Nov. 08, 1991	Apr. 08, 1992-DD
	Italy	Canned tomatoes	Aug. 27, 1991	Dec. 06, 1991	Apr. 29, 1992-DD
	Korea	Clear float glass	Dec. 18, 1992	NPF	
	Malaysia	Clear float glass	Jan. 31, 1992		
	Malaysia	Clear float glass	Dec. 18, 1992		
	Malaysia	Edible vegetable oils	Dec. 18, 1992		
	Netherlands	Dried egg white	Aug. 09, 1991	Nov. 18, 1991	May 06, 1992-DD
	Netherlands	Canned ham	Oct. 15, 1991-R		Mar. 13, 1992-DD
	Singapore	Edible vegetable oils	Dec. 18, 1992		
	Spain	Canned peaches	Feb. 27, 1991		Feb. 19, 1992-DD
	Spain	Canned tomatoes	Aug. 27, 1991	Sept. 20, 1991	Apr. 29, 1992-DD
	Thailand	Canned tomatoes	Aug. 27, 1991	Dec. 06, 1991	Apr. 29, 1992-DD
	Thailand	Clear float glass	Jan. 31, 1992	NPF	
	Thailand	Canned tuna	Dec. 21, 1992		
Brazil	EEC	Milk in powder, granules or other solid form, of a fat content, by weight, not exceeding 1.5% whole or partly skimmed, other than milk modified for use as infant food	Mar. 17, 1992	Apr. 09, 1992	Aug. 11, 1992-DD
	EEC	Milk in powder, granules or other solid form, of a fat content, by weight, not exceeding 1.5% skimmed, for industrial use or for use as animal feed			
	EEC	Milk in powder, granules or other solid form, full cream or non-skimmed milk containing 26% or more of fat	Mar. 17, 1992	Apr. 09, 1992	Aug. 11, 1992-DD

See footnotes at end of table.

**Table A-22—Continued
Countervailing-duty actions reported by signatories to the GATT Committee on Subsidies and Countervailing Measures during 1992**

Reporting country	Country of origin	Product	Initiation date ¹	Provisional measures ²	Date and final outcome ³
Brazil—Continued					
	EEC	Milk wholly or partly skimmed, other than milk modified for use as infant food containing less than 26% of fat	Mar. 17, 1992	Apr. 09, 1992	Aug. 11, 1992-DD
	EEC	Milk skimmed for industrial use or for use as animal feed	Mar. 17, 1992	Apr. 09, 1992	Aug. 11, 1992-DD
	EEC	Other milk	Mar. 17, 1992	Apr. 09, 1992	Aug. 11, 1992-DD
	EEC	Other milk full cream or non-skimmed milk containing 26% or more by weight of fat	Mar. 17, 1992	Apr. 09, 1992	Aug. 11, 1992-DD
	EEC	Milk wholly or partly skimmed, other than milk modified for use as infant food containing less than 26% of fat	Mar. 17, 1992	Apr. 09, 1992	Aug. 11, 1992-DD
	United States	Wheat	Mar. 17, 1992 Sept. 21, 1992	Apr. 19, 1992 Nov. 19, 1992	Aug. 11, 1992-DD
Canada	Brazil	Women's leather boots and shoes	Dec. 12, 1992-R		
Chile	Argentina Brazil	Sugar Printed/painted polyester/cotton cloth (dowlas)	Apr. 14, 1992		July 22, 1992-DD
	Mexico Pakistan	Vans Printed/painted polyester/cotton cloth (dowlas)	Dec. 17, 1992 Nov. 06, 1991		Mar. 16, 1992-DD

¹ Initiation date code: R = Review of existing countervailing measure.

² Provisional measures code: NPF = Negative preliminary finding.

³ Final outcome code: DD = Definite duty.

Note.—U.S. countervailing-duty actions are reported in Table A-26. The following members reported no CVD actions during the year: Austria, Colombia, Egypt, Finland, Hong Kong, New Zealand, Pakistan, Sweden, and Turkey; Poland, membership pending, also reported no CVD actions.

**Table A-23
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1992**

Reporting country	Country of origin	Product	Initiation date ¹	Provisional measures ²	Date and final outcome ³
Australia	Argentina	Polyvinyl chloride	May 08, 1991	Aug. 16, 1991	NFF
	Argentina	Phthalic anhydride	Oct. 23, 1991	Apr. 21, 1992	Oct. 23, 1992-ND
	Argentina	Tanned bovine leather	July 15, 1992	NPF	Sept. 16, 1992-DD
	Austria	Power transformers	Nov. 20, 1991	May 12, 1992	Jan. 22, 1992-DD
	Belgium	Phthalic anhydride	Oct. 23, 1991	Aug. 16, 1991	Feb. 19, 1992-DD
	Belgium	Clear float glass	Jan. 31, 1992		Oct. 21, 1992-DD
	Belgium	Other processed glass products	Dec. 18, 1992		Nov. 27, 1992-DD
	Brazil	Polyvinyl chloride	May 08, 1991		Aug. 28, 1992-ND
	Brazil	Triethanolamine and mixtures of ethanalamines consisting essentially of triethanolamine	May 22, 1991	Aug. 31, 1991	Mar. 13, 1992-DD
	Brazil	Phthalic anhydride	Oct. 23, 1991	Apr. 21, 1992	Apr. 08, 1992-DD
	Brazil	Tanned bovine leather	July 15, 1992	Oct. 23, 1992	Sept. 16, 1992-DD
	Canada	Polyvinyl chloride	Feb. 05, 1992	May 15, 1992	Oct. 21, 1992-DD
	Canada	Frozen pork	Aug. 19, 1992		Nov. 27, 1992-NI
	China	Canned peaches	Feb. 27, 1991	Sept. 20, 1991	Feb. 19, 1992-DD
	China	Dibutyl phthalate	May 08, 1991	Aug. 15, 1991	Jan. 22, 1992-DD
	China	Glass fiber gun rovings	July 09, 1991	Oct. 18, 1991	NFF
	China	Canned tomatoes	Aug. 27, 1991	Dec. 06, 1991	Apr. 29, 1992-DD
	China	Clear float glass	Jan. 30, 1992	May 12, 1992	Sept. 16, 1992-DD
	China	Polyvinyl chloride	Feb. 05, 1992	May 15, 1992	Oct. 21, 1992-DD
	China	Certain cast iron manhole covers	May 15, 1992		Aug. 28, 1992-ND
	China	Disposable plastic cutlery	Sept. 29, 1992		
	China	Other processed glass products	Dec. 18, 1992		
	CSFR	Rollers, self-propelled	Aug. 28, 1992		
	Denmark	Canned ham	Oct. 15, 1991-R		
	France	Glace cherries	July 30, 1991	Nov. 08, 1991	Mar. 13, 1992-DD
	France	Clear float glass	Jan. 30, 1992	May 12, 1992	Apr. 08, 1992-DD
	France	Polyvinyl chloride	Feb. 05, 1992	May 15, 1992	Sept. 16, 1992-NI
	France	Expandable polystyrene	Feb. 19, 1992	May 29, 1992	Oct. 21, 1992-DD
	France	Sorbitol 70% solution	Mar. 11, 1992	June 18, 1992	Oct. 08, 1992-ND
	France	Triethanolamine	July 17, 1992		Sept. 11, 1992-CW
	France	Capacitors	Nov. 20, 1992	Oct. 25, 1992-NI	Oct. 25, 1992-NI
	Germany	Clear float glass	Jan. 30, 1992	May 12, 1992	Dec. 08, 1992-CW
	Germany	Sorbitol 70% solution	Mar. 11, 1992	June 18, 1992	Sept. 16, 1992-DD
	Germany	Triethanolamine	July 17, 1992	Oct. 25, 1992	Sept. 11, 1992-CW
	Germany	Sodium cyanide	Sept. 09, 1992		
	Germany	Capacitors	Nov. 20, 1992		Dec. 08, 1992-CW
	Germany	Other process glass products	Dec. 18, 1992		
	Greece	Canned peaches	Feb. 27, 1991	Sept. 20, 1991	Feb. 19, 1992-DD
	Hong Kong	High density polyethylene	Nov. 27, 1991	NPF	
	Hong Kong	Disposable plastic cutlery	Sept. 29, 1992		
	Hungary	Polyvinyl chloride	May 08, 1991	Nov. 15, 1991	NFF
	India	Sorbitol 70% solution	Mar. 11, 1992	June 18, 1992	Sept. 11, 1992-CW

See footnotes at end of table.

Table A-23—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1992

Reporting country	Country of origin	Product	Initiation date ¹	Provisional measures ²	Date and final outcome ³
Australia—Continued	India	Certain cast iron manhole covers	May 15, 1992		Nov. 30, 1992-NI
	India	Tanned bovine leather	July 15, 1992	Oct. 23, 1992	
	Indonesia	Sodium cyanide	Sept. 09, 1992		
	Indonesia	Clear float glass	Jan. 30, 1992	May 12, 1992	Sept. 16, 1992-DD
	Indonesia	Sorbitol 70% solution	Mar. 11, 1992	June 18, 1992	Sept. 11, 1992-CW
	Indonesia	Other process glass products	Dec. 18, 1992		
	Indonesia	Canned tuna	Dec. 21, 1992		
	Ireland	Canned ham	Oct. 15, 1991-R		
	Israel	Polyvinyl chloride	May 08, 1991	Aug. 16, 1991	Mar. 13, 1992-DD
	Israel	Phthalic anhydride	Oct. 23, 1991	Jan. 31, 1992	NFF
	Israel	Moist towlettes	Sept. 25, 1992		
	Italy	Dibutyl phthalate	May 08, 1991		
	Italy	Glace cherries	July 30, 1991		
	Italy	Canned tomatoes	Aug. 27, 1991	Aug. 15, 1991	Sept. 25, 1992
	Italy	High density polyethylene	Nov. 27, 1991	Nov. 08, 1991	Jan. 22, 1992-DD
	Japan	High density polyethylene	Nov. 27, 1991	Dec. 06, 1991	June 08, 1992-DD
	Japan	Fork lift trucks	Feb. 03, 1992-R	Mar. 27, 1992	June 29, 1992-DD
	Japan	Polyvinyl chloride	Feb. 05, 1992	Mar. 27, 1992	Aug. 03, 1992-DD
	Japan	Diocetylphthalate	Aug. 21, 1992	May 15, 1992	Aug. 03, 1992-DD
	Korea	Polyvinyl chloride	May 08, 1991	Nov. 29, 1992	Oct. 21, 1992-DD
	Korea	Phthalic anhydride	Oct. 23, 1991	Nov. 15, 1991	NFF
	Korea	High density polyethylene	Nov. 27, 1991	Jan. 31, 1992	
	Korea	Expandable polystyrene	Feb. 19, 1992	Mar. 27, 1992	Aug. 03, 1992-DD
	Korea	Disposable plastic cutlery	Sept. 29, 1992	May 30, 1992	Nov. 02, 1992-DD
	Korea	Other processed glass products	Dec. 18, 1992		
	Korea	Polypropylene Homopolymer	Dec. 30, 1992		
	Malaysia	Sodium silicate rock	Nov. 19, 1991		
	Malaysia	Clear float glass	Jan. 31, 1992		
	Malaysia	Other processed plastic cutlery	Sept. 29, 1992	NPF	
	Malaysia	Other processed glass products	Dec. 18, 1992	NPF	
	Mexico	Polyvinyl chloride	May 08, 1991	Aug. 16, 1991	Jan. 22, 1992-DD
	Netherlands	Dried egg white	Aug. 09, 1991	Nov. 19, 1991	NFF
	Netherlands	Canned ham	Oct. 15, 1991-R		Mar. 13, 1992-DD
	Netherlands	Polyvinyl chloride	Feb. 05, 1992		
	Norway	Polyvinyl chloride	Feb. 05, 1992	May 15, 1992	Oct. 21, 1992-DD
	Philippines	Clear float glass	Jan. 30, 1992	May 12, 1992	Sept. 16, 1992-DD
	Poland	Polyvinyl chloride	May 08, 1991	Nov. 15, 1991	NFF
	Poland	Diocetylphthalate	Aug. 21, 1992		
	Romania	Polyvinyl chloride	Feb. 05, 1992	May 15, 1992	Nov. 29, 1992
	Saudi Arabia	High density polyethylene	Nov. 27, 1991	Mar. 27, 1992	Nov. 24, 1992
	Saudi Arabia	Polyvinyl chloride	Feb. 05, 1992	May 15, 1992	Aug. 03, 1992-DD
	Saudi Arabia	Expandable polystyrene	Feb. 19, 1992	May 29, 1992	Oct. 21, 1992-DD
	Singapore	Polyvinyl chloride	May 08, 1991	Nov. 15, 1991	Oct. 08, 1992-DD
	Singapore	High density polyethylene	Nov. 27, 1991	Mar. 27, 1992	NFF
	Singapore	Expandable polystyrene	Feb. 19, 1992	May 30, 1992	Aug. 03, 1992-DD

See footnotes at end of table.

**Table A-23—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1992**

Reporting country	Country of origin	Product	Initiation date ¹	Provisional measures ²	Date and final outcome ³
Australia—Continued					
	Singapore	Disposable plastic cutlery	Sept. 29, 1992		
	Singapore	Edible vegetable oils	Dec. 18, 1992		
	Spain	Canned peaches	Feb. 27, 1991	Sept. 20, 1991	NFF
	Spain	Canned pears	Feb. 27, 1991	Sept. 20, 1991	NFF
	Spain	Canned tomatoes	Aug. 27, 1991	Dec. 06, 1991	NFF
	Sweden	Dried egg white	Aug. 09, 1991	Nov. 19, 1991	NFF
	Sweden	High density polyethylene	Nov. 27, 1991	Mar. 27, 1992	Aug. 03, 1992-NI
	Sweden	Polyvinyl chloride	Feb. 05, 1992	NPF	
	Taiwan	Polyvinyl chloride	May 08, 1991	Aug. 16, 1991	NFF
	Taiwan	Stainless steel tube and pipe	Aug. 26, 1991	Dec. 25, 1991	NFF
	Taiwan	Castors	Oct. 09, 1991-R		
	Taiwan	Expandable polystyrene	Feb. 19, 1992	Aug. 21, 1992	Dec. 24, 1992-ND
	Taiwan	Chlorinated paraffin	May 13, 1992	Aug. 21, 1992	Sept. 25, 1992-ND
	Taiwan	Fiberglass products	June 17, 1992		
	Taiwan	Dioclyphtalate	Aug. 21, 1992	Nov. 29, 1992	
	Taiwan	Disposable plastic cutlery	Sep. 29, 1992		
	Thailand	Canned tomatoes	Aug. 27, 1991	Dec. 06, 1991	NFF
	Thailand	High density polyethylene	Nov. 27, 1991	Mar. 27, 1992	Aug. 03, 1992-NI
	Thailand	Clear float glass	Jan. 30, 1992	May 12, 1992	Sept. 16, 1992-DD
	Thailand	Polyvinyl chloride	Feb. 05, 1992	May 15, 1992	Oct. 21, 1992-DD
	Thailand	Sorbitol 70% solution	Mar. 11, 1992	June 18, 1992	Sept. 11, 1992-CW
	Thailand	Tanned bovine leather	July 15, 1992		Oct. 23, 1992
	Thailand	Disposable plastic cutlery	Sep. 29, 1992		
	Thailand	Other processed glass products	Dec. 18, 1992		
	Thailand	Canned tuna	Dec. 21, 1992		
	Union of Socialist Soviet Republics	High density polyethylene	Nov. 27, 1991	NPF	
	United Kingdom	Fork lift trucks	Aug. 21, 1991	Dec. 19, 1991	June 26, 1992-DD
	United Kingdom	Electronic ticketing machines	Dec. 20, 1991	Mar. 28, 1992	Aug. 07, 1992-ND
	United Kingdom	Expandable polystyrene	Feb. 19, 1992	May 29, 1992	Oct. 08, 1992
	United States	Polyvinyl chloride	May 08, 1991	Aug. 16, 1991	Jan. 22, 1992-DD
	United States	Triethanolamine and mixtures of ethanalamines consisting essentially of triethanolamine	May 22, 1991	Aug. 31, 1991	Feb. 19, 1992-DD
	United States	Sodium silicate rock	Nov. 19, 1991	NPF	
	United States	High density polyethylene	Nov. 27, 1991	Mar. 27, 1992	Aug. 03, 1992-NI
	United States	Trifluralin technical	Apr. 29, 1992	Aug. 07, 1992	Dec. 17, 1992-DD
	United States	Chlorinated paraffin	May 13, 1992	Aug. 21, 1992	Dec. 24, 1992-ND
	United States	Sodium cyanide	Sept. 09, 1992		
	Czech Republic	Ploughs	Apr. 22, 1992		
	Czech Republic	Harrows	Apr. 22, 1992		
	Czech Republic	Manure spreaders	Apr. 22, 1992		
	Czech Republic	Movers with cutter bars and rotary mowers	Apr. 22, 1992		

See footnotes at end of table.

**Table A-23—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1992**

Reporting country	Country of origin	Product	Initiation date ¹	Provisional measures ²	Date and final outcome ³
Brazil	Bangladesh	Sacks and bags of jute, knitted or crocheted	Nov. 11, 1991	May 18, 1992	Oct. 02, 1992-DD
	Bangladesh	Other sacks and bags of jute	Nov. 11, 1991	May 18, 1992	Oct. 02, 1992-DD
	Canada	Chloride of aluminum	Aug. 08, 1991	Aug. 23, 1991	Jan. 23, 1992-DD
	China	Barium carbonate	Jan. 16, 1992		July 08, 1992-DD
	India	Sacks and bags of jute, knitted or crocheted	Nov. 11, 1991	May 18, 1992	Oct. 02, 1992-DD
	India	Other sacks and bags of jute	Nov. 11, 1991	May 18, 1992	Oct. 02, 1992-DD
	Kazakhstan	Other ferro-chromium	Dec. 11, 1992		
	Mexico	Polyvinyl chloride obtained by suspension	Apr. 03, 1992	Apr. 28, 1992	Dec. 30, 1992-DD
	South Africa	Ferro-chromium by weight more than 4% of carbon	Sept. 07, 1991	Oct. 01, 1992	
	Ukraine	Other ferro-chromium	Dec. 11, 1992		
	Union of Socialist Soviet Republics	Ammonium dihydrogenorth-phosphate (monoammonium phosphate)	June 26, 1992	Aug. 06, 1992	
	Union of Socialist Soviet Republics	Other ferro-chromium	Dec. 11, 1992		
	United Arab Emirates	Polyvinyl chloride obtained by suspension	Apr. 03, 1992	Apr. 28, 1992	Dec. 30, 1992-DD
	United Arab Emirates	Other laboratory hygienic or pharmaceutical glassware	Nov. 23, 1992		
	United States	Chloride of aluminum	Aug. 08, 1991	Aug. 23, 1991	Jan. 23, 1992-DD
	United States	Polyvinyl chloride obtained by suspension	Apr. 03, 1992	Apr. 28, 1992	
Canada	Argentina	Carbon steel welded pipe	Feb. 26, 1992-R		June 25, 1992-DD
	Austria	Artificial graphite electrodes	Sept. 20, 1991		Jan. 20, 1992-NI
	Belgium	Carbon steel plate	Aug. 24, 1992		
	Belgium	Carbon steel plate, hot rolled	Sept. 08, 1992		
	Brazil	Carbon steel welded pipe	Sept. 16, 1987		
	Brazil	Carbon steel welded pipe	Jan. 23, 1992-R	Sept. 25, 1991	Jan. 23, 1992-DD
	Brazil	Carbon steel plate	Aug. 24, 1992		June 04, 1992-DD
	Brazil	Carbon steel plate, hot rolled	Sept. 08, 1992		
	Brazil	Women's leather boots & shoes	Nov. 12, 1992-R		
	China	Bicycles	May 15, 1992	Aug. 13, 1992	Dec. 11, 1992-DD
	China	Waterproof plastic footwear	July 09, 1992	Oct. 07, 1992	
	CSFR	Waterproof plastic footwear	July 09, 1992	Oct. 07, 1992	
	CSFR	Carbon steel plate	Aug. 24, 1992	Oct. 07, 1992	
	CSFR	Carbon steel plate, hot rolled	Sept. 08, 1992		
	Denmark	Carbon steel plate, hot rolled	Aug. 24, 1992		
	Denmark	Carbon steel plate, hot rolled	Sept. 08, 1992		
	France	Artificial graphite electrodes	Sept. 08, 1992		
	France	Steel sheet, flat, hot rolled	Sept. 20, 1991		Jan. 20, 1992-NI
	France	Steel sheet, flat, hot rolled	Sept. 16, 1992		

See footnotes at end of table.

**Table A-23—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1992**

Reporting country	Country of origin	Product	Initiation date ¹	Provisional measures ²	Date and final outcome ³
Canada—Continued					
	France	Carbon steel sheet, cold rolled	Nov. 16, 1992		
	Germany	Artificial graphite electrodes	Sept. 20, 1991	Jan. 20, 1992-NI	
	Germany	Carbon steel plate	Aug. 24, 1992		
	Germany	Carbon steel plate, hot rolled	Sept. 08, 1992		
	Germany	Carbon steel sheet, hot rolled	Sept. 16, 1992		
	Germany	Carbon steel sheet, cold rolled	Nov. 16, 1992		
	India	Carbon steel welded pipe	Feb. 26, 1992-R		June 25, 1992-DD
	Italy	Carbon steel sheet, hot rolled	Sept. 16, 1992		
	Italy	Carbon steel sheet, cold rolled	Nov. 16, 1992		
	Japan	Tapered roller bearings	Dec. 12, 1991	Mar. 11, 1992	July 09, 1992-NI
	Japan	Oil and gas well casing	June 05, 1992		Nov. 16, 1992-R/PU
	Korea	Oil and gas well casing	Nov. 12, 1991-R		Mar. 11, 1992-DD
	Korea	Carbon steel welded pipe	Feb. 26, 1992-R		June 25, 1992-DD
	Korea	Waterproof plastic footwear	July 09, 1992	Oct. 07, 1992	
	Luxembourg	Carbon steel welded pipe	Sept. 16, 1987	Sept. 25, 1991	Jan. 23, 1992-NI
	New Zealand	Carbon steel sheet, hot rolled	Sept. 16, 1992		
	Poland	Carbon steel sheet, hot rolled	Sept. 16, 1987		
	Romania	Carbon steel welded pipe	Feb. 26, 1992-R	Sept. 25, 1991	Jan. 23, 1992-NI
	Romania	Carbon steel plate	Aug. 24, 1992		June 25, 1992-DD
	Romania	Carbon steel plate, hot rolled	Sept. 08, 1992		
	Spain	Artificial graphite electrodes	Sept. 20, 1991		
	Sweden	Aluminum venetian blind material (aluminum coil stock)	July 12, 1991	Oct. 10, 1991	Jan. 20, 1992-NI
	Taiwan	Carbon steel welded pipe	Feb. 26, 1992-R		Feb. 07, 1992-DD
	Taiwan	Bicycles	May 15, 1992	Aug. 13, 1992	June 25, 1992-DD
	Taiwan	Waterproof plastic footwear	July 09, 1992	Oct. 07, 1992	Dec. 11, 1992-DD
	Taiwan	Women's leather & non-leather boots & shoes	Nov. 12, 1992-R		
	Thailand	Carbon steel welded pipe	Feb. 26, 1992-R		June 25, 1992-DD
	Turkey	Carbon steel welded pipe	Sept. 16, 1987		Jan. 23, 1992-NI
	United Kingdom	Artificial graphite electrodes	Sept. 20, 1991	Sept. 25, 1991	Jan. 20, 1992-NI
	United Kingdom	Carbon steel plate	Aug. 24, 1992		
	United Kingdom	Carbon steel plate, hot rolled	Sept. 08, 1992		
	United Kingdom	Carbon steel sheet, hot rolled	Sept. 16, 1992		
	United Kingdom	Carbon steel sheet, cold rolled	Nov. 16, 1992		
	United States	Certain machine tufted carpeting	Aug. 06, 1991	Dec. 19, 1991	Apr. 21, 1992-DD
	United States	Flat wooden toothpicks	Aug. 19, 1991	Nov. 15, 1991	Mar. 13, 1992-DD
	United States	Malt beverages (beer)	Oct. 21, 1991-R		Feb. 14, 1992-DD
	United States	Oil and gas well casing	Nov. 12, 1991-R		Mar. 11, 1992-DD
	United States	Christmas trees	Nov. 15, 1991		Mar. 30, 1992-ND
	United States	Integral induction motors	Jan. 08, 1992-R		May 07, 1992-DD
	United States	Wedge clamps aluminum (AWG sizes No. 6 to No. 2)			Mar. 05, 1992-PU/A

See footnotes at end of table.

**Table A-23—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1992**

Reporting country	Country of origin	Product	Initiation date ¹	Provisional measures ²	Date and final outcome ³	
Canada—Continued	United States	Certain machine tufted carpeting	Apr. 28, 1992-R			
	United States	Wedge clamps aluminum (AWG sizes No. 6 to No. 4/0)	May 08, 1992	July 31, 1992	July 31, 1992-PU	
	United States	Iceberg lettuce	June 08, 1992	Sept. 22, 1992	Nov. 30, 1992-DD	
	United States	Gypsum wallboard	June 24, 1992	Aug. 24, 1992		
	United States	Cauliflower	June 30, 1992			
	United States	Landing nets	July 17, 1992-R		Oct. 12, 1992-PU/NI	
	United States	Grinding balls	July 20, 1992-R		Sept. 20, 1992-PU	
	United States	Hanging file folders	July 22, 1992		Nov. 30, 1992-PU	
	United States	Carbon steel plate	Aug. 24, 1992			
	United States	Tomato paste	Sept. 01, 1992	Nov. 30, 1992		
	United States	Carbon steel sheet, hot rolled	Sept. 16, 1992			
	United States	Frozen pot pies & dinners	Nov. 03, 1992-R			
	United States	Carbon steel sheet, cold rolled	Nov. 16, 1992			
	Venezuela	Carbon steel sheet, cold rolled	Nov. 16, 1992			
	Yugoslavia	Carbon steel welded pipe	Feb. 26, 1992-R		June 25, 1992-DD	
	Yugoslavia	Carbon steel welded pipe	Sept. 16, 1987	Sept. 25, 1991	Jan. 23, 1992-NI	
	Yugoslavia	Carbon steel plate	Aug. 24, 1992			
	Yugoslavia	Carbon steel plate, hot rolled	Sept. 08, 1992			
	Colombia	Belgium	Orthophosphoric acid	May 09, 1991	July 31, 1991	May 13, 1992-DD
		United States	Orthophosphoric acid	Aug. 14, 1991	Apr. 22, 1992	Aug. 14, 1992-DD
	EEC	Austria	Container corner fittings	Dec. 11, 1990-R	Apr. 28, 1992	June 19, 1992-PU
		Belarus	Potassium chloride (potash)	Oct. 31, 1990	Sept. 27, 1991	Mar. 27, 1992-DD
		Brazil	Cotton yarn	Mar. 22, 1990		
Brazil		Certain semi-finished products of alloy steel	June 14, 1990	Apr. 09, 1992		
Brazil		Silicon metal	Nov. 27, 1990	Apr. 10, 1992		
Brazil		Binder and baler twine	Apr. 30, 1992-R			
Brazil		Ferro-silicon	May 06, 1992-R			
China		Polyester yarn (man made staple fibers)	Mar. 30, 1990	Oct. 03, 1991	Apr. 03, 1992-DD	
China		Pure silk typewriter ribbon fabrics	Jan. 18, 1992-R			
China		Unwrought manganese	Jan. 21, 1992			
China		Refined antimony trioxide	Mar. 21, 1992			
China		Fluorspar	Apr. 25, 1992			
China		Certain photo albums	May 12, 1992			
Egypt		Cotton yarn	Mar. 22, 1990	Oct. 03, 1991	Mar. 27, 1992-NI	
Georgia		Ferro-silicon	May 06, 1992-R			
Hong Kong		Audio tapes on reels	Jan. 14, 1989		Feb. 04, 1992-CW	
Hong Kong		Video cassettes	June 06, 1992			
Iceland		Ferro-silicon	May 06, 1992-R			
India		Polyester yarn (man made staple fibers)	Mar. 30, 1990	Oct. 03, 1991	Apr. 03, 1992-DD	

See footnotes at end of table.

**Table A-23—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1992**

Reporting country	Country of origin	Product	Initiation date ¹	Provisional measures ²	Date and final outcome ³
EEC—Continued					
	Indonesia	Polyester yarn (man made staple fibers)	Mar. 30, 1990	Oct. 03, 1991	Apr. 03, 1992-DD
	Japan	Audio tapes on reels	Jan. 14, 1989		Feb. 04, 1992-CW
	Japan	Dihydrostreptomycin	July 27, 1990	Dec. 31, 1991	Feb. 04, 1992-ND
	Japan	Teletax paper	Jan. 24, 1991	Sept. 26, 1991	Mar. 28, 1992-DD
	Japan	Aluminum electrolytic capacitors	Apr. 11, 1991	June 04, 1992	
	Japan	DRAMs	Feb. 25, 1992-R		
	Kazakhstan	Ferro-silicon	May 06, 1992-R		
	Korea	Audio tapes on reels	Jan. 14, 1989		Feb. 04, 1992-CW
	Korea	Radio-broadcast receivers in motor vehicles	May 06, 1990	Feb. 11, 1992	
	Korea	Electronic weighing scales	Apr. 04, 1992		
	Malaysia	Compact disc players	June 12, 1992		
	Mexico	Sheets and plates of iron or steel	May 12, 1990		Feb. 12, 1992-NX
	Mexico	Binder and baler twine	Apr. 30, 1992-R		
	Norway	Ferro-silicon	May 06, 1992-R		
	Romania	Certain portland cement	Apr. 22, 1992		
	Russia	Potassium chloride (potash)	Oct. 31, 1990	Apr. 28, 1992	
	Russia	Ferro-silicon	May 06, 1992-R		
	Singapore	Electronic weighing scales	Jan. 10, 1992		
	Singapore	Compact disc players	June 12, 1992		
	Sweden	Ferro-silicon	May 06, 1992-R		
	Taiwan	Polyester yarn (man made staple fibers)	Mar. 30, 1990	Oct. 03, 1991	Apr. 03, 1992-DD
	Taiwan	Compact disc players	June 12, 1992		
	Tunisia	Certain portland cement	Apr. 22, 1992		
	Turkey	Cotton yarn	Mar. 22, 1990	Sept. 27, 1991	Mar. 27, 1992-DD
	Turkey	Polyester yarn (man made staple fibers)	Mar. 30, 1990	Oct. 03, 1991	Apr. 03, 1992-DD
	Turkey	Merchant bars and rods of alloy steel	June 14, 1990		Feb. 12, 1992-CW
	Turkey	Certain semi-finished products of alloy steel	June 14, 1990		
	Turkey	Certain portland cement	Apr. 22, 1992	Apr. 09, 1992	
	Ukraine	Potassium chloride (potash)	Oct. 31, 1990	Apr. 26, 1992	
	Ukraine	Ferro-silicon	May 06, 1992-R		
	Venezuela	Ferro-silicon	May 06, 1992-R		
	Yugoslavia	Ferro-silicon	May 06, 1992-R		
Finland	Japan	Optical fiber cables	Apr. 17, 1991		Apr. 15, 1992-PU
India	Argentina	PVC resin	June 10, 1992		
	Brazil	PVC resin	June 10, 1992		
	Japan	Bisphenol	Aug. 12, 1992		
	Japan	Styrene butadiene rubber	Aug. 12, 1992		
	Korea	PVC resin	June 10, 1992		
	Korea	Styrene butadiene rubber	Aug. 12, 1992		

See footnotes at end of table.

**Table A-23—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1992**

Reporting country	Country of origin	Product	Initiation date ¹	Provisional measures ²	Date and final outcome ³
India—Continued					
Mexico	Mexico	PVC resin	June 10, 1992		
United States	United States	PVC resin	June 10, 1992		
Japan	China	Ferro-silicon manganese	Nov. 29, 1991		
	Norway	Ferro-silicon manganese	Nov. 29, 1991		
	South Africa	Ferro-silicon manganese	Nov. 29, 1991		
Mexico	Argentina	Fabric of cotton and cotton blends with man made fibers and the like	Feb. 02, 1992	May 22, 1992	Mar. 30, 1992-DD
	Brazil	Brown artificial corundum	Sept. 14, 1987	Feb. 09, 1988	Mar. 30, 1992-R/DD
	Brazil	Cold-rolled steel hoop and strip	Aug. 29, 1988	Aug. 17, 1989	
	Brazil	Ceramic wall tiles	Jan. 03, 1990	Nov. 27, 1992	
	Brazil	Electric power transformers	Nov. 08, 1991	Feb. 20, 1992-C	Sept. 07, 1992-DD
	Brazil	Polypropylene film	Feb. 12, 1992	Sept. 09, 1992-C	
	Brazil	Fabric of cotton and cotton blends with man made fibers and the like	Feb. 02, 1992	May 22, 1992	
	China	Threaded connections of malleable iron	Feb. 19, 1992	Oct. 16, 1992-C	
	China	Candles for candlesticks and shaped candles	May 12, 1992	Dec. 24, 1992-C	
	China	Fabric of cotton and cotton blends with man made fibers and the like	Feb. 02, 1992	May 22, 1992	
	China	Binder twine, lap, broadcloth and fabric of rayon	May 20, 1992	Oct. 15, 1992-C	
	China	Electric lighting sets	July 14, 1992	Dec. 08, 1992-C	
	China	Acid-grade fluorite	Oct. 30, 1992	Nov. 26, 1992	
	China	Brass padlocks	Dec. 03, 1992	Dec. 24, 1992	
	Colombia	Polypropylene film	Feb. 12, 1992	Sept. 03, 1992-C	
	Colombia	Fabric of cotton and cotton blends with man made fibers and the like	Feb. 02, 1992	May 22, 1992	
	Hong Kong	Jean/denim	May 28, 1990	Nov. 27, 1992-C	
	Hong Kong	Dishware or kitchenware of tableware or kitchenware	Apr. 03, 1991	Oct. 28, 1991-C	May 25, 1992-DD
	Hong Kong	Fabric of cotton and cotton blends with man made fibers and the like	Feb. 02, 1992	May 22, 1992	
	India	Fabric of cotton and cotton blends with man made fibers and the like	Feb. 02, 1992	May 22, 1992	
	Korea	Dihydroxyquinoline	Oct. 05, 1990	Nov. 27, 1992-C	
	Korea	Short-fiber polyester	Mar. 26, 1992	May 07, 1992	
	Korea	Rubber bands	Apr. 15, 1992	Nov. 26, 1992-C	
	Korea	Fabric of cotton and cotton blends with man made fibers and the like	Feb. 02, 1992	May 22, 1992	

See footnotes at end of table.

Table A-23—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1992

Reporting country	Country of origin	Product	Initiation date ¹	Provisional measures ²	Date and final outcome ³
Mexico—Continued	Netherlands	Cationic modified starch of the brands; "Amilofax 2200" "Solvitose NX"	July 14, 1991	Nov. 15, 1991-C	May 25, 1992-DD
	Other countries [sic]	Dishware or single articles of tableware or kitchenware	Apr. 03, 1991	Oct. 28, 1991-C	May 25, 1992-DD
	Pakistan	Fabric of cotton and cotton blends with man made fibers and the like	Feb. 02, 1992	May 22, 1992	
	Spain	Regenerated cellulose corrugated tubes	Apr. 30, 1991	Oct. 17, 1991-C	May 25, 1992-DD
	Spain	Sodium tripoly-phosphate	Jan. 22, 1992	Feb. 18, 1992	
	Taiwan	Fabric of cotton and cotton blends with man made fibers and the like	May 20, 1992	May 22, 1992	
	United States	Acrylic fibers	Sept. 21, 1989	Nov. 12, 1992	
	United States	Polyvinyl chloride (PVC)	Jan. 23, 1990	Nov. 12, 1992-C	
	United States	2-Ethylhexanol	Aug. 29, 1990	Nov. 27, 1992	
	United States	Rods	Nov. 14, 1990	July 06, 1992-C	
	United States	Vinyl flooring	Mar. 18, 1991	Nov. 27, 1992-C	
	United States	Dishware or single articles of tableware or kitchenware	Apr. 03, 1991	Oct. 28, 1991-C	May 25, 1992-DD
	United States	Regenerated cellulose corrugated tubes	Apr. 30, 1991	Oct. 17, 1991-C	May 25, 1992-DD
	United States	Plastic sterile hypodermic syringes	July 14, 1991	Oct. 28, 1991-C	May 25, 1992-DD
	United States	Non-alloy iron or steel wire	Aug. 28, 1991	Feb. 18, 1992-C	
	United States	Connectors for telephone-wire joints	Sept. 18, 1991	Apr. 14, 1992-C	Nov. 27, 1992-DD
	United States	Cold-rolled sheets	Mar. 05, 1992	May 29, 1992	
	United States	Hot-rolled sheets	Mar. 05, 1992	May 29, 1992	
	United States	Plate, in coils	Mar. 05, 1992	May 29, 1992	
United States	Hydrogen peroxide	Aug. 04, 1992	Oct. 08, 1992		
United States	Plate, in sheets	Dec. 11, 1992	Dec. 24, 1992		
United States	Coated flat steel products	Dec. 11, 1992	Dec. 24, 1992		
Venezuela	Zipppers with teeth of base metal	Jan. 22, 1992	July 10, 1992-C		
New Zealand	China	Hog bristle brushes	Aug. 27, 1990-R	Apr. 02, 1992-DD	
	China	Certain men's footwear	Mar. 17, 1992	Sept. 11, 1992-DD	
	China	Certain non-leather women's footwear	Apr. 14, 1992	Sept. 07, 1992-DD	
	Germany	Plaster of Paris bandages	Dec. 01, 1992		
	Hong Kong	Certain men's footwear	Mar. 17, 1992	June 15, 1992	June 15, 1992-NG
	India	Reinforcing steel	Sept. 18, 1992	Nov. 13, 1992-CW	
	Indonesia	Certain men's footwear	Mar. 17, 1992	Sept. 11, 1992-DD	
	Japan	Pneumatic radial ply tires	Nov. 28, 1991	May 26, 1992-NI	
	Korea	Pneumatic radial ply tires	Nov. 28, 1991	May 26, 1992-NI	
	Korea	Primary cell batteries	Jan. 14, 1992	June 11, 1992-PU	
	Korea	Certain men's footwear	Mar. 17, 1992	June 15, 1992	Sept. 11, 1992-DD

See footnotes at end of table.

**Table A-23—Continued
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1992**

Reporting country	Country of origin	Product	Initiation date ¹	Provisional measures ²	Date and final outcome ³
New Zealand—Continued					
	Korea	PVC cling film	Mar. 26, 1992	June 26, 1992	Sept. 23, 1992-DD
	Philippines	Lead acid automotive batteries	Feb. 03, 1990		June 29, 1992-DD
	Taiwan	Pneumatic radial ply tires	Nov. 28, 1991		May 26, 1992-NI
	Taiwan	Certain men's footwear	Mar. 17, 1992	June 15, 1992	Sept. 11, 1992-DD
	Taiwan	PVC cling film	Mar. 26, 1992	June 26, 1992	Sept. 23, 1992-DD
	Thailand	Certain men's footwear	Mar. 17, 1992	June 15, 1992	Sept. 11, 1992-DD
	United Kingdom	Home brew beer kits	Dec. 01, 1992		
	United States	Automotive oil filters	July 02, 1992		Nov. 27, 1992-DD
Sweden	Japan	Medical X-ray film	Sept. 19, 1992		Oct. 08, 1992-PU

¹ Initiation date codes: R = Review of existing antidumping measures.

² Provisional measures codes: NPF Negative preliminary finding; C = Changed or revised.

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.

Note.—U.S. antidumping actions are reported in Table A-24. The following members reported no antidumping action during the year: the Czech and Slovak Federal Republic, Egypt, Hong Kong, Norway, Pakistan, Poland, Romania, and Singapore.

Table A-24
Antidumping cases active in 1992, 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 ⁹
				Commission	ITA ¹	ITA ¹	Commission	
Affirmative:								
731-TA-4547	Atlantic salmon	Norway	Feb. 28, 1990	A	A	A	A	Dec. 22, 1992
731-TA-4697	High-information content flat panel displays	Japan	July 18, 1990	A	A	P	A	Mar. 1, 1993
731-TA-514	Shop towels	Bangladesh	Apr. 19, 1991	A	A	A	A	Mar. 11, 1992
731-TA-516	Kiwifruit	New Zealand	Apr. 25, 1991	A	A	A	A	May 26, 1992
731-TA-518	Aspherical ophthalmology lenses	Japan	May 16, 1991	A	A	A	A	Apr. 6, 1992
731-TA-520	Steel butt-weld pipe fittings	China	June 11, 1991	A	A	A	A	June 24, 1992
731-TA-521	Steel butt-weld pipe fittings	Thailand	June 11, 1991	A	A	A	A	June 24, 1992
731-TA-527	Extruded rubber thread	Malaysia	Sept. 19, 1991	A	A	A	A	Sept. 30, 1992
731-TA-528	Magnesium	Canada	Sept. 5, 1991	A	A	A	A	Aug. 19, 1992
731-TA-530	High-tenacity rayon filament yarn	Germany	Sept. 6, 1991	A	A	A	A	June 18, 1992
731-TA-532	Circular welded steel pipe and tube	Brazil	Sept. 24, 1991	A	A	A	P	Oct. 26, 1992
731-TA-533	Circular welded steel pipe and tube	Korea	Sept. 24, 1991	A	A	A	P	Oct. 26, 1992
731-TA-534	Circular welded steel pipe and tube	Mexico	Sept. 24, 1991	A	A	A	P	Oct. 26, 1992
731-TA-536	Circular welded steel pipe and tube	Taiwan	Sept. 24, 1991	A	A	A	P	Oct. 26, 1992
731-TA-537	Circular welded steel pipe and tube	Venezuela	Sept. 24, 1991	A	A	A	P	Oct. 26, 1992
731-TA-538	Sulfanilic acid	China	Oct. 3, 1991	A	A	A	A	Aug. 10, 1992
731-TA-540	Welded stainless steel pipe	Korea	Nov. 18, 1991	A	A	A	A	Dec. 18, 1992
731-TA-541	Welded stainless steel pipe	Taiwan	Nov. 18, 1991	A	A	A	A	Dec. 18, 1992
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-560	Sulfanilic acid	Hungary	May 8, 1992	A	A	A	A	Feb. 18, 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-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-569	Ferrosilicon	Ukraine	May 22, 1992	A	A	A	A	Mar. 23, 1993
Negative:								
731-TA-3357	Steel disc wheels	Brazil	May 23, 1986	A	A	A	N	May 28, 1992
731-TA-4487	Sweaters	Hong Kong	Sept. 22, 1989	A	A	A	N	Nov. 23, 1992
731-TA-4497	Sweaters	Korea	Sept. 22, 1989	A	A	A	N	Nov. 23, 1992
731-TA-4507	Sweaters	Taiwan	Sept. 22, 1989	A	A	A	N	Nov. 23, 1992

See footnotes at end of table.

Table A-24—Continued
Antidumping cases active in 1992, 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 ⁹
				Commission	ITA ¹	ITA ¹	Commission	
Negative—Continued								
731-TA-517	Refined antimony trioxide	China	Mar. 16, 1991	A	A	A	N	Apr. 6, 1992
731-TA-522	Minivans	Japan	May 31, 1991	A	A	A	N	July 2, 1992
731-TA-525	Nepheline syenite	Canada	July 12, 1991	A	A	A	N	Apr. 24, 1992
731-TA-529	Magnesium	Norway	Sept. 5, 1991	A	A	N	T	Aug. 19, 1992
731-TA-535	Circular welded steel pipe and tube	Romania	Sept. 24, 1991	A	A	A	N	Oct. 26, 1992
731-TA-539	Uranium	USSR ⁸	Nov. 8, 1991	A	N	N	(4)	Nov. 23, 1992
731-TA-542	Potassium hydroxide	Canada	Jan. 2, 1992	A	(4)	(4)	(4)	Feb. 18, 1992
731-TA-543	Potassium hydroxide	Italy	Jan. 2, 1992	N	(4)	(4)	(4)	Feb. 18, 1992
731-TA-544	Potassium hydroxide	Italy	Jan. 2, 1992	N	(4)	(4)	(4)	Feb. 18, 1992
731-TA-545	Medium voltage underground distribution cable	United Kingdom	Jan. 2, 1992	N	(4)	(4)	(4)	Feb. 18, 1992
731-TA-548	Sulfur dyes	Canada	Jan. 31, 1992	N	(4)	(4)	(4)	Mar. 16, 1992
731-TA-550	Sulfur dyes	China	Apr. 10, 1992	A	A	A	N	Feb. 18, 1992
731-TA-551	Sulfur dyes	India	Apr. 10, 1992	A	A	A	N	Apr. 12, 1993
731-TA-557	New steel rails	United Kingdom	Apr. 10, 1992	A	A	A	N	Feb. 18, 1992
731-TA-558	New steel rails	Japan	May 1, 1992	N	(4)	(4)	(4)	(4)
731-TA-559	New steel rails	Luxembourg	May 1, 1992	N	(4)	(4)	(4)	(4)
731-TA-562	New steel rails	United Kingdom	May 1, 1992	N	(4)	(4)	(4)	(4)
731-TA-562	Crushed Limestone	Mexico	May 20, 1992	A	A	A	N	Mar. 26, 1993
731-TA-580	Flat-rolled carbon steel products ³	Japan	June 30, 1992	N	(4)	(4)	(4)	July 6, 1992
731-TA-593	Flat-rolled carbon steel products ⁵	Italy	June 30, 1992	N	(4)	(4)	(4)	Aug. 14, 1992
731-TA-598	Flat-rolled carbon steel products ¹⁰	Australia	June 30, 1992	N	(4)	(4)	(4)	Aug. 14, 1992
731-TA-610	Flat-rolled carbon steel products ¹⁰	Taiwan	June 30, 1992	N	(4)	(4)	(4)	Aug. 14, 1992
731-TA-611	Flat-rolled carbon steel products ¹⁰	United Kingdom	June 30, 1992	N	(4)	(4)	(4)	Aug. 14, 1992
731-TA-620	Flat-rolled carbon steel products ¹¹	Taiwan	June 30, 1992	N	(4)	(4)	(4)	Aug. 14, 1992
Terminated								
731-TA-526	Ibuprofen	India	Aug. 20, 1991	A	A	T	T	Mar. 13, 1992
731-TA-531	High-tenacity rayon filament yarn	Netherlands	Sept. 6, 1991	A	N	T	(4)	Apr. 2, 1992
Discontinued								
731-TA-549	Sulfur dyes	Hong Kong	Apr. 10, 1992	D	(4)	(4)	(4)	May 13, 1992
731-TA-623	Hairbrushes	China	Aug. 3, 1992	D	(4)	(4)	(4)	Aug. 21, 1992
731-TA-626	Pads for woodwind instrument keys	Italy	Sept. 21, 1992	D	(4)	(4)	(4)	Sept. 30, 1992
731-TA-628	Cordage products	Costa Rica	Nov. 25, 1992	D	(4)	(4)	(4)	Dec. 15, 1992
731-TA-629	Cordage products	Korea	Nov. 25, 1992	D	(4)	(4)	(4)	Dec. 15, 1992
731-TA-630	Cordage products	Mexico	Nov. 25, 1992	D	(4)	(4)	(4)	Dec. 15, 1992
731-TA-631	Cordage products	Portugal	Nov. 25, 1992	D	(4)	(4)	(4)	Dec. 15, 1992
731-TA-632	Cordage products	Costa Rica	Dec. 15, 1992	D	(4)	(4)	(4)	Jan. 4, 1993
731-TA-633	Cordage products	Korea	Dec. 15, 1992	D	(4)	(4)	(4)	Jan. 4, 1993
731-TA-634	Cordage products	Mexico	Dec. 15, 1992	D	(4)	(4)	(4)	Jan. 4, 1993
731-TA-635	Cordage products	Portugal	Dec. 15, 1992	D	(4)	(4)	(4)	Jan. 4, 1993

See footnotes at end of table.

Table A-24—Continued
Antidumping cases active in 1992, 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 ⁹
				Commission	ITA ¹	ITA ¹	Commission	
<i>In Progress⁶</i>								
731-TA-515 ¹²	Portable electric typewriters	Singapore	Apr. 18, 1991	A	A	(13)	(13)	(13)
731-TA-519	Portland cement	Venezuela	June 10, 1991	A	A	S	S	(13)
731-TA-539A ⁹	Uranium	Kazakhstan	Nov. 8, 1991	A	A	S	S	(13)
731-TA-539B ⁹	Uranium	Kyrgyzstan	Nov. 8, 1991	A	A	S	S	(13)
731-TA-539C ⁹	Uranium	Russia	Nov. 8, 1991	A	A	S	S	(13)
731-TA-539D ⁹	Uranium	Tajikistan	Nov. 8, 1991	A	A	S	S	(13)
731-TA-539E ⁹	Uranium	Ukraine	Nov. 8, 1991	A	A	S	S	(13)
731-TA-539F ⁹	Uranium	Uzbekistan	Nov. 8, 1991	A	A	S	S	(13)
731-TA-556	Dynamic random access memories	Korea	Apr. 22, 1992	A	A	S	S	(13)
731-TA-564	Stainless steel butt-weld pipe fittings	Taiwan	May 20, 1992	A	A	(13)	(13)	(13)
731-TA-565	Ferrosilicon	Argentina	May 22, 1992	A	N	(13)	(13)	(13)
731-TA-568	Ferrosilicon	Russia	May 22, 1992	A	A	(13)	(13)	(13)
731-TA-570	Ferrosilicon	Venezuela	May 22, 1992	A	A	(13)	(13)	(13)
731-TA-571	Professional electric cutting and sanding/grinding tools	Japan	May 29, 1992	A	A	(13)	(13)	(13)
731-TA-572	Special quality carbon & alloy hot-rolled steel bars & rods	Brazil	June 9, 1992	A	A	(13)	(13)	(13)
731-TA-573	Flat-rolled carbon steel products ³	Belgium	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-574	Flat-rolled carbon steel products ³	Brazil	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-575	Flat-rolled carbon steel products ³	Canada	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-576	Flat-rolled carbon steel products ³	Finland	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-577	Flat-rolled carbon steel products ³	France	June 30, 1992	A	P	(13)	(13)	(13)
731-TA-578	Flat-rolled carbon steel products ³	Germany	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-579	Flat-rolled carbon steel products ³	Italy	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-581	Flat-rolled carbon steel products ³	Korea	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-582	Flat-rolled carbon steel products ³	Mexico	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-583	Flat-rolled carbon steel products ³	Poland	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-584	Flat-rolled carbon steel products ³	Romania	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-585	Flat-rolled carbon steel products ³	Spain	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-586	Flat-rolled carbon steel products ³	Sweden	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-587	Flat-rolled carbon steel products ³	United Kingdom	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-588	Flat-rolled carbon steel products ⁵	Belgium	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-589	Flat-rolled carbon steel products ⁵	Brazil	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-590	Flat-rolled carbon steel products ⁵	Canada	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-591	Flat-rolled carbon steel products ⁵	France	June 30, 1992	A	P	(13)	(13)	(13)
731-TA-592	Flat-rolled carbon steel products ⁵	Germany	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-594	Flat-rolled carbon steel products ⁵	Japan	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-595	Flat-rolled carbon steel products ⁵	Korea	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-596	Flat-rolled carbon steel products ⁵	Netherlands	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-597	Flat-rolled carbon steel products ¹	Argentina	June 30, 1992	A	A	(13)	(13)	(13)

See footnotes at end of table.

Table A-24—Continued

Antidumping cases active in 1992, 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 ⁹
				Commission	ITA ¹	ITA ¹	Commission	
<i>In Progress—Continued⁶</i>								
731-TA-599	Flat-rolled carbon steel products ¹⁰	Austria	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-600	Flat-rolled carbon steel products ¹⁰	Belgium	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-601	Flat-rolled carbon steel products ¹⁰	Brazil	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-602	Flat-rolled carbon steel products ¹⁰	Canada	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-603	Flat-rolled carbon steel products ¹⁰	France	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-604	Flat-rolled carbon steel products ¹⁰	Germany	June 30, 1992	P	A	(13)	(13)	(13)
731-TA-605	Flat-rolled carbon steel products ¹⁰	Italy	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-606	Flat-rolled carbon steel products ¹⁰	Japan	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-607	Flat-rolled carbon steel products ¹⁰	Korea	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-608	Flat-rolled carbon steel products ¹⁰	Netherlands	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-609	Flat-rolled carbon steel products ¹⁰	Spain	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-612	Flat-rolled carbon steel products ¹⁰	Australia	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-613	Flat-rolled carbon steel products ¹¹	Brazil	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-614	Flat-rolled carbon steel products ¹¹	Canada	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-615	Flat-rolled carbon steel products ¹¹	France	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-616	Flat-rolled carbon steel products ¹¹	Germany	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-617	Flat-rolled carbon steel products ¹¹	Japan	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-618	Flat-rolled carbon steel products ¹¹	Korea	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-619	Flat-rolled carbon steel products ¹¹	Mexico	June 30, 1992	A	A	(13)	(13)	(13)
731-TA-621	Compact ductile iron waterworks fittings and parts	China	July 8, 1992	A	A	(13)	(13)	(13)
731-TA-622	Dry film photoresist	Japan	July 16, 1992	A	A	(13)	(13)	(13)
731-TA-624	Helical spring lockwashers	China	Sept. 8, 1992	A	(13)	(13)	(13)	(13)
731-TA-625	Helical spring lockwashers	Taiwan	Sept. 8, 1992	A	(13)	(13)	(13)	(13)
731-TA-627	Pads for woodwind instruments	Italy	Oct. 21, 1992	A	(13)	(13)	(13)	(13)
731-TA-636	Stainless steel wire rod	Brazil	Dec. 30, 1992	A	(13)	(13)	(13)	(13)
731-TA-637	Stainless steel wire rod	France	Dec. 30, 1992	A	(13)	(13)	(13)	(13)
731-TA-638	Stainless steel wire rod	India	Dec. 30, 1992	A	(13)	(13)	(13)	(13)
731-TA-639	Stainless steel flanges	India	Dec. 31, 1992	A	(13)	(13)	(13)	(13)
731-TA-640	Stainless steel flanges	Taiwan	Dec. 31, 1992	A	(13)	(13)	(13)	(13)

See footnotes at end of table.

Table A-24—Continued
Antidumping cases active in 1992, 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 ⁹
				Commission	ITA ¹	ITA ¹	Commission	

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 Cut-to-length plate.
⁴ Not applicable.
⁵ Hot-rolled sheet and strip.
⁶ Seven investigations covering a variety of products remained suspended in 1992 pending resolution of trade conflicts. For additional details on suspension arrangements in place throughout calendar year 1992, see the table immediately following.
⁷ Court remand.
⁸ Includes: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Turkmenistan.
⁹ Announcement of determined market price of the six suspension agreements (Kazakhstan, Kyrgystan, Russia, Tajikistan, Ukraine and Uzbekistan).
¹⁰ Cold-rolled sheet and strip.
¹¹ Corrosion-resistant sheet.
¹² 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).
¹³ In progress.

Source: U.S. International Trade Commission.

Table A-25
Antidumping orders and findings in effect as of Dec. 31, 1992

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: Canned bartlett pears	
	Mar. 23, 1973
Austria: Railway track equipment	
	Feb. 17, 1978
Azerbaijan:	
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:	
Phosphoric acid	Aug. 20, 1987
Sugar	June 13, 1979
Brazil:	
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:	
Magnesium	Aug. 31, 1992
Steel rail	Sept. 15, 1989
Color picture tubes	Jan. 7, 1988
Fresh cut flowers	Mar. 18, 1987
Brass sheet and strip	Jan. 12, 1987
Oil country tubular goods	June 16, 1986
Construction castings	Mar. 5, 1986
Raspberries	June 24, 1985
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
France:	
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
Germany:	
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

See footnote at end of table

Table A-25—Continued
Antidumping orders and findings in effect as of Dec. 31, 1992

Country and commodity	Effective date of original action ¹
<i>Germany—Continued:</i>	
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
<i>Hong Kong:</i>	
Manmade-fiber sweaters	Sept. 24, 1990
Photo albums	Dec. 16, 1985
Hungary: Tapered roller bearings	June 19, 1987
<i>India:</i>	
Pipes and tubes	May 12, 1986
Certain iron-metal castings	Oct. 16, 1980
Iran: Pistachio nuts	July 17, 1986
<i>Israel:</i>	
Phosphoric acid	Aug. 19, 1987
Oil country tubular goods	Mar. 6, 1987
<i>Italy:</i>	
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
<i>Japan:</i>	
Lenses	Apr. 15, 1992
Active matrix LCD flat-panel displays	Sept. 4, 1991
Electroluminescent flat-panel displays	Sept. 4, 1991
Personal word processors	Aug. 28, 1991
PET film	June 5, 1991
Cement	May 10, 1991
Benzyl paraben	Feb. 13, 1991
Laser light-scattering instruments	Nov. 19, 1990
Nitrocellulose	July 10, 1990
Mechanical transfer presses	Feb. 16, 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	Mar. 25, 1988
Color picture tubes	Jan. 7, 1988
Tapered roller bearings over 4 inches	Oct. 6, 1987
Silica filament fabric	Sept. 23, 1987
Cast-iron pipe fittings	July 6, 1987
Butt-weld pipe fittings	Feb. 10, 1987
64K dynamic random access memory chips	June 16, 1986
Cellular mobile telephones	Dec. 19, 1985
Neoprene laminate	July 19, 1985
Calcium hypochlorite	Apr. 18, 1985

See footnote at end of table

Table A-25—Continued
Antidumping orders and findings in effect as of Dec. 31, 1992

Country and commodity	Effective date of original action ¹
<i>Japan—Continued:</i>	
Titanium sponge	Nov. 30, 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
<i>Kazakhstan:</i>	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
<i>Kenya: Standard carnations</i>	
Apr. 23, 1987	
<i>Kyrgyzstan:</i>	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
<i>Latvia-Baltic:</i>	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
<i>Lithuania:</i>	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
<i>Korea:</i>	
Welded stainless steel pipes	Dec. 30, 1992
Circular welded non-alloy pipe	Nov. 11, 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 cookware	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, 1984
Malaysia: Extruded rubber thread	Oct. 7, 1992
<i>Mexico:</i>	
Circular welded non-alloy pipe	Nov. 2, 1992
Cement	Aug. 30, 1990
Fresh cut flowers	Apr. 23, 1987
Cookware	Dec. 2, 1986
<i>Moldova:</i>	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
<i>Netherlands: Brass sheet and strip</i>	
Aug. 12, 1988	
<i>New Zealand:</i>	
Kiwifruit	June 2, 1992
Brazing copper wire and rod	Dec. 4, 1985
Norway: Atlantic salmon	Apr. 12, 1991

See footnote at end of table

Table A-25—Continued
Antidumping orders and findings in effect as of Dec. 31, 1992

Country and commodity	Effective date of original action ¹
People's Republic of China:	
Sulfanilic acid	Aug. 19, 1992
Butt-weld pipe fittings	July 6, 1992
Ceiling fans	Dec. 9, 1991
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
Romania:	
Ball bearings	May 15, 1989
Urea	July 14, 1987
Tapered roller bearings	June 19, 1987
Russia:	
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
Spain: Potassium permanganate	Jan. 17, 1984
Sweden:	
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:	
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	Mar. 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

See footnote at end of table

Table A-25—Continued
Antidumping orders and findings in effect as of Dec. 31, 1992

Country and commodity	Effective date of original action ¹
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:	
Aspirin	Aug. 25, 1987
Pipes and tubes	May 15, 1986
Turkmenistan:	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
Ukraine:	
Urea	July 14, 1987
Titanium sponge	Aug. 28, 1968
United Kingdom:	
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:	
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
Tajikistan: Uranium	Oct. 16, 1992
Ukraine: 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 ⁹
				Commission	ITA ¹	ITA ¹	Commission	
Affirmative:								
701-TA-302 ⁷	Atlantic salmon	Norway	Jan. 28, 1990	A	A	A	A	Dec. 12, 1992
701-TA-309	Magnesium	Canada	Sept. 5, 1991	A	A	A	A	Aug. 19, 1992
701-TA-312	Softwood lumber	Canada	Oct. 31, 1991	A	A	A	A	July 6, 1992
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
Negative								
701-TA-333	Flat-rolled carbon steel products ¹	Italy	June 30, 1992	N	(5)	(5)	(5)	(5)
701-TA-335	Flat-rolled carbon steel products ¹	New Zealand	June 30, 1992	N	(5)	(5)	(5)	(5)
701-TA-343	Flat-rolled carbon steel products ⁴	New Zealand	June 30, 1992	N	(5)	(5)	(5)	(5)
701-TA-345	Flat-rolled carbon steel products ⁴	Taiwan	June 30, 1992	N	(5)	(5)	(5)	(5)
701-TA-346	Flat-rolled carbon steel products ⁴	United Kingdom	June 30, 1992	N	(5)	(5)	(5)	(5)
701-TA-354	Flat-rolled carbon steel products ⁶	Taiwan	June 30, 1992	N	(5)	(5)	(5)	(5)
Terminated								
701-TA-308	Ibuprofen	India	Aug. 20, 1991	A	A	T	T	Mar. 18, 1992
701-TA-311	Circular welded pipe and tube	Brazil	Nov. 15, 1991	A	A	N	T	Oct. 26, 1992
701-TA-313	Portable seismographs	Canada	Feb. 12, 1992	A	A	T	T	Sept. 9, 1992
Discontinued								
303-TA-22	Extruded rubber thread	Malaysia	Sept. 19, 1991	A	A	A	D	Sept. 30, 1992
In progress⁸								
303-TA-21	Portland cement	Venezuela	Nov. 14, 1991	A	A	S	S	(10)
701-TA-319	Flat-rolled carbon steel products ³	Belgium	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-320	Flat-rolled carbon steel products ³	Brazil	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-321	Flat-rolled carbon steel products ³	France	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-322	Flat-rolled carbon steel products ³	Germany	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-323	Flat-rolled carbon steel products ³	Italy	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-324	Flat-rolled carbon steel products ³	Korea	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-325	Flat-rolled carbon steel products ³	Mexico	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-326	Flat-rolled carbon steel products ³	Spain	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-327	Flat-rolled carbon steel products ³	Sweden	June 30, 1992	A	A	(10)	(10)	(10)

See footnotes at end of table.

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 ⁹
				Commission	ITA ¹	ITA ¹	Commission	
<i>In progress—Continued⁶</i>								
701-TA-328	Flat-rolled carbon steel products ³	United Kingdom	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-329	Flat-rolled carbon steel products ¹	Belgium	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-330	Flat-rolled carbon steel products ¹	Brazil	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-331	Flat-rolled carbon steel products ¹	France	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-332	Flat-rolled carbon steel products ¹	Germany	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-333	Flat-rolled carbon steel products ¹	Korea	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-334	Flat-rolled carbon steel products ⁴	Austria	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-336	Flat-rolled carbon steel products ⁴	Belgium	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-337	Flat-rolled carbon steel products ⁴	Belgium	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-338	Flat-rolled carbon steel products ⁴	Brazil	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-339	Flat-rolled carbon steel products ⁴	France	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-340	Flat-rolled carbon steel products ⁴	Germany	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-341	Flat-rolled carbon steel products ⁴	Italy	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-342	Flat-rolled carbon steel products ⁴	Korea	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-344	Flat-rolled carbon steel products ⁴	Spain	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-347	Flat-rolled carbon steel products ⁶	Brazil	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-348	Flat-rolled carbon steel products ⁶	France	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-349	Flat-rolled carbon steel products ⁶	Germany	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-350	Flat-rolled carbon steel products ⁶	Mexico	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-351	Flat-rolled carbon steel products ⁶	New Zealand	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-352	Flat-rolled carbon steel products ⁶	Sweden	June 30, 1992	A	A	(10)	(10)	(10)
701-TA-353	Flat-rolled carbon steel products ⁶	Venezuela	June 30, 1992	A	A	(10)	(10)	(10)
303-TA-23	Ferrosilicon		Aug. 14, 1992	A	A	(10)	(10)	(10)

¹ Hot-rolled sheet and strip.
² U.S. Department of Commerce, International Trade Administration (ITA).
³ Cut-to-length plate.
⁴ Cold-rolled sheet and strip.
⁵ Not applicable.
⁶ Corrosion-resistant sheet.
⁷ Court Remand.
⁸ One investigation remained suspended in 1992 pending resolution of trade conflicts. For additional details on suspension arrangements in place throughout calendar year 1992, see the table immediately following.
⁹ For cases in which the final action was taken by the ITA, the date shown is the Federal Register notice date of that action.
¹⁰ 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, 1992

Country and commodity	Effective date of original action ¹
Argentina:	
Leather	Oct. 2, 1990
Welded carbon steel pipe and tube products	Sept. 27, 1988
Textiles and 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
Brazil:	
Brass sheet and strip	Jan. 8, 1987
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: Brass sheet and strip	Mar. 6, 1987
India: Certain iron-metal castings	Oct. 16, 1980
Iran:	
Roasted pistachios	Oct. 7, 1986
Pistachios (nonroasted)	Mar. 11, 1986
Israel:	
Industrial phosphoric acid	Aug. 19, 1987
Oil country tubular goods	Mar. 6, 1987
Fresh cut roses	Sept. 4, 1980
Korea: Stainless steel cookware	Jan. 20, 1987
Malaysia:	
Extruded rubber thread	Aug. 25, 1992
Carbon steel wire rod	Apr. 22, 1988
Mexico:	
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
Lamb meat	Sept. 17, 1985
Brazing copper rod and wire	Aug. 5, 1985
Norway: Atlantic salmon	Apr. 12, 1991
Pakistan: Cotton shop towels	Mar. 9, 1984
Peru:	
Pompom chrysanthemums	Apr. 23, 1987
Rebars	Nov. 27, 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
Spain: Stainless steel wire rod	Jan. 3, 1983

See footnotes at end of table

Table A-27—Continued
Countervailing-duty orders and findings in effect as of Dec. 31, 1992

Country and commodity	Effective date of original action ¹
Sweden:	
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
Pipe and tube	Mar. 7, 1986
Uruguay: Leather wearing apparel	July 17, 1982
Venezuela:	
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

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 1992 and those pending on Dec. 31, 1992

Status of Investigation	Article	Country¹	Commission Determination
Completed: 337-TA-276	Erasable programmable read only memories, components thereof, products containing such memories, and processes for making such memories	Republic of Korea	Second formal enforcement proceeding instituted; Commission vacated civil penalties imposed in first formal enforcement proceeding and dismissed second formal enforcement proceeding.
337-TA-302	Self-inflating mattresses	Taiwan	Ancillary proceeding terminated on basis of no violation of Commission's Interim Rule 210.5.
337-TA-315	Plastic encapsulated integrated circuits	No foreign respondents	Issued a limited exclusion order and cease and desist orders.
337-TA-320	Rotary printing apparatus using heated ink composition, components thereof, and systems containing said apparatus and components	France, Spain	Issued a limited exclusion order.
337-TA-323	Monoclonal antibodies used for therapeutically treating humans having gram negative bacterial infections	The Netherlands	Terminated on basis of a settlement agreement.
337-TA-324	Acid-washed denim garments and accessories	Brazil, Chile, Hong Kong, Taiwan	Issued a general exclusion order.
337-TA-328	Bathtubs and other bathing vessels and materials used therein	Germany	Terminated on basis of a consent order.
337-TA-330	Computer system state save/restore software and associated backup power supplies for use in power outages	Hong Kong	Terminated on basis of a settlement agreement.
337-TA-331	Microcomputer memory controllers, components thereof and products containing same	Japan	Terminated on basis of a settlement agreement.
337-TA-332	Translucent ceramic orthodontic brackets	Germany, Japan	Terminated on basis of a settlement agreement and a consent order.
337-TA-335	Dynamic sequential gradient compression devices and component parts thereof	England	Terminated with prejudice based on withdrawal of complaint.
337-TA-336	Single in-line memory modules and products containing same	Japan	Terminated with prejudice 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-317	Internal mixing devices and components	Italy	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 1992 and those pending on Dec. 31, 1992

Investigation No. Completed:	Article	Country¹	Commission Determination
Pending—Continued:			
337-TA-333	Woodworking accessories	Taiwan	Pending before the Commission.
337-TA-334	Condensers, parts thereof and products containing same, including air conditioners for automobiles	Japan	Pending before the ALJ.
337-TA-337	Integrated circuit telecommunication chips and products containing same, including dialing apparatus	Taiwan	Pending before the ALJ.
337-TA-338	Bulk bags and process for making same	Brazil, Canada, Philippines	Pending before the ALJ.
337-TA-339	Commercial food portioners, components thereof, including software, and process thereof	Denmark	Pending before the ALJ.
337-TA-340	Specimen container systems and components including alignment indicator labels, and method of use	Canada	Pending before the ALJ.
337-TA-341	Static random access memories, components thereof and products containing same	Taiwan	Pending before the ALJ.
337-TA-342	Circuit board testers	The United Kingdom	Pending before the ALJ.
337-TA-343	Mechanical gear couplings and components thereof	Canada	Pending before the ALJ.
337-TA-344	Cutting tools for flexible plastic conduit and components thereof	Taiwan	Pending before the ALJ.
337-TA-345	Anisotropically etched one megabit and greater DRAMs, components thereof, and products containing such DRAMs	Korea	Pending before the ALJ.

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-29
Outstanding section 337 exclusion orders as of Dec. 31, 1992

Investigation No.	Article	Country ¹	Date patent expires
337-TA-44	.... Certain roller units	No foreign respondents	May 24, 1994
337-TA-47	.... Certain flexible foam sandals	Taiwan	Sept. 7, 1993
337-TA-55	.... Certain novelty glasses	Hong Kong	Nonpatent
337-TA-59	.... Certain pump-top insulated containers	Korea, Taiwan	Sept. 12, 1995
337-TA-62	.... Certain rotary scraping tools	Taiwan	May 25, 1993
337-TA-69	.... Certain airtight cast-iron stoves	Taiwan, Korea	Nonpatent
337-TA-74	.... Certain rotatable photograph and card display units and components thereof	Hong Kong	Nonpatent
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	Nonpatent
337-TA-105	.... Certain coin-operated audio visual games and components thereof	Japan, Taiwan	Nonpatent
337-TA-112	.... Certain cube puzzles	Taiwan, Japan, Canada	Nonpatent
337-TA-114	.... Certain miniature plug-in blade fuses	Taiwan	Nonpatent Aug. 9, 1994 Nov. 8, 1994 Dec. 26, 1995
337-TA-118	.... Certain sneakers with fabric uppers and rubber soles	Korea	Nonpatent
337-TA-137	.... Certain heavy-duty staple gun tackers	Taiwan, Hong Kong, Korea	Nonpatent
337-TA-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	Nonpatent (Order expires Nov. 26, 1994.)
337-TA-152	.... Certain plastic food storage containers	Hong Kong, Taiwan	Nonpatent
337-TA-161	.... Certain trolley wheel assemblies	Korea	Aug. 29, 1995
337-TA-167	.... Certain single handle faucets	Taiwan	Nonpatent
337-TA-170	.... Certain bag closure clips	Israel	Nov. 2, 1999 July 26, 2000
337-TA-171	.... Certain glass tempering systems	Finland	Nov. 30, 1993
337-TA-174	.... Certain woodworking machines	Taiwan, South Africa	Nonpatent Nov. 13, 1996 Mar. 13, 2001
337-TA-190	.... Certain softballs and polyurethane cores therefor	Taiwan	Sept. 24, 1993
337-TA-195	.... Certain cloisonne jewelry	Taiwan	Nonpatent
337-TA-197	.... Certain compound action metal cutting snips and components thereof	Taiwan	Nonpatent
337-TA-228	.... Certain fans with brushless DC motors	Japan	Jan. 15, 2002
337-TA-229	.... Certain nut jewelry and parts thereof	Philippines, Taiwan	Nonpatent
337-TA-231	.... Certain soft sculpture dolls, popularly known as "Cabbage Patch Kids," related literature, and packaging therefor	No foreign respondents	Nonpatent
337-TA-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	Nonpatent Mar. 23, 1993

Table A-29 Continued
Outstanding section 337 exclusion orders as of Dec. 31, 1992

Investigation No.	Article	Country ¹	Date patent expires
337-TA-267 ...	Certain minoxidil powder, salts and compositions for use in hair treatment	Austria, Canada, Finland, Italy, Mexico, Switzerland	Feb. 13, 1996
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	Nonpatent
337-TA-285 ...	Certain chemiluminescent compositions and components thereof and methods of using, and products incorporating the same	France	Nonpatent Feb. 28, 1999 Feb. 2, 1999
337-TA-287 ...	Certain strip lights	Taiwan	Nonpatent
337-TA-293 ...	Certain crystalline cefadroxil monohydrate	Italy, Spain, Switzerland	Mar. 15, 2000 Mar. 12, 2002
337-TA-295 ...	Certain novelty teleidoscopes	Hong Kong	Nonpatent
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 Aug. 23, 1994
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	Nonpatent Apr. 11, 1995 May 30, 1996 Dec. 11, 1996 June 30, 2004 Aug. 23, 2005 Dec. 24, 2002
337-TA-320 ...	Certain rotary printing apparatus using heated ink composition, components thereof, and systems containing said apparatus and components	France, Spain	
337-TA-321 ...	Certain soft drinks and their containers	Colombia	Nonpatent
337-TA-324 ...	Certain acid-washed denim garments and accessories	Hong Kong, Taiwan Brazil, Chile	Apr. 26, 2007

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 imports, 1992
(1,000 dollars)

Rank	HTS 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	992,022	434,983	372,786
2	8517.10.00	Telephone sets	936,484	400,606	314,551
3	7113.19.50	Articles of jewelry and parts thereof of precious metal	1,713,061	703,700	238,995
4	1701.11.01	Raw cane sugar not flavored or colored	486,673	400,306	225,464
5	8471.92.40	Display units, nesl for automatic data processing machines	3,580,612	243,745	214,905
6	8525.20.50	Cordless handset telephones	953,742	218,923	204,615
7	8525.20.30	Transceivers nesl, for radiotelephony, radiotelegraphy	517,619	191,209	175,554
8	9403.60.80	Wooden (except bent-wood) furniture other than seats	973,705	254,382	173,299
9	8544.30.00	Insulated ignition wiring sets and other wiring sets	1,940,117	1,726,528	173,141
10	8708.99.50	Accessories, of motor vehicles of headings 8701 to 8705	5,684,742	533,200	169,523
11	8520.20.00	Telephone answering machines	308,478	171,746	165,541
12	9503.90.60	Toys, nesl, not having a spring mechanism	951,202	152,553	132,640
13	8521.10.00	Magnetic tape-type video recording or reproducing apparatus	3,028,733	884,346	125,415
14	4409.10.40	Standard wood moldings of pine	127,471	122,842	114,016
15	8516.50.00	Microwave ovens of a kind used for domestic purposes	457,252	113,287	111,343
16	7901.11.00	Unwrought zinc, not alloyed	552,128	115,671	101,328
17	9502.10.40	Dolls, except stuffed, not over 33 cm in height	398,991	97,506	96,655
18	8418.21.00	Refrigerators, household compression-type, electric	126,151	97,575	95,484
19	7113.19.10	Rope, cable, chain, etc. in continuous lengths, of precious metal	125,175	124,301	94,996
20	8527.11.60	Certain radiobroadcast receivers	656,595	210,330	93,747
Total, above items			24,510,953	7,197,739	3,393,998
Total, all GSP items			205,700,796	35,709,077	16,734,999

¹ These import data show total imports of the top 20 products reported in an HTS subheading that is eligible for duty-free treatment under GSP. For a variety of reasons, all imports from beneficiary countries that are "eligible" for GSP do not always and necessarily actually receive duty-free GSP treatment. Such "eligible" imports may not actually receive duty-free treatment under GSP for at least four types of reasons: (1) the importer fails to claim GSP benefits affirmatively; (2) the imports are from a beneficiary country that has lost GSP on that product or category for exceeding the so-called competitive need limits; (3) the imports are from a beneficiary country that has lost GSP on that product because of a petition to remove that country from GSP for that product; and (4) the imports fail to meet the rules of origin or direct shipment requirement in the GSP statute.

² These import data show the total imports of the top 20 products that actually received duty-free treatment under the GSP program.

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 based on the Harmonized Tariff Schedule (HTS), 1992

(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	9,167	153	118
II	Vegetable products	7,626	1,123	356
III	Animals or vegetable fats, and waxes	1,052	76	70
IV	Prepared foodstuffs, beverages, and tobacco	12,802	2,477	1,084
V	Mineral products	54,795	156	86
VI	Products of the chemical and allied industries	25,833	1,686	896
VII	Plastics and rubber, and articles thereof	13,287	1,500	887
VIII	Hides and skins; leather and articles thereof; travel goods, handbags, and similar containers			
IX	Articles of wood, cork, or plating material	5,394	531	438
X	Wood pulp; paper, paperboard, and articles thereof	6,683	1,028	638
XI	Textiles and textile articles	11,993	214	156
XII	Footwear, and headgear, and artificial flowers	36,252	461	171
XIII	Articles of stone or ceramics; glass and glassware	11,639	402	201
XIV	Pearls; precious stones and metals; jewelry; coin	5,236	653	544
XV	Base metals and articles of base metal	12,300	1,366	706
XVI	Machinery and mechanical appliances; electrical equipment; parts and accessories thereof	26,076	2,065	1,317
XVII	Vehicles, aircraft, and other transport equipment	139,818	14,656	5,486
XVIII	Optical, photographic, measuring, and medical apparatus; clocks and watches; musical instruments	86,467	2,318	762
XIX	Arms and ammunition; parts and accessories	18,456	1,749	519
XX	Miscellaneous manufactured articles	563	60	17
XXI	Works of art, collectors' pieces and antiques	18,812	3,034	2,281
XXII	Special classification provisions	2,068	0	0
		17,010	0	0
	Total, above items	523,326	35,709	16,735

¹ The import data show total imports, by sector, that are reported in an HTS subheading that is eligible for duty-free treatment under GSP. For a variety of reasons, all imports from beneficiary countries that are "eligible" for GSP do not always and necessarily actually receive duty-free GSP treatment. Such "eligible" imports may not actually receive duty-free treatment under GSP for at least four types of reasons: (1) the importer fails to claim GSP benefits affirmatively; (2) the imports are from a beneficiary country that has lost GSP on that product or category for exceeding the so-called competitive need limits; (3) the imports are from a beneficiary country that has lost GSP on that product because of a petition to remove that country from GSP for that product; and (4) the imports fail to meet the rules of origin or direct shipment requirement in the GSP statute.

² These import data show the total imports, by sector, that actually received duty-free treatment under the GSP program.

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, 1989-92
(1,000 dollars)

HTS no.	Description	1989	1990	1991	1992
1701.11.00	Raw cane sugar not flavored or colored ¹	106,446	117,377	116,356	193,629
6406.10.65	Footwear uppers, other than formed, of leather	11,877	25,148	70,479	132,127
2918.90.30	Aromatic drugs derived from carboxylic acids with additional oxygen	0	0	0	78,594
0202.30.60	Non retail cuts of meat of bovine animals, frozen, boneless, nesi	70,804	84,320	80,321	68,581
8538.90.00	Parts nesi, suitable for use solely or principally with apparatus of heading 8535, 8536, 8537	11,850	12,457	35,198	55,989
0201.30.60	Nonretail cuts of meat of bovine animals, fresh, chilled, boneless, nesi	47,685	45,525	50,951	55,125
9018.90.80	Instruments and appliances, medical, surgical, dental and other	27,054	55,164	48,659	42,656
7113.19.50	Articles of jewelry and parts of precious metal, nesi	16,106	27,099	29,529	40,038
0807.10.20	Cantaloupes, fresh, if entered at any other time	12,167	22,466	28,288	35,693
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates	32,000	34,195	29,442	33,742
2402.10.80	Cigars, cheeroots and cigarillos containing tobacco, valued over \$.23	25,613	35,459	33,008	32,721
2207.10.60	Undenatured ethyl alcohol of 80 percent volume alcohol, for nonbeverage use	21,093	14,534	32,367	23,830
2009.11.00	Orange juice, frozen, unsweetened	9,627	20,412	6,180	23,022
9506.69.20	Baseballs and softballs	28,833	33,607	29,386	21,610
2401.10.60	Cigarette leaf not stemmed not oriental or turkish	8,938	5,468	5,929	20,294
8516.31.00	Electrothermic hair dryers	0	0	5,074	20,213
0302.69.40	Fish, nesi, excl. fillets, livers and roes, fresh, chilled	11,054	16,828	18,693	20,128
0807.10.70	Melons, nesi, fresh, if entered at any other time	7,182	9,599	20,070	20,057
2401.20.80	Tobacco, partly or wholly stemmed (stripped)	9,617	13,272	12,487	15,788
7213.31.30	Bars and rods, hot-rolled, of iron or non-alloy steel	5,322	10,211	10,822	15,421
	Total of above items	463,268	583,140	663,243	949,267
	Total, all items entering under CBERA	905,762	1,022,686	1,120,697	1,498,556

¹ HTS item 1701.11.00 became obsolete effective October 1, 1990, when it was replaced by items 1701.11.01, 1701.11.02, 1701.11.03. In this report, 1990 and 1991 data on all three of these items are included under item 1701.11.00.

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, designated and nondesignated Caribbean Basin countries, 1988-92

(1,000 dollars, customs-value basis)

Country	1988	1989	1990	1991	1992
Designated:					
Antigua	6,893	12,274	4,120	3,895	5,414
Aruba	647	1,156	967	100,246	189,656
Bahamas	268,328	460,723	506,772	465,323	580,699
Barbados	51,413	38,725	30,898	31,457	30,528
Belize	52,049	43,056	43,978	35,623	58,509
British Virgin Islands	684	1,112	1,999	2,567	3,235
Costa Rica	777,797	967,901	1,006,473	1,143,982	1,402,041
Dominica	8,530	7,664	8,345	5,877	4,506
Dominican Republic	1,425,371	1,636,931	1,725,430	1,976,624	2,366,509
El Salvador	282,584	243,922	237,538	302,449	383,244
Grenada	7,349	7,862	7,783	8,086	7,475
Guatemala	436,979	608,280	790,900	892,280	1,072,697
Guyana ¹	50,432	55,858	52,260	73,733	87,064
Haiti	382,466	371,875	339,177	284,264	107,170
Honduras	439,504	456,790	486,330	552,238	780,637
Jamaica	440,934	526,726	563,723	561,205	593,361
Montserrat	2,393	2,285	562	2,178	1,095
Netherlands Antilles	408,100	374,358	421,789	620,783	569,689
Nicaragua ²	(⁴)	(⁴)	15,254	59,528	68,609
Panama ³	256,046	(⁴)	226,555	242,580	218,232
St. Kitts and Nevis	20,822	21,447	16,100	15,553	22,857
St. Lucia	26,044	23,985	26,920	21,731	28,065
St. Vincent and Grenadines	13,950	9,244	8,672	7,507	4,530
Trinidad and Tobago	701,738	765,265	1,002,661	819,653	839,787
Total	6,061,054	6,637,440	7,525,206	8,229,366	9,425,609
Nondesignated:					
Anguilla	497	348	227	1,407	268
Cayman Islands	18,195	48,041	21,387	17,615	10,693
Guyana ¹	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Nicaragua	1,121	31	(⁴)	(⁴)	(⁴)
Panama ²	(⁴)	258,319	(⁴)	(⁴)	(⁴)
Suriname	87,894	73,892	50,901	51,679	46,144
Turks and Caicos Islands	3,517	2,507	3,547	4,210	6,065
Total	111,224	383,137	76,062	74,911	63,170
Grand total	6,172,278	7,020,577	7,601,268	8,304,278	9,488,788

¹ Guyana was designated as a CBERA beneficiary effective Nov. 24, 1988.² Nicaragua was designated as a CBERA beneficiary effective Nov. 8, 1990.³ Panama lost its designation as a beneficiary effective April 9, 1988, and was reinstated in Mar. 1990.⁴ Not applicable.

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-34

U.S. Imports for consumption of leading Andean Trade Preference Act (ATPA) duty free imports, 1992

(1,000 dollars)

HTS no.	Commodity	1992
0603.10.70	Chrysanthemums, carnations, anthuriums, and orchids	46,107
0603.10.60	Roses, fresh cut	21,496
3921.12.11	Certain cellular plastics	7,036
2401.20.80	Tobacco, partly or wholly stemmed	3,165
0603.10.80	Cut flowers and flower buds suitable for bouquets	3,117
4202.91.00	Certain cases, bags, and containers nesi	2,507
4202.11.00	Trunks, suitcases, vanity cases, etc.	2,290
0603.10.30	Miniature (spray) carnations, fresh cut	1,716
7113.19.50	Articles of jewelry and parts of precious metal	1,133
6908.90.00	Glazed ceramic flags and paving or wall tiles	797
0810.10.40	Strawberries, fresh, if entered during the period	733
6908.10.50	Glazed ceramic tiles, cubes & similar articles	677
4202.21.60	Handbags, with or without shoulder strap	610
7312.10.30	Stranded wire of iron or steel (exc. stainless steel)	580
7113.19.29	Necklaces and neck chains of gold, nesi	528
4412.29.50	Veneer panels and similar laminated wood, nesi	508
4202.21.90	Handbags, with or without shoulder strap	462
4202.31.60	Articles of a kind normally carried in the pocket	426
4818.10.00	Toilet paper	146
4412.99.50	Plywood, nesi, surface covered, nesi	141
	Total of items shown	94,177
	Total other	2,940
	Total all commodities	97,117

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

List of Frequently Used Abbreviations and Acronyms

AD	Antidumping
ATPA	Andean Trade Preference Act
CAP	Common Agricultural Policy
CBERA	Caribbean Basin Economic Recovery Act
CBI	Caribbean Basin Initiative
CFTA	U.S.–Canada Free Trade Agreement
CVD	Countervailing Duty
EC	European Community
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 Countries
NTMs	Nontariff Measures
OECD	Organization for Economic Cooperation and Development
SITC	Standard International Trade Classification
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

INDEX

- Airbus Industrie:** dispute with EC, 47, 50–50;
- Aircraft:** See Airbus Industrie.
- Alcoholic beverages:** U.S./Canada beer dispute, 54–55;
- Andean Trade Preference Act (ATPA):** activities in 1992, 99–100;
- Antidumping law:** description of, 91; review of outstanding antidumping orders, 92;
- Apparel:** See textiles.
- Arrangement Regarding International Trade in Textiles (Multifiber Arrangement):** activities in 1992, 100–104;
- ASEAN:** free-trade agreement, xii; and GATT, 22; and textiles, 104;
- Automobiles:** dispute with Japan, 59–60; content dispute with Canada, 58; and NAFTA, 2–3;
- Beef:** dispute with EC, 49–50; Mexican tariffs, 65;
- Beer:** See alcoholic beverages.
- Blair House agreement:** description of, 20, 47–49;
- Canada:** automobile content dispute, 58; merchandise trade with the United States, xvi–xvii; dispute over beer, 54–55; dispute over softwood lumber, 56–57; economic overview, xvi–xvii; interprovincial trade barriers, 57;
- Caribbean Basin Economic Recovery Act (CBERA):** activities in 1992, 99; eligible countries, 99;
- China:** economic overview, xix–xx, 67; merchandise trade with the United States, xix–xx; attempts to rejoin GATT, 69–70 intellectual property rights (agreement on), 67–69; market access agreement, 68; trade barrier reduction, 67–69;
- Cocoa:** See International Cocoa Agreement.
- Coffee:** See International Coffee Agreement.
- Copyright:** See intellectual property.
- Countervailing-duty law:** description of, 91–92; review of outstanding countervailing orders, 92;
- Dunkel Text:** See GATT Uruguay Round.
- Eastern Europe:** economic overview, xx–xxi; GSP eligibility, 98; and the OECD, 37;
- Enterprise for the Americas Initiative (EAI):** activities in 1992, 43–44;
- Environment:** GATT activity addressing environmental issues, 29–31; GATT Group on Environmental Measures and International Trade, 30–31; and NAFTA, 8; tuna/dolphin dispute (Mexico–U.S.), 30; UN Conference on Environment and Development (Rio Conference/Earth Summit), 30;
- European Community (EC):** Common Agricultural Policy (CAP), 19, 48–49; dispute over Airbus, 47, 50–51; dispute over corn gluten feed, 49; dispute over malt sprout pellets, 49; dispute over meat inspection (Third Country Meat Directive), 47, 49–50; dispute over oilseeds (Blair House agreement), 18–20, 47–49; Maastricht treaty, 52; merchandise trade with the United States, xvii; negotiations with EFTA for European Economic Area, 53; 1992 program, 51–52; European Monetary Union (EMU), 52–53; integration and enlargement, 49; Eastern Europe, relations with, 29, 53; membership, 53; utilities directive, 52; broadcast directive, 52; standards, 52;
- European Economic Area.** See European Community and European Free-Trade Association.
- European Free-Trade Association (EFTA):** negotiations for European Economic Area with EC, 53;
- Fishing:** See Mexico (dispute over tuna).
- Forest products:** See lumber.
- GATT:** activities in 1992, 15, 24–25; dispute settlement, 24, 28; review of regional free-trade areas, 28–29; and the environment, 29–31;

- GATT Agreement on Trade in Civil Aircraft:** activities in 1992, 51; dispute with EC over Airbus Industrie, 51;
- GATT Antidumping Code:** activities in 1992, 24, 26; disputes under, 26;
- GATT Government Procurement Code:** activities in 1992, 24, 26; and case with Norway (electronic toll collection equipment), 26; and case with EC (sonar mapping equipment), 26; disputes under, 26;
- GATT Group on Environmental Measures and International Trade:** activities in 1992, 30–31;
- GATT Membership:** China, 69–70; Taiwan, 69, 71–72; new members, 15;
- GATT Subsidies and Countervailing Duties Code:** activities in 1992, 24, 26, 50–51; dispute with EC over Airbus Industrie, 50; disputes under, 27;
- GATT Trade Policy Review Mechanism:** activities in 1992, 29;
- GATT Uruguay Round:** agriculture, 18–20, 48; Dunkel draft text, 15, 18–20; services (MFN, financial, telecommunications, transport), 20–22; market access, 22–23; yearend discussions, 23;
- Generalized System of Preferences (GSP):** administration of, 40, 97–98; newly designated beneficiary countries, 98; Special committee on preferences, 40; trade analysis and information system (TRAINS), 40; lost eligibility, 98;
- Germany:** and Airbus disputes, 50–51; economic overview, xvii– xviii;
- Grain:** See wheat.
- Import relief laws:** description of section 201, 89; description of section 406, 89; trade adjustment assistance program (TAA): description of assistance to workers, firms and industries, 89–90;
- India:** and intellectual property, 98;
- Intellectual property:** and China, 67–68; and India, 98; and Korea, 74; and Taiwan, 70–71; and NAFTA, 6;
- International Cocoa Agreement:** activities in 1992, 41;
- International Coffee Agreement:** activities in 1992, 41;
- International Jute Agreement:** activities in 1992, 41;
- International Natural Rubber Agreement:** activities in 1992, 41, 43;
- International Sugar Agreement:** activities in 1992, 43;
- International Tropical Timber Agreement:** activities in 1992, 43;
- International Wheat Agreement:** activities in 1992, 43;
- Japan:** autos and parts, 59–60; Bush visit to Tokyo, 59; economic overview, xviii–xix; merchandise trade with the United States, xviii–xix; semiconductor agreement, 60–61; VRAs on machine tools, 61–62; paper and paper products, 62;
- Jute:** See International Jute Agreement.
- Korea.** See Republic of Korea.
- Latin America:** financial services, 21; and Enterprise for the America's Initiative (EAI), 43–44;
- Lumber:** dispute with Canada, 56–57;
- Machine tools:** VRAs on machine tools from Japan and Taiwan, 61–62;
- Meat imports:** See Third Country Meat Directive.
- MERCOSUR:** activities in 1992, 29;
- Mexico:** dispute over tuna, 30; economic overview, 62–63; foreign investment, 5; and GSP, 65; intellectual property rights, 6; merchandise trade with the United States, xviii; removal of import–licensing requirements, 64; textile product labeling, 3; agricultural reform, 66–67; imports and taxation, 65–66; import labelling and certification requirements, 64–65; Pact for Stability, Competitiveness and Employment (PECE), 63–64; trade deficit, 64; tariffs, 65;
- Multifiber Arrangement (MFA).** See Arrangement Regarding International Trade in Textiles.
- Natural rubber:** See International Natural Rubber Agreement.
- North American Free–Trade Agreement (NAFTA):** agriculture, 6–7, 67; autos and auto parts, 23; recent chronology, 1; dispute settlement, 6; emergency actions 5–6; energy, 7; environmental concerns associated with, 8; financial services, 4; foreign investment, 5; government procurement, 5;

- intellectual property rights, 6; labor issues associated with, 7; petroleum – see energy ; rules of origin, 2; standards, 3; supplemental agreements: labor, environment, 7–8; textiles and apparel, tariff and nontariff measures, 2; telecommunications services, 5; transportation services, 4; 3; sanitary and phytosanitary measures, 3;
- Norway:** and electronic toll equipment, 26;
- Oilseeds:** dispute with EC, 18–20, 47–49; see also Blair House agreement.
- Organization for Economic Cooperation and Development (OECD):** and Central and Eastern Europe, 34; Export Credit Arrangement, 37–38; and investment codes, 38; overview of activities, 37;
- Paper and Paper Products:** market access agreement with Japan, 62;
- Patents:** See intellectual property.
- Pork:** See EC Third Country Meat Directive.
- Republic of Korea:** five– year economic plan, 74; economic overview, xix; and intellectual property rights, 74; telecommunications liberalization, 73; trade and investment agreement, 73; President's Economic Initiative (PEI): standards and regulatory procedure, customs procedures, technology, foreign investment liberalization, 73–74; merchandise trade with the United States, xix;
- Rubber.** See International Natural Rubber agreement.
- Section 201:** description of, 89; (no cases in 1992)
- Section 301:** cases in 1992, 94–96 ; description of, 50, 54–55, 67, 90–93;
- Section 303:** description of, 91;
- Section 337:** cases in 1992, 93; description of, 93;
- Section 406:** description of 89; (no cases in 1992),
- Section 751:** description of, 92; (no cases in 1992)
- Semiconductors:** dispute with Japan, 60–61;
- Softwood lumber:** dispute with Canada, 56–57;
- Soviet Union:** economic overview, xx–xxi;
- Steel:** Steel Import Program, 104;
- Sugar:** See International Sugar Agreement.
- Taiwan:** merchandise trade with the United States, xix; attempts to join GATT, 69, 71–72; intellectual property rights protection, 70–71; VRAs on machine tools, ; trade and investment framework agreement, 72;
- Telecommunications:** Korean liberalization, 73;
- Textiles (see also Arrangement Regarding International Trade in Textiles):** labeling of Mexican textiles, 3;
- Third Country Meat Directive.** See European Community.
- Trade Adjustment Assistance program (Title II of 1974 Trade Act):** 90; assistance to firms and industries in 1992, 90; description of, 89–90;
- Trademarks:** See intellectual property.
- Tuna:** dispute with Mexico, 30
- Unfair trade laws:** Summary of 1992 actions, 90–91; see also antidumping law, countervailing duty law, section 301 and section 337;
- United Kingdom:** economic overview, xviii;
- United Nations Conference on Trade and Development (UNCTAD):** activities in 1992, 30; and General System of Preferences (GSP) committee, 40; International Cocoa Agreement, 41; International Coffee Agreement, 41; International Jute Agreement, 41; International Natural Rubber Agreement, 41, 43; International Sugar Agreement, 43; International Tropical Timber Agreement, 43; International Wheat Agreement, 43; and restrictive business practices, 40; UNCTAD VIII, 39– 40; international commodity arrangements, 40–41; Trade Points program, 39;
- United States:** economic overview, xiv–xv;
- Uruguay Round:** See GATT Uruguay Round.
- Wheat:** See International Wheat Agreement.

