

United States International Trade Commission

THE YEAR IN TRADE 2005

Operation of the Trade
Agreements Program

57TH REPORT

USITC Publication 3875
August 2006



U.S. International Trade Commission

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PREFACE

This report is the 57th in a series of annual reports submitted to the U.S. Congress under section 163(c) of the Trade Act of 1974 (19 U.S.C. 2213(c) and its predecessor legislation. Section 163(c) of the Trade Act of 1974 states that “the International Trade Commission shall submit to the Congress at least once a year, a factual report on the operation of the trade agreements program.”

This report is one of the principal means by which the U.S. International Trade Commission provides Congress with factual information on trade policy and its administration for calendar year 2005. 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.

ABSTRACT

This annual report to Congress provides factual information on U.S. trade policy and its administration for calendar year 2005. Chapter 1 provides an overview of the U.S. economy in 2005 and describes major trends in U.S. trade during the year. Chapter 2 summarizes activities relating to the administration of U.S. trade laws and regulations, including import relief laws, laws against unfair trade practices, and other import administration laws and programs. Chapter 3 focuses on the activities of the World Trade Organization, the Organization for Economic Cooperation and Development, and the Asia-Pacific Economic Cooperation forum. Chapter 4 provides an overview of activities with respect to U.S. free trade agreements (FTAs) and FTA negotiations during 2005. Chapter 5 addresses selected trade-related activities between the United States and selected major trading partners—the European Union, Canada, China, Mexico, Japan, Taiwan, Korea, India, and Russia.

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List of Frequently Used Abbreviations and Acronyms

AD	Antidumping
AGOA	African Growth and Opportunity Act
APEC	Asia-Pacific Economic Cooperation
ATPA	Andean Trade Preference Act
ATPDEA	Andean Trade Promotion and Drug Eradication Act
BSE	Bovine Spongiform Encephalopathy
CBERA	Caribbean Basin Economic Recovery Act
CBTPA	Caribbean Basin Trade Partnership Act
CVD	Countervailing Duty
DDA	Doha Development Agenda
DSB	WTO Dispute Settlement Body
DSU	WTO Dispute Settlement Understanding
EU	European Union
FAS	Foreign Agricultural Service, U.S. Department of Agriculture
FSC	Foreign Sales Corporation
FTA	Free Trade Agreement
FTAA	Free Trade Area of the Americas
FY	Fiscal Year
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSP	Generalized System of Preferences
HFCS	High Fructose Corn Syrup
HTS	Harmonized Tariff Schedule of the United States
IMF	International Monetary Fund
IPR	Intellectual Property Rights
ITA	International Trade Administration, U.S. Department of Commerce
LTFV	Less Than Fair Value
NAFTA	North American Free Trade Agreement
NTR	Normal Trade Relations
OECD	Organization for Economic Cooperation and Development
SITC	Standard Industrial Trade Classification
SSA	Sub-Saharan Africa
TAA	Trade Adjustment Assistance
TPA	Trade Promotion Agreement
TPL	Tariff Preference Level
TRIPs	Trade-Related Aspects of Intellectual Property Rights
TRQ	Tariff Rate Quota
USITC	United States International Trade Commission
USTR	United States Trade Representative
WTO	World Trade Organization

EXECUTIVE SUMMARY

U.S. trade agreements activities during 2005 included the administration of U.S. trade laws and regulations; U.S. participation in the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD), and the Asia-Pacific Economic Cooperation (APEC) forum; U.S. negotiation of and participation in free trade agreements (FTAs); and bilateral developments with major trading partners. Highlights of key U.S. trade agreements activities in 2005, including some that are described in more detail in this report, are presented in table 1-1. A summary of the major information contained in each chapter of the report follows.

Administration of U.S. Trade Laws and Regulations

The following lists the principal developments in U.S. trade programs that occurred during 2005:

- The U.S. International Trade Commission (USITC) conducted two investigations under safeguard provisions during 2005. One investigation was under the China safeguard provision in section 421 of the Trade Act of 1974 and concerned imports of circular welded non-alloy steel pipe. The USITC found that increased imports of the subject product from China were causing market disruption in the United States and recommended import relief to the President; however, the President determined that import relief was not in the nation's economic interest and, therefore, did not provide relief. The second investigation was under section 204(d) of the Trade Act of 1974 with respect to the effectiveness of recently terminated global safeguard measures on steel imports. In that investigation, USITC reported to the President and the Congress on the effectiveness of the recently terminated global safeguard measures on imports of certain steel products in facilitating positive adjustment to import competition by domestic steel industries. No safeguard petitions were pending before the USITC at the end of 2005.
- The U.S. Department of Labor received a total of 2,635 petitions for trade adjustment assistance (TAA) for workers in FY 2005, a decrease from 2,991 cases in FY 2004. There were 117,360 workers certified for TAA benefits and services in FY 2005, a decrease from 149,300 workers certified in FY 2004. The U.S. Department of Agriculture received a total of 29 petitions for TAA for farmers (including ranchers, fish farmers, and fishermen) in FY 2005, and certified 14 petitions as eligible for benefits and assistance covering 3,686 farmers during the year. The Economic Development Administration of the U.S. Department of Commerce certified 171 petitions as eligible for TAA for firms in FY 2005, and approved 132 trade adjustment projects during the year.
- Two active cases under section 301 were administered by the United States Trade Representative (USTR). One concerned the European Union (EU) meat hormone directive and the second concerned intellectual property rights (IPR) protection in Ukraine. In the separate "special 301" review, USTR devoted special attention to the need for significantly improved enforcement against piracy and counterfeiting. In its review, USTR identified 52 countries that failed to provide adequate and effective IPR protection. USTR reported that the level of infringement remained

very high despite efforts to improve IPR protection in China, and consequently elevated China to the priority watch list.

- The Commission instituted 12 new antidumping investigations during 2005 and completed 29 investigations. Antidumping duties were imposed on products from 13 countries as a result of affirmative determinations in 17 of the completed investigations.
- The Commission instituted two new countervailing duty investigations during 2005 and completed three investigations. No countervailing duties were imposed in those completed investigations.
- The Commission's section 337 caseload continued to be dominated by investigations involving complex technologies, particularly in the computer and telecommunications fields. During 2005, there were 58 active section 337 investigations and ancillary proceedings, 32 of which were instituted in 2005. The Commission completed a total of 31 investigations and ancillary proceedings under section 337 in 2005, including two enforcement proceedings and one combined enforcement and advisory opinion proceeding. Ten exclusion orders and 12 cease-and-desist orders were issued during 2005.

Preferential Trade Programs

The U.S. Generalized System of Preferences (GSP) program affords duty-free access to the U.S. market for certain products that are imported into the United States from designated developing countries and areas. The program also affords duty-free treatment for certain products when imported only from countries designated as least-developed beneficiary developing countries (LDBDCs). The GSP program is currently authorized through December 31, 2006. Serbia and Montenegro were added to the list of designated GSP beneficiaries during 2005. On December 29, 2005, USTR initiated a review to consider the designation of Liberia as an LDBDC. India was the leading supplier under GSP in 2005, followed by Angola, Brazil, Thailand, and Indonesia. Total U.S. duty-free imports under GSP totaled \$26.7 billion in 2005.

The African Growth and Opportunity Act (AGOA) provides unilateral preferential trade benefits to eligible sub-Saharan African (SSA) countries pursuing political and economic reforms. AGOA expands GSP benefits by providing duty-free access to the U.S. market to more than 1,800 additional qualifying tariff line-item products from eligible SSA countries, and exempts beneficiaries from GSP competitive-need limits. AGOA also provides duty-free treatment for eligible apparel articles made in qualifying SSA countries. The AGOA program is currently authorized through 2015. A total of 37 SSA countries were designated for benefits under AGOA as of January 1, 2005, and 24 SSA countries were eligible for AGOA textile and apparel benefits. U.S. duty-free imports under AGOA, including GSP, were valued at \$38.1 billion in 2005. U.S. duty-free imports under AGOA, excluding GSP, were valued at \$32.7 billion in 2005.

The Andean Trade Preference Act (ATPA), as amended by the Andean Trade Promotion and Drug Eradication Act, provides duty-free access to the U.S. market for eligible imports from Bolivia, Colombia, Ecuador, and Peru. The program was enacted to promote broad-based economic development and viable economic alternatives to coca cultivation and cocaine

production. ATPA is currently authorized through December 31, 2006. U.S. imports under ATPA preferences in 2005 were valued at \$11.5 billion.

In 2005, articles from 24 countries and territories in the Caribbean Basin and Central America entered the United States free of duty or at reduced duties under the Caribbean Basin Economic Recovery Act (CBERA) and the expanded provisions of preferential tariff treatment afforded under the Caribbean Basin Trade Partnership Act (CBTPA). CBERA was enacted to promote export-led economic growth and economic diversification in the Caribbean Basin region. CBTPA extended North American Free Trade Agreement (NAFTA)-equivalent treatment to many products previously excluded from CBERA. U.S. imports under CBERA preferences totaled \$12.3 billion in 2005.

Textile and Apparel Developments

The United States eliminated quotas on textile and apparel imports from 39 WTO countries effective January 1, 2005, as required under the WTO Agreement on Textiles and Clothing. The United States continued to maintain quotas on imports from three non-WTO nations—Belarus, Ukraine, and Vietnam. Shipments from China increased significantly during 2005 as a result of quota elimination, with U.S. textile and apparel imports from China rising by 43.8 percent from 2004 to approximately \$22.4 billion in 2005. Shipments also increased from India, Pakistan, and Bangladesh—all low-cost suppliers also previously constrained by quotas—but grew from a much smaller base.

Between May and August 2005, the United States took 10 safeguard actions against certain apparel imports from China pursuant to the textile safeguard provision in China's WTO accession agreement. On November 8, 2005, the United States and China signed a memorandum of understanding that established quotas on U.S. imports of selected textile and apparel products from China beginning on January 1, 2006, and extending through December 2008.

Selected Trade Developments in the WTO, OECD, and APEC during 2005

The WTO Doha Round multilateral trade negotiations focused on setting specific terms and structures for individual negotiating groups in advance of the WTO Sixth Ministerial Conference that was held in Hong Kong, China, in December 2005. According to the WTO, 11 dispute-settlement cases were brought during 2005. The United States was a complainant in one case (concerning measures by Turkey affecting rice imports) and was a respondent in two cases. The United States held consultations in two dispute-settlement cases. In January 2005, Mexico requested consultations, the initial stage of WTO dispute settlement, with the United States over U.S. antidumping determinations regarding stainless steel. In November 2005, Ecuador requested consultations with the United States over a U.S. antidumping determination regarding shrimp.

The OECD Trade Committee met twice during 2005. Members discussed a number of topics, many directed at supporting the WTO Doha Round multilateral trade negotiations. Topics discussed included competition policy; trade and the environment; trade facilitation;

agricultural trade; measures against bribery of public officials; export credits; trade in services; regulatory reform; IPR protection in developing countries; and steel sector negotiations.

At the November 2005 annual APEC ministerial meeting in Busan, the Republic of Korea (Korea), member countries completed their mid-term review of the progress made with respect to efforts to establish a free and open trade and investment area in the Asia-Pacific region; drafted a framework for implementing the outstanding reform initiatives identified in the mid-term review; and adopted the Anti-Counterfeiting and Piracy Initiative. The APEC leaders also issued a separate statement calling for a successful conclusion to the WTO's 2005 Doha Development Agenda.

U.S. Free Trade Agreements

The United States was a party to six FTAs in effect as of December 31, 2005—the U.S.-Australia FTA, which entered into force on January 1, 2005; the U.S.-Chile FTA (2004); the U.S.-Singapore FTA (2004); the U.S.-Jordan FTA (2001); NAFTA (1994); and the U.S.-Israel FTA (1985). The U.S.-Morocco FTA entered into force on January 1, 2006.

The United States launched bilateral FTA negotiations with Oman and the United Arab Emirates (UAE) during 2005. The United States concluded FTA negotiations with Oman and trade promotion agreements (TPAs) with Peru during 2005, and with Colombia in early 2006. The United States signed a multiparty FTA with Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic in 2004; the United States and El Salvador implemented the FTA first, on March 1, 2005.¹ At year-end 2005, the United States was engaged in bilateral trade negotiations with Colombia, Ecuador, Panama, Thailand, and the UAE.² Multilateral negotiations begun in 1998 for the Free Trade Area of the Americas agreement among the countries of the Western Hemisphere remained stalled in 2005.

U.S. Relations With Major Trading Partners

European Union

The EU³ is the second largest two-way (exports plus imports) U.S. trading partner behind the combined NAFTA market of Canada and Mexico. Major U.S.-EU trade-related developments during 2005 included efforts by the United States and the EU to reach an agreement on terms to negotiate a new agreement addressing aircraft sector subsidies, and an EU challenge at the WTO to recently enacted U.S. legislation concerning tax treatment of foreign sales corporations.

¹ The agreement entered into force for El Salvador on Mar. 1, 2006, and it entered into force for Honduras and Nicaragua on Apr. 1, 2006.

² The United States launched bilateral FTA negotiations with Korea and Malaysia on Feb. 2, 2006 and Mar. 8, 2006, respectively.

³ The 25 members of the EU are: Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

Canada

Canada is the largest single U.S. trading partner. U.S.-Canada trade relations are governed in large part by NAFTA and underlying WTO obligations. Major U.S.-Canada trade-related issues in 2005 included a number of trade disputes that were the subject of several WTO and NAFTA dispute settlement proceedings. Several cases related to U.S. countervailing duty and antidumping duty orders on imports of Canadian softwood lumber, and U.S. and Canadian measures affecting trade in grain products.

China

China ranked as the second largest single U.S. trading partner in 2005 (based on two-way trade), trailing Canada and surpassing Mexico for the first time. China's compliance with its WTO commitments remained a major focus of U.S.-China trade relations in 2005. Notable areas of U.S. concern were China's policies on IPR enforcement, agriculture, trading rights, services, industrial policy, and legal transparency. Also during 2005, U.S. and Chinese officials held bilateral discussions to address global trade imbalances and China's exchange rate policy.

Mexico

In 2005, Mexico was the third largest U.S. trading partner (based on two-way trade) after Canada and China. U.S.-Mexico trade relations are governed in large part by NAFTA and underlying WTO obligations. Major U.S.-Mexico trade-related developments during 2005 included a number of trade disputes that were the subject of WTO and NAFTA dispute settlement proceedings, including Mexican antidumping duties on U.S. long-grain white rice, U.S. antidumping duties on Mexican cement, and Mexican taxes on beverages that contain high-fructose corn syrup.

Japan

The United States and Japan continued bilateral discussions under the U.S.-Japan Economic Partnership for Growth, which serves as the primary forum for trade and economic dialogue between the two countries. In 2005, discussions under this framework focused on reopening the beef markets of both countries to bilateral trade, as well as on deregulation within Japan's economy.

Taiwan

U.S. trade relations with Taiwan during 2005 continued to focus on improving IPR protection in Taiwan, enhancing market access for U.S. rice and beef, and addressing concerns raised by the U.S. pharmaceutical industry regarding Taiwan's reimbursement policies on domestic pharmaceutical products.

Korea

The United States and Korea continue to meet regularly to discuss bilateral trade issues. Topics of discussions during 2005 included IPR protection in Korea, the resumption of market access for U.S. beef in Korea, and plans to begin negotiations for a U.S.-Korea FTA.

India

The United States and India continued work to improve their long-term bilateral trade relationship in 2005 through the establishment of the United States-India Trade Policy Forum. Discussions under the forum focused on IPR protection in India, bilateral market access for agricultural products, and U.S. concerns about market access for services in India.

Russia

The United States accords Russia conditional normal trade relations (NTR) tariff treatment based on a 1992 bilateral trade agreement. Congress considered legislation to grant Russia permanent NTR status in recent years, but such legislation was not introduced in 2005. Major bilateral trade-related concerns for the United States during 2005 included market access for U.S. poultry, pork, and beef, and IPR protection.

CHAPTER 1

Introduction

Scope and Approach of the Report

This report provides factual information on U.S. trade policy and its administration for calendar year 2005.¹ The report is based on primary source materials on U.S. trade policies and administrative matters, including U.S. Government *Federal Register* notices, publications and press releases by the U.S. International Trade Commission (USITC or the Commission) and other U.S. Government agencies, and U.S. Department of State telegrams. Other primary sources of information include publications of international institutions including the World Trade Organization (WTO), the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), and official publications of foreign governments. Newspaper articles, professional journals, and trade publications are used to provide supplemental factual information when primary source information is unavailable. Statistical information consists of trade and economic data compiled by the Commission primarily from the U.S. Census Bureau as well as the United Nations and the IMF.

Table 1-1 summarizes U.S. trade agreement activities and significant international trade developments in 2005.

Overview of the U.S. Economy in 2005

The United States continued its fourth year of economic expansion in 2005. Real U.S. gross domestic product (GDP) grew by 3.5 percent in 2005, compared with 4.2 percent growth in 2004.² Consumer spending, business investment in equipment and software, and exports remained leading components of U.S. GDP growth in 2005, although growth slowed during the fourth quarter of the year in response to reduced consumer spending, lower exports, and increased imports.³

The U.S. economy recorded higher growth than that of most other industrialized countries and areas during 2005, including Canada (2.9 percent), Mexico (3.0 percent), the OECD (average 2.7 percent),⁴ and the euro area (average 1.3 percent).⁵ However, U.S. economic growth in 2005 was below the world average GDP growth rate of 4.8 percent, and

¹ This is the 57th in a series of annual reports submitted to the U.S. Congress under section 163(c) of the Trade Act of 1974 (19 U.S.C. 2213(c)) and its predecessor legislation.

² U.S. Department of Commerce, Bureau of Economic Analysis, *Gross Domestic Product: Fourth Quarter 2005 (Final)*, news release, BEA-06-11.

³ *Ibid.*

⁴ Includes 30 countries: Austria, Australia, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, and the United States. OECD, *Main Economic Indicators*, March 2006, p. 287.

⁵ Includes Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. OECD, *Main Economic Indicators*, March 2006, p. 287.

Table 1–1 Summary of U.S. trade agreement activities, 2005

Date	Event
January	
1	The United States ends textile and apparel import quotas under the WTO Agreement on Textiles and Clothing for goods entering on and after January 1, 2005, terminating textile quota and visa arrangements for trading partners that are WTO members and that have such country-of-origin arrangements with the United States. Textile visa and quota requirements continue for non-WTO trading partners.
1	The United States implements the American Jobs Creation Act of 2004 (Jobs Act) to comply with a WTO ruling on the U.S. foreign sales corporation/extraterritorial income tax regime. Following this, the European Union (EU) lifts sanctions on selected U.S. products.
1	The U.S.-Australia FTA enters into force.
17	The United States and Vietnam sign a textile agreement that increases the cap on U.S. textile imports from Vietnam to approximately \$1.7 billion per year.
February	
17	The WTO establishes a dispute-settlement panel to examine the EU contention that U.S. retaliatory measures are no longer warranted, once offending EU measures banning growth-promoting hormones in meat imports were removed in response to being ruled inconsistent with WTO rules.
March	
12	The United States begins bilateral FTA negotiations with Oman and with the United Arab Emirates (UAE).
15	A WTO dispute-settlement panel finds the EU's regulation on trademark protection and geographical indications for agricultural products and foodstuffs to be inconsistent with WTO rules.
15	The United States and the UAE sign a trade and investment framework agreement.
19	The United States and Qatar sign a trade and investment framework agreement.
23	The United States and Colombia begin FTA negotiations.
26	The United States and Panama begin FTA negotiations.
April	
16	Taiwan lifts its ban on imports of U.S. beef and beef products that was imposed in December 2003.
20	USTR receives a petition requesting that it initiate an investigation with respect to China's currency valuation policy of maintaining a fixed exchange rate vis-à-vis the U.S. dollar.
May	
27	USTR determines not to initiate an investigation with respect to China's currency valuation policy.
29	USTR places China on the "priority watch list" of countries with IPR-related problems, following its "special 301" out-of-cycle review of China's IPR practices.
June	
15	The United States and Russia sign an agreement providing increased access for U.S. poultry, beef, and pork in the Russian market.
21	The United States and Mozambique sign a trade and investment framework agreement.
24	The U.S. Department of Agriculture announces that a cow in the United States that had conflicting BSE test results in 2004 was confirmed as BSE positive.
25	Taiwan reimposes restrictions on imports of U.S. beef and beef products.
July	
1	President Bush launches the African Global Competitiveness Initiative to promote foreign trade by entrepreneurs in sub-Saharan Africa.
11	The United States and Iraq sign a trade and investment framework agreement.
20	The WTO establishes two dispute-settlement panels to examine aircraft subsidies in the United States and in the EU.
21	China announces a change in its currency valuation system from a strict peg to the U.S. dollar to a more flexible peg to a broader basket of currencies.
August	
2	President Bush signs legislation implementing the U.S.-Dominican Republic-Central America FTA.
September	
9	The United States and Saudi Arabia announce the completion of bilateral market access negotiations on issues related to Saudi Arabia's WTO accession.
14	The United States and EU reach an agreement on wine-making practices and labeling standards.

Table 1–1 Summary of U.S. trade agreement activities, 2005—*Continued*

Date	Event
October	
3	The United States and Oman complete FTA negotiations.
7	A WTO dispute-settlement panel rules in favor of U.S. claims against a 20 percent Mexican tax on beverages that use non-sugar sweeteners.
November	
5	At the Fourth Summit of the Americas in Mar del Plata, Argentina, the United States and other countries call for negotiations for the Free Trade Area of the Americas to resume. Other countries state that the necessary conditions for an agreement are not yet in place.
8	The United States and China sign a memorandum of understanding that establishes quotas on U.S. imports of selected textile and apparel products from China through the year 2008.
12	The inaugural session of the U.S.-India Trade Policy Forum in New Delhi includes discussions on tariff and nontariff trade barriers, subsidies, and resumption of U.S. imports of mangoes from India.
16	At the Asia-Pacific Economic Cooperation ministerial meeting in Busan, Korea, ministers propose an implementation plan to reach the 1994 “Bogor Goals” of free and open trade and investment in the region.
30	The United States and the EU reach agreement on EU trade concessions to compensate the United States for tariff increases resulting from enlargement of the EU to include 10 new member states.
December	
7	The United States and Peru complete negotiations for a trade preference agreement.
11	The United States and Japan reach an agreement to reopen Japan’s market to most U.S. beef and beef products following two years of bilateral negotiations.
13	Japan lifts a ban on imports of U.S. beef and beef products that it imposed in December 2003.

significantly lower than the estimated 9.9 percent GDP growth recorded by China, one of the world’s fastest growing economies.⁶

The U.S. economy proved particularly resilient during 2005 in light of the economic impacts of Hurricanes Katrina and Rita,⁷ which damaged and temporarily disrupted U.S. oil and gas refineries, pipeline operations, and port activities in Louisiana and eastern Texas in late summer and early fall.⁸ The hurricanes also hampered some U.S. exports late in the year.⁹

Exchange Rate Trends

The nominal trade-weighted exchange value of the dollar¹⁰ appreciated by 2.5 percent during 2005,¹¹ although the index remained below its 2003 and 2004 averages.¹² The dollar appreciated by about 15 percent against the euro and the Japanese yen during 2005, and

⁶ Unless otherwise indicated, GDP growth data are from IMF, *World Economic Outlook*, (Washington, DC: IMF, April 2006), table 1.1, p. 2.

⁷ Hurricane Katrina made landfall in Louisiana on Aug. 29, 2005, and Hurricane Rita made landfall near the Texas-Louisiana border on Sept. 24, 2005.

⁸ The spot price of West Texas intermediate crude oil rose from about \$43 per barrel in early 2005 to a peak of about \$70 per barrel in late August, at the time of Hurricane Katrina; the spot price declined below \$60 per barrel by late November 2005. U.S. Federal Reserve Board, *Economic and Financial Developments in 2005 and Early 2006*, February 2006.

⁹ U.S. Federal Reserve Board, *Economic and Financial Developments in 2005 and Early 2006*.

¹⁰ A weighted average of the foreign exchange values of the U.S. dollar against the currencies of a large group of major U.S. trading partners. The trade weights, which change over time, are derived from U.S. export shares and from U.S. and foreign import shares. The trade-weighted dollar represents the foreign currency price of the U.S. dollar or the export value of the U.S. dollar. When the index increases, the value of the dollar increases (appreciates), making it easier for Americans to afford imports, but making U.S. exports more expensive abroad.

¹¹ IMF, *World Economic Outlook*, April 2006, p. 5.

¹² U.S. Federal Reserve Board, *Economic and Financial Developments in 2005 and Early 2006*.

depreciated by about 4 percent against the Canadian dollar and 6 percent against the Mexican peso.¹³

Throughout the year, U.S. and foreign policymakers expressed concern about imbalances in the global economy caused, in part, by insufficient exchange rate flexibility in some Asian countries that prevents adjustments in global supply and demand.¹⁴ On July 21, 2005, China announced changes to its exchange rate policy to facilitate exchange rate flexibility,¹⁵ leading the dollar to depreciate by about 0.5 percent against the yuan during the second half of the year.¹⁶

Balance of Payments

The U.S. current account deficit—the combined balances on trade in goods and services, income, and net unilateral current transfers—increased to \$804.9 billion in 2005 from \$668.1 billion in 2004. As a share of U.S. GDP, the current account deficit rose to 6.4 percent in 2005 from 5.7 percent in 2004.¹⁷

The increase in the deficit on goods, from \$665.4 billion in 2004 to \$781.6 billion in 2005, accounted for most of the increase in the current account deficit. Other factors contributing to the increase in the U.S. current account deficit were a decrease in the surplus on income,¹⁸ from \$30.4 billion in 2004 to \$1.6 billion in 2005, and a small increase in net outflows (payments) for unilateral current transfers from \$80.9 billion in 2004 to \$82.9 billion in 2005.

In contrast, the services trade surplus increased from \$47.8 billion in 2004 to \$58.0 billion in 2005. Services exports increased from \$343.9 billion to \$379.6 billion over the period, with the largest increases in “other” private services (such as business, professional, and technical services, insurance services, and financial services) and in travel. Services imports increased from \$296.1 billion in 2004 to \$321.6 billion in 2005, with the largest increases in “other” private services and in “other” transportation (such as freight and port services).¹⁹ The U.S. current account deficit was financed by a capital account surplus valued at \$801.0 billion in 2005.²⁰

¹³ Ibid.

¹⁴ For a more detailed discussion of global imbalances, see IMF, *World Economic Outlook*, April 2006, box 1.4, p. 28. See also U.S. Department of the Treasury, “Remarks of Under Secretary of the Treasury Timothy D. Adams before the U.S.-China Business Council,” Sept. 15, 2005.

¹⁵ Those changes included revaluing the yuan (also known as the renminbi) by 2.1 percent versus the dollar and shifting from a policy of pegging the yuan to the dollar to a policy linking the yuan to a basket of currencies. IMF, *World Economic Outlook*, September 2005, p. 34.

¹⁶ U.S. Federal Reserve Board, *Economic and Financial Developments in 2005 and Early 2006*.

¹⁷ U.S. Department of Commerce, Bureau of Economic Analysis, “U.S. International Transactions,” news release, Mar. 14, 2006.

¹⁸ Income receipts (including income receipts on U.S.-owned assets abroad and compensation of U.S. employees broad) less income payments (including income payments on foreign-owned assets in the United States and compensation of employees).

¹⁹ Ibid.

²⁰ Much of the capital account surplus represented net financial inflows (net acquisitions by foreign residents of assets in the United States less net acquisitions by U.S. residents of assets abroad). U.S. Department of Commerce, Bureau of Economic Analysis, “U.S. International Transactions,” news release, Mar. 14, 2006. By definition, a country’s current account and capital account balances must offset one another. The main components of the capital account are capital transfers, foreign direct investment, portfolio investment, banking and other flows, statistical discrepancies, and official reserve assets.

U.S. Trade in 2005

U.S. exports of goods and services, on a seasonally adjusted U.S. balance-of-payments (BOP) basis,²¹ were valued at \$1,272.2 billion in 2005, and imports of goods and services were valued at \$1,995.8 billion in 2005. The U.S. foreign trade deficit (goods and services) totaled \$723.6 billion in 2005.²² The annual U.S. foreign trade deficit has reached new record high levels in each year since 2001.

With the United States recording a \$58.0 billion surplus on trade in services during 2005, the widening of the U.S. foreign trade deficit was entirely the result of further expansion of the deficit on trade in goods. The U.S. goods deficit reached a record high of \$781.6 billion in 2005, compared to \$665.4 billion in 2004. Two significant factors contributing to the increase in the overall 2005 U.S. merchandise trade deficit were (1) the nearly 40 percent rise in U.S. spending on petroleum imports during the year, causing a \$65.3 billion increase in the U.S. trade deficit on petroleum products as the petroleum products deficit increased from \$163.8 billion in 2004 to \$229.1 billion in 2005, and (2) a \$46.2 billion increase in the U.S. bilateral trade deficit with China, further discussed below.²³

U.S. Merchandise Trade by Product Category

Figure 1-1 shows U.S. merchandise trade with the world during 2003–05 on a U.S. Census basis.²⁴ U.S. merchandise exports increased from \$651.4 billion in 2003 to \$804.0 billion in 2005, and U.S. merchandise imports grew from \$1,250.1 billion to \$1,662.4 billion during the same period.²⁵

²¹ The Census basis data for goods (used elsewhere in this report) are compiled from the documents collected by the U.S. Customs Service and reflect the movement of goods between foreign countries and the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and U.S. foreign trade zones. Goods on a Census basis are adjusted by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) to goods on a BOP basis to bring the data in line with the concepts and definitions used to prepare the international and national accounts. These adjustments are done to supplement coverage of the Census basis data, to eliminate duplication of transactions recorded elsewhere in the international accounts, and to value transactions according to a standard definition. For a more detailed discussion of the differences between BOP basis and Census basis data, see U.S. Department of Commerce, BEA, "Information on Goods and Services." BOP trade data in this section of the report may not match data in other sections or in the report appendix because of adjustments made to the data by the sources cited.

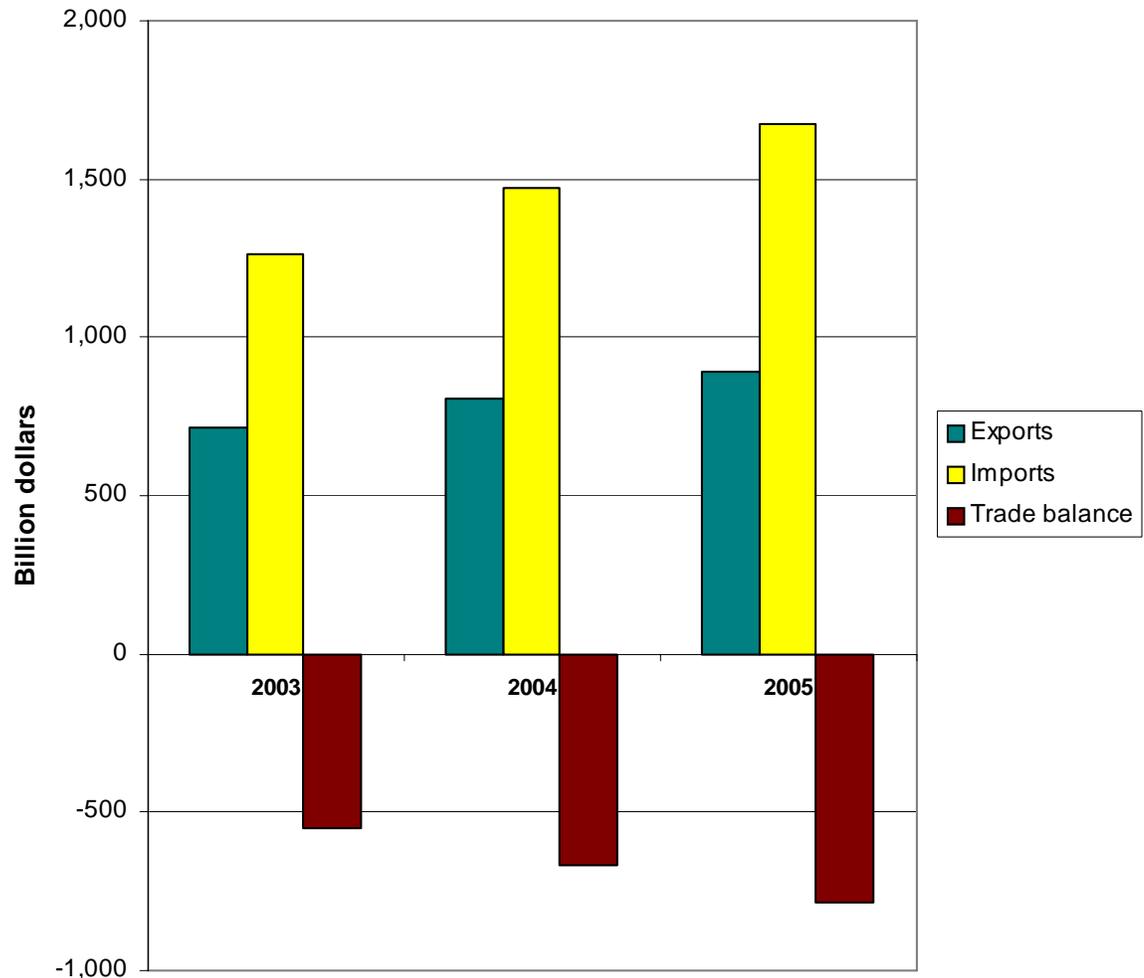
²² U.S. Department of Commerce, U.S. Census Bureau, "U.S. International Trade in Goods and Services," news release, January 2005.

²³ U.S. Department of Commerce, U.S. Census Bureau, "U.S. International Trade in Goods and Services," exhibit 9, January 2006 and January 2005.

²⁴ See the discussion of Census/BOP basis data in footnote 20 above.

²⁵ Merchandise trade data in this section do not match the seasonally adjusted BOP basis data presented above because of adjustments made to the data described in footnote 20.

Figure 1-1 U.S. merchandise trade with the world, 2003-05



Source: U.S. Department of Commerce.

Exports

Machinery and transport equipment ranked as the single largest U.S. export category (by Standard Industrial Trade Classification, or SITC, code) in 2005 (table A-1). U.S. machinery and transport equipment exports were valued at \$367.5 billion in 2005, accounted for 45.7 percent of total U.S. exports in the year, and grew by 9.9 percent from \$334.5 billion in 2004. Exports of mineral fuels and lubricants were valued at \$26.2 billion in 2005 and grew by 41.7 percent from \$18.5 billion in 2004—the export largest growth of any SITC category in 2005. Two SITC categories registered annual declines in exports during 2005. U.S.

exports of animal/vegetable oils and fats and exports of beverages and tobacco declined in 2005 by 9.6 percent and 7.0 percent, respectively, from 2004.

Imports

U.S. merchandise imports from the world totaled \$1,662.4 billion in 2005. All major categories of U.S. imports increased in 2005 over 2004 (table A-1). Machinery and transport equipment ranked as the single largest U.S. import category by SITC code in 2005, as in recent years. U.S. imports of machinery and transport equipment were valued at \$649.3 billion in 2005, up 9.3 percent over imports of \$594.0 billion in 2004, and accounted for 39.1 percent of total U.S. imports in 2005. Mineral fuels and lubricants ranked as the second largest U.S. import category by value, with imports valued at \$271.2 billion, and the second largest import category by share, accounting for 16.3 percent of total imports. Imports of mineral fuels and lubricants increased by 39.1 percent over imports of \$194.0 billion in 2004. Petroleum imports rose after Hurricanes Katrina and Rita forced the temporary shutdowns or reduced operations of U.S. refineries and pipelines and caused a sharp increase in fuel prices.

U.S. imports under the four preferential trade programs with developing countries combined were \$341.0 billion, accounting for 20.5 percent of total U.S. imports during 2005.²⁶ Duty free imports entered under the Generalized System of Preferences (GSP) program totaled \$26.7 billion; duty free imports under the African Growth and Opportunity Act (AGOA) totaled \$32.7 billion (excluding GSP imports); duty free imports entered under the Andean Trade Preference Act totaled \$11.5 billion; and imports entered duty free or at reduced duties under the Caribbean Basin Economic Recovery Act totaled \$12.3 billion. U.S. imports under AGOA reflected the impact of increased U.S. petroleum imports by value during 2005, as the four leading suppliers of imports under AGOA were oil-exporting countries—Nigeria, Angola, Gabon, and Chad. Petroleum-related products accounted for more than 94.3 percent of total AGOA imports by value in 2005, up from 89.3 percent of total AGOA imports in 2004.

With the removal of quotas on imports of textile and apparel products as of January 1, 2005, U.S. textile and apparel imports in 2005 grew by 8.3 percent over the 2004 level to approximately \$89.2 billion. China was the principal beneficiary of the quota removal, as U.S. textile and apparel imports from China increased by 43.8 percent to approximately \$22.4 billion in 2005. The rate of growth in China's shipments likely would have been even higher had it not been for a series of safeguard actions imposed by the United States on selected Chinese textile and apparel articles during 2005.²⁷

²⁶ U.S. preferential trade programs and imports under those programs are discussed in more detail in chapter 2 of this report.

²⁷ U.S. textile and apparel imports are discussed in chapter 2 of this report.

U.S. Merchandise Trade with Leading Partners

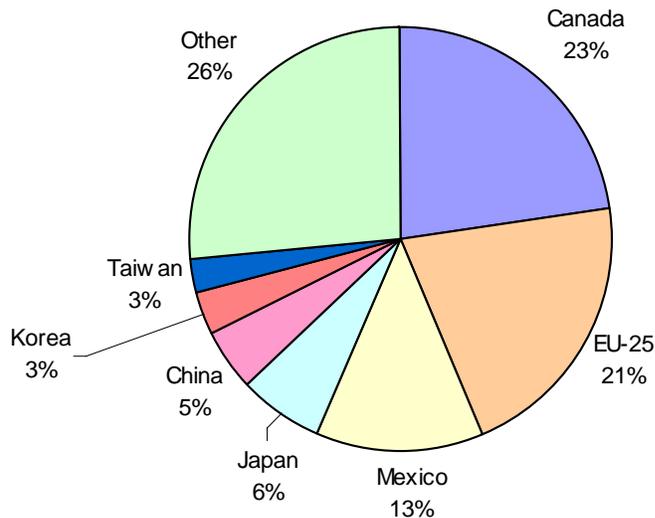
Table 1-2 shows U.S. trade with selected major trading partners and the world for 2005. Leading U.S. exports to and imports from these partners are presented in tables A-22 through A-48.²⁸ NAFTA partners Canada and Mexico, combined, remain the largest U.S. global trade market for exports and imports, followed by the EU-25 single market. Figures 1-2 and 1-3 show leading U.S. export and import markets by share.

Table 1-2 U.S. trade with major trading partners and with the world, 2005

Major trading partners	Exports	Imports	Trade balance
	<i>Billion dollars</i>		
EU-25	167.4	307.0	-139.6
Canada	183.2	287.5	-104.3
China	38.9	242.6	-203.7
Mexico	101.7	169.2	-67.5
Japan	51.5	137.8	-86.3
Taiwan	20.5	34.6	-14.1
Korea	26.2	43.1	-16.9
India	7.0	18.7	-11.7
Russia	3.6	15.3	-11.7
World	804.0	1,662.4	-858.4

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

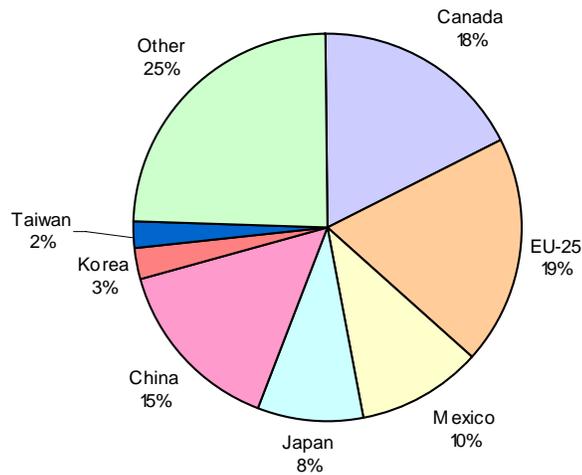
Figure 1-2 Leading U.S. export markets, by share, 2005



Source: U.S. Department of Commerce.

²⁸ Statistics in figure 1-2 may not match with those in appendix tables A-22 through A-48 because of adjustments made to the data.

Figure 1-3 Leading U.S. import sources, by share, 2005



Source: U.S. Department of Commerce.

In 2005, China displaced Mexico as the second-largest individual two-way trading partner of the United States after Canada. U.S. imports from China grew by 23.7 percent in 2005, compared to the 9.2 percent growth in U.S. imports from Mexico. The U.S. trade deficit with China rose from \$163.5 billion in 2004 to \$203.7 billion in 2005, or by \$40.2 billion. China alone accounted for 23.7 percent of the total U.S. deficit. This large and widening bilateral trade deficit was a subject of concern for U.S. policymakers in U.S.-China trade relations during 2005.²⁹

Despite overall appreciation of the dollar during the year, as discussed above, total U.S. exports expanded by 10.6 percent during 2005. U.S. export growth was aided by strong economic growth in several major U.S. trading partners and their increased demand for U.S. goods. U.S. exports to the EU-25, Canada, China, and Mexico increased by 7.5 percent, 12.3 percent, 19.2 percent, and 9.3 percent, respectively. The overall trade effects on the United States of Hurricanes Katrina and Rita appeared to be minimal. Disruptions in U.S. beef exports during the year are discussed in the box below on bovine spongiform encephalopathy (BSE).

²⁹ Developments with respect to U.S. textile and apparel imports from China, including safeguard actions undertaken by the United States, are discussed in chapter 2 of this report. U.S. bilateral trade relations with China are discussed in chapter 5 of this report.

Impact of Bovine Spongiform Encephalopathy (BSE) on U.S. Beef Exports

Several U.S. trading partners banned imports of U.S. beef and beef products in December 2003 after a cow of Canadian origin, found in a U.S. herd, was determined to be infected with BSE. Before BSE was detected in the United States, 133 countries imported U.S. beef and beef products; of these, 72 instituted bans after December 2003. The 17 largest markets accounted for 98 percent of total U.S. beef exports of \$3.6 billion in 2003. Six of the 17 largest markets that remained mostly closed to shipments of U.S. beef and beef product exports in 2005 (China, Hong Kong, Japan, Korea, Russia, and Singapore) accounted for 65 percent of U.S. beef exports in 2003. Consequently, the value of total 2005 exports was only 31 percent of 2003 exports. For the countries that reopened their markets to U.S. beef and beef product exports, 2005 exports represented 84 percent of their pre-BSE levels.

The two largest markets open to U.S. beef and beef product exports in 2005, Canada (U.S. beef and beef product exports valued at \$644 million) and Mexico (\$209 million), accounted for 76 percent of total U.S. beef and beef product exports of slightly more than \$1 billion during 2005. U.S. beef exports to Mexico were 95 percent of their pre-BSE levels, while exports to Canada were 63 percent of pre-BSE levels. The Taiwanese market reopened to U.S. beef and beef product exports from April to June 2005; Taiwan imported more than \$41 million of U.S. beef and beef products in just those three months, representing nearly 55 percent of pre-BSE trade (Taiwan opened its market to U.S. beef in April 2005, but closed the market in June 2005 following the announcement of a second BSE case in the United States; Taiwan reopened its market to certain U.S. beef in January 2006). Furthermore, U.S. beef exports to four countries have increased since 2003—Egypt (150 percent of pre-BSE level), Bahamas (125 percent), Bermuda (120 percent), and Indonesia (112 percent)—accounting for \$85 million in U.S. beef and beef product exports in 2005 and representing nearly 8 percent of the total.

BSE developments with respect to U.S. beef exports to China, Japan, Korea, and Taiwan during 2005 are discussed in chapter 5 of this report.

Sources: Phil Seng, "Recovering International Beef Markets," *Prospering in Rural America*, USDA Agricultural Outlook Forum 2006, Arlington, VA, Feb. 16–17, 2006, and USDA, "Taiwan Reopens Market to U.S. Beef," news release No. 0023.06, Jan. 25, 2006.

Note.—This information is based on U.S. exports classified under the following HTS subheadings: 0201.10, 0201.20, 0201.30, 0202.10, 0202.20, 0202.30, 0206.10, 0206.21, 0206.22, 0206.29, 0210.20, and 1602.50. Data obtained from USITC Dataweb.

U.S. exports of goods to FTA partners³⁰ were valued at \$330.0 billion in 2005, accounting for 41.0 percent of total U.S. exports. U.S. imports of goods from FTA partners were valued at \$504.1 billion, or 30.3 percent of U.S. imports from the world. The overall U.S. merchandise trade balance with FTA partners in 2005 was a deficit of \$174.1 billion. NAFTA partners Canada and Mexico accounted for most of that trade.³¹

³⁰ The United States was a party to six FTAs in effect as of Dec. 31, 2005—the U.S.-Australia FTA, which entered into force on Jan. 1, 2005; the U.S.-Chile FTA (2004); the U.S.-Singapore FTA (2004); the U.S.-Jordan FTA (2001); NAFTA (1994); and the U.S.-Israel FTA (1985).

³¹ U.S. trade with FTA partners is discussed in more detail in chapter 4 of this report.

CHAPTER 2

Administration of U.S. Trade Laws and Regulations

This chapter surveys activities related to the administration of U.S. trade laws during 2005. It covers the following: the import relief laws; the unfair trade laws; certain special tariff provisions, including the U.S. Generalized System of Preferences (GSP), the African Growth and Opportunity Act (AGOA), the Andean Trade Preference Act (ATPA), the Andean Trade Promotion and Drug Eradication Act (ATPDEA), the Caribbean Basin Economic Recovery Act (CBERA), and the Caribbean Basin Trade Partnership Act (CBTPA); and programs affecting textile and apparel imports.

Import Relief Laws

Safeguard Actions

This section covers only safeguard actions under provisions administered by the USITC. Safeguard actions under provisions administered by other agencies, such as the China textile safeguard actions by the U.S. Department of Commerce, are described later in this chapter.

The USITC conducted two investigations under safeguard provisions during 2005, one under the China safeguard provision in section 421 of the Trade Act of 1974,¹ and the second under section 204(d) of the Trade Act of 1974² with respect to the effectiveness of the recently terminated global safeguard measures on steel imports. In the China safeguard investigation, which concerned imports of circular welded non-alloy steel pipe from China, the USITC made an affirmative determination and recommended import relief to the President.³ However, the President determined that import relief was not in the national economic interest and did not provide relief.⁴ In the second investigation, the USITC reported to the President and the Congress on the effectiveness of recently terminated global safeguard measures on imports of certain steel products in facilitating positive adjustment to import competition by the domestic steel industries.⁵ In its report, the USITC summarized trade and other information relating to imports and the condition of certain domestic steel industries

¹ 19 U.S.C. 2451.

² 19 U.S.C. 2254(d).

³ USITC, *Circular Welded Non-alloy Steel Pipe from China*, investigation No. TA-421-6, USITC publication No. 3807, Oct. 2005.

⁴ Presidential Determination No. 2006-7 of Dec. 30, 2005, 71 *FR* 871, Jan. 5, 2006.

⁵ The President proclaimed the safeguard action in March 2002. In December 2003, he terminated the tariff and tariff rate quota measures that were part of that action, and continued in place an import licensing system that monitored imports of certain steel products. See Proclamation 7529 of Mar. 5, 2002, 67 *FR* 10553, Mar. 7, 2002; and Proclamation 7741 of Dec. 4, 2003, 68 *FR* 68483, Dec. 8, 2003. The licensing system, which was administered by the U.S. Department of Commerce, terminated on Mar. 21, 2005. It was replaced by a new program, also administered by Commerce, under different authority.

since March 2002, when the safeguard measures were imposed, including the adjustment efforts undertaken since that time by the industries.⁶

There were no safeguard petitions pending before the USITC at the end of 2005.

Adjustment Assistance

The Trade Adjustment Assistance (TAA) program, set forth in section 221 of the Trade Act of 1974, authorizes the U.S. Secretary of Commerce and the U.S. Secretary of Labor to provide adjustment assistance to firms and workers from the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands who are adversely affected by increased imports.⁷ The TAA system of readjustment allowances to individual workers is administered by the U.S. Department of Labor through its Employment and Training Administration. Such assistance takes the form of monetary benefits for direct trade readjustment allowances and reemployment services that include allocations for job search, relocation, transportation subsidies, and training. TAA for farmers is administered by the U.S. Department of Agriculture (USDA), and provides technical assistance and cash benefits to eligible producers of raw commodities. TAA for firms consists primarily of a matching funds program sponsored by the U.S. Department of Commerce to help U.S. manufacturers experiencing sales and employment declines as a result of import competition.⁸

Trade Adjustment Assistance for Workers

The U.S. Department of Labor received 2,635 TAA petitions⁹ during FY 2005 (October 1, 2004 through September 30, 2005).¹⁰ The FY 2005 figure represents a decrease from the 2,991 TAA petitions received in FY 2004 (table 2-1).¹¹

Table 2-1 shows the results of TAA petition determinations during FY 2004 and FY 2005. In FY 2005, a total of 1,551 petitions were certified as eligible for benefits and services, and 751 petitions were denied, a decrease from 1,808 petitions certified and 945 petitions denied

⁶ USITC, *Steel: Evaluation of the Effectiveness of Import Relief*, investigation No. TA-204-12, USITC publication No. 3797, Sep. 2005.

⁷ President, "Memorandum for the United States Trade Representative," news release, Mar. 3, 2004.

⁸ The President signed the Trade Adjustment Assistance Reform Act of 2002 (TAA Reform Act) into law on Aug. 6, 2002. The TAA Reform Act reauthorized the TAA program through fiscal year 2007, and amended and added provisions to the TAA program.

⁹ Petitions may be filed by a group of three or more workers, by a company official, by One-Stop operators or partners (including state employment security agencies and dislocated worker units), or by a union or other duly authorized representative of such workers. The workers on whose behalf a petition is filed must be, or have been, employed at the firm or subdivision identified in the petition. A completed petition describes a group of workers working at a specific location, for a specific company, producing a specific product or group of products. If the group of workers described in the petition is certified, the certification will cover all workers in the group, whether or not their names are on the petition. U.S. Department of Labor, "Trade Adjustment Assistance (TAA) and Alternative Trade Adjustment Assistance (ATAA) Application Process," <http://www.doleta.gov/tradeact/petitions.cfm>.

¹⁰ U.S. Department of Labor, "Number of TAA Petitions Received, Certifications Issued, and Denials Issued by State, 2005," prepared Apr. 24, 2006, <http://www.doleta.gov/tradeact/states2005.cfm>.

¹¹ *Ibid.*, and U.S. Department of Labor, "Number of TAA Petitions Received, Certifications Issued, and Denials Issued by State, 2004," prepared April 24, 2006, <http://www.doleta.gov/tradeact/states2004.cfm>.

Table 2-1 Petitions certified and denied under the trade adjustment assistance program and estimated number of workers affected, FY 2004 and FY 2005

Item	Number of TAA petitions ^a		Estimated number of workers covered ^b	
	FY 2004	FY 2005	FY 2004	FY 2005
Petitions certified for benefits and services	1,808	1,551	149,300	117,360
Petitions denied	945	751	56,805	38,179
Total petitions received	2,991	2,635		

Source: U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

^aThe number of petitions certified for benefits and services and petitions denied will not add up to the total number of petitions received because the numbers do not reflect petitions that were terminated prior to a determination and petitions in which a determination was made in the following fiscal year.

^bThe estimated number of workers covered by a certification is not an exact figure. It is an estimate developed at the time the certification is issued. A certification covers all members of the affected worker group laid off during the approximately three-year period covered by the certification. Over the course of time, additional workers may be laid off, workers who were laid off may be recalled, or planned layoffs may not occur.

in FY 2004.¹² A total of 117,360 workers were certified for TAA benefits and services in FY 2005.¹³ This was a decline from the 149,300 workers certified in FY 2004.

Table 2-2 presents data on benefits and services provided under the TAA program. There were 55,407 new TAA recipients in FY 2005, compared to 84,048 new recipients in FY 2004. The Department of Labor awarded \$1.1 billion to provide benefits and services to eligible workers under the TAA program in FY 2005, a decrease from \$1.3 billion in FY 2004. State allocations totaled \$915 million in FY 2005.¹⁴

Table 2-2 Benefits and services provided under the trade adjustment assistance program, FY 2004 and FY 2005

Item	Estimated number of participants	
	FY 2004	FY 2005
	-----Trade readjustment allowance benefits-----	
Number of new recipients	84,048	55,407
Total Federal allocations (<i>billion dollars</i>)	1.3	1.1
Total State allocations (<i>million dollars</i>)	826	915
	-----Training, job search, and relocation services-----	
Number entering training	53,265	38,195
Number receiving a job search allowance	478	296
Number receiving a relocation allowance	839	456

Source: U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

¹² The number of petitions certified for benefits and services and petitions denied will not add up to the total number of petitions received because the numbers do not reflect petitions that were terminated prior to a determination and petitions in which a determination was made in the following fiscal year.

¹³ For workers to be certified as eligible to apply for TAA, the Secretary of Labor must determine that workers in a firm have become, or are threatened to become, totally or partially separated; that the firm's sales or production has decreased absolutely; and that increases in like or directly competitive imported products contributed importantly to the total or partial separation and to the decline in the firm's sales or production. Workers certified for TAA are provided with a certification of eligibility and may apply for TAA benefits at the nearest office of the State Employment Security Agency. For further information, see U.S. Department of Labor, Employment and Training Administration, "Trade Adjustment Assistance (TAA) and Alternative Adjustment Assistance (ATAA) Application Process," <http://www.doleta.gov/tradeact/petitions.cfm#2>.

¹⁴ Data supplied by U.S. Department of Labor, Employment and Training Administration, May 4, 2006.

Trade Adjustment Assistance for Farmers

The Trade Act of 2002 established the Trade Adjustment Assistance for Farmers (TAA for Farmers) program administered by USDA. Under the program, USDA provides technical assistance and cash benefits to eligible producers of raw agricultural commodities when the administrator of the Foreign Agricultural Service (FAS) determines that increased imports have been an important factor contributing to a specific price decline over five preceding marketing years.¹⁵ The TAA Reform Act authorizes an appropriation of not more than \$90 million for each fiscal year, 2003 through 2007, to carry out the program. The program covers farmers, ranchers, fish farmers, and fishermen,¹⁶ but it does not cover the forest products industry.¹⁷

Table 2-3 shows that of the 29 petitions filed for TAA for Farmers in FY 2005, 14 petitions were certified covering 3,686 farmers, ranchers, fish farmers, and fishermen.

Table 2-3 Results of petitions filed under the trade adjustment assistance program for farmers, FY 2005

	Number of petitions	Number of farmers, ranchers, fish farmers, and fishermen
Petitions certified	14	3,686
Petitions denied	15	76
Total petitions	29	3,762

Source: U.S. Department of Agriculture.

According to USDA, benefits totaling an estimated value of \$15.1 million (cash and technical assistance) were provided to recipients under the program in FY 2005. Cash benefits paid under the program totaled approximately \$13.3 million in FY 2005.¹⁸

Trade Adjustment Assistance for Firms

The TAA for firms program is a matching funds program sponsored by the U.S. Department of Commerce for U.S. manufacturers facing import competition.¹⁹ Federal assistance awarded under the program pays for up to one-half of the costs of consultants, engineers, designers, or industry experts for projects to improve a manufacturer's competitiveness in areas such as manufacturing, engineering, marketing, information technology, and quality

¹⁵ Among the criteria for assistance and benefits, "[p]roducer prices during the most recent marketing year must be less than or equal to 80 percent of the national average price during the previous 5 marketing years. In addition, FAS must make a determination that increases in imports of like or competitive products 'contributed importantly' to the decline in prices." USDA, "Trade Adjustment Assistance for Farmers," <http://www.fas.usda.gov/itp/taa/taaindex.htm>; and USDA, "Trade Adjustment Assistance for Farmers: Trade Act of 2002: FAQ's," <http://www.fas.usda.gov/itp/taa/taafaq.htm>.

¹⁶ A qualified fisherman means a person whose catch competes in the marketplace with like or directly competitive aquaculture products.

¹⁷ USDA, "Trade Adjustment Assistance for Farmers."

¹⁸ Cash benefits are paid only to producers who certify that, among other things, their net income from farming, aquaculture or fishing has declined. Technical assistance is available to all producers. USDA, "Trade Adjustment Assistance for Farmers." Statistics supplied by USDA, May 4, 2006.

¹⁹ The TAA for firms program works "with a variety of manufacturers and for some, imports represent only a minor challenge. For others, they pose a serious threat. Regardless of the degree of impact, a firm may be eligible if it experienced sales and employment declines at least partially due to imports over the last two years." U.S. Department of Commerce, Economic Development Administration, "Trade Adjustment Assistance for Firms: FAQs," <http://www.taacenters.org/faqs.html>.

control. The TAA for firms program participates in projects valued up to \$150,000, with a maximum TAA share of \$75,000.²⁰

In FY 2005, the Economic Development Administration (EDA) of the U.S. Department of Commerce awarded a total of \$12.0 million in TAA program funds to its national network of 11 Trade Adjustment Assistance Centers (TAACs). TAACs, typically sponsored by universities or nonprofit organizations, are the primary point of contact for firms during the certification and adjustment proposal processes under the TAA program. EDA certified 171 petitions as eligible for TAA for firms, and approved 132 adjustment projects during FY 2005.²¹

Laws Against Unfair Trade Practices

Section 301 Investigations

Sections 301-310 of the Trade Act of 1974 (the Trade Act) are the principal U.S. statutes for addressing foreign unfair practices affecting U.S. exports of goods or services.²² Section 301 may be used to enforce U.S. rights under bilateral and multilateral trade agreements and also may be used to respond to unreasonable, unjustifiable, or discriminatory foreign government practices that burden or restrict U.S. commerce. Interested persons may petition USTR to investigate foreign government policies or practices, or USTR may initiate an investigation.

If the investigation involves a trade agreement and consultations do not result in a settlement, section 303 of the Trade Act requires USTR to use the dispute settlement procedures that are available under the subject agreement. If the matter is not resolved by the conclusion of the investigation, section 304 of the Trade Act requires USTR to determine whether the practices in question deny U.S. rights under a trade agreement; whether they are unjustifiable, unreasonable, or discriminatory; and whether they burden or restrict U.S. commerce. If the practices are determined to violate a trade agreement or to be unjustifiable, USTR must take action. If the practices are determined to be unreasonable or discriminatory, and to burden or restrict U.S. commerce, USTR must determine whether action is appropriate and, if so, what action to take. The time period for making these determinations varies according to the type of practices alleged.

Active Cases in 2005

In 2005, the active cases under section 301 concerned the EU's meat hormone directive and Ukraine's IPR protection (table 2-4). In the meat hormone case, the United States successfully challenged at the WTO an EU law that banned imports of meat from animals that had been treated with certain hormones. The EU law effectively banned imports of U.S. beef and beef products. The WTO panel and the Appellate Body found that the ban violated the EU's WTO obligations because the EU law was not based on objective scientific

²⁰ U.S. Department of Commerce, Economic Development Administration, "Trade Adjustment Assistance for Firms: Program Benefits," <http://www.taacenters.org/benefits.html>.

²¹ Data provided by U.S. Department of Commerce, EDA, Apr. 18, 2006.

²² Sections 301-309 of the Trade Act of 1974, as amended (19 U.S.C. 2411-2419).

Table 2-4 Active section 301 cases in 2005

Docket No.	Summary and actions occurring during course of investigation
301-62a	European Union and the Meat Hormone Directive In 1997, the WTO found that the EU's ban on meat produced from animals treated with growth hormones was inconsistent with its WTO obligations. In 1999, when the EU had not implemented the WTO recommendations, the United States requested and received authorization from the WTO to retaliate against imports from the EU. The increased duties remained in effect during 2005. Bilateral consultations were held during 2005, yet the issue remained unresolved at year-end.
301-121	Ukraine and the Protection of Intellectual Property Rights In 2001, USTR identified Ukraine as a priority foreign country under the special 301 provisions of the section 301 law due to its denial of adequate and effective protection of IPR. In a parallel proceeding, USTR suspended Ukraine's eligibility for GSP benefits because of inadequate and ineffective IPR protection. When ongoing bilateral consultations did not result in an agreement that satisfactorily addressed the optical media piracy situation in Ukraine, USTR issued a preliminary retaliation list under section 301. In December 2001, USTR announced that the United States would impose prohibitive duties on certain imports from Ukraine. The suspension of GSP benefits and the additional duties remained in effect until 2005. In 2005, Ukraine strengthened its licensing regime and enforcement capabilities, and USTR terminated the retaliatory duties. In January 2006, USTR reinstated Ukraine's GSP benefits in recognition of its continuing progress in addressing U.S. concerns regarding IPR protection.

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

evidence. The EU did not comply with the ruling, so the United States sought and received WTO authorization to withdraw concessions on a commensurate amount of trade. Accordingly, in July 1999, the United States imposed additional 100 percent ad valorem duties on about \$117 million in imports from the EU. The additional duties have remained in effect since that time, and the bilateral trade dispute remains unresolved.²³

After identifying Ukraine as a priority foreign country under the "special 301" provisions of the section 301 law in 2001 due to its denial of adequate and effective IPR protection, USTR initiated a special 301 investigation. Specifically, Ukraine was found to have failed to address a significant level of optical media piracy that caused substantial damage to U.S. rights-holders and disrupted markets throughout the region, and also was found to have failed to fulfill commitments made in the June 2000 U.S.-Ukraine Joint Action Plan to Combat Optical Media Piracy in Ukraine. In a parallel proceeding, USTR suspended Ukraine's eligibility for the GSP program²⁴ due to inadequate and ineffective protection of IPR. When bilateral consultations failed to result in an agreement that satisfactorily addressed optical media piracy, USTR issued a preliminary retaliation list under section 301. In December 2001, USTR announced that the United States would impose 100 percent ad valorem duties on \$75 million in imports from Ukraine. Bilateral consultations continued, but the suspension of GSP benefits and the additional duties remained in effect at the beginning of 2005.

In August 2005, Ukraine amended its Laser-Readable Disc Law to strengthen its licensing regime and enforcement capabilities and thereby address the illegal production and trade of optical media products. In response to these amendments, USTR terminated the retaliatory

²³ See USTR, *2006 Trade Policy Agenda and 2005 Annual Report*, March 2006, p. 225. In January 2005, the EU claimed that new legislation brought its legal regime into compliance with the recommendations and rulings of the Dispute Settlement Body and with its obligations under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures. Accordingly, the EU initiated dispute settlement proceedings and, in February 2005, a panel was established to consider whether the retaliatory duties should be lifted.

²⁴ The GSP program is discussed in more detail below.

duties, but the GSP suspension remained in place.²⁵ In January 2006, in recognition of Ukraine's continuing efforts to improve IPR protection and enforcement, USTR reinstated Ukraine's GSP benefits.²⁶

During 2005, USTR received one petition seeking the initiation of a new investigation under section 301. The petition alleged that China's policies and practices regarding the valuation of its currency deny and violate international legal rights of the United States, are unjustifiable, and burden or restrict U.S. commerce.²⁷ USTR determined not to initiate an investigation with respect to the petition because the United States is involved in ongoing bilateral efforts to address the currency valuation issues raised in the petition, and because the initiation of an investigation would not be effective in addressing the policies and practices covered in the petition.²⁸

Special 301

The special 301 provisions of the Trade Act of 1974, as amended, require USTR to identify foreign countries that deny adequate and effective protection of IPR or fair and equitable market access for U.S. persons who rely on IPR protection.²⁹ Special 301 was amended in the 1994 Uruguay Round Agreements Act to clarify that a country can be found to deny adequate and effective IPR protection even if it is in compliance with its obligations under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).³⁰ It was also amended to direct USTR to take into account a country's prior status under special 301, the history of U.S. efforts to achieve stronger intellectual property protection, and the country's response to such efforts.³¹

Once the foreign countries that deny adequate and effective IPR protection are identified, USTR is required to decide which, if any, should be designated a priority foreign country, which is one that (1) has the most onerous and egregious acts, policies, and practices that have the greatest adverse impact (actual or potential) on the relevant U.S. products; and (2) is not engaged in good faith negotiations or making significant progress in negotiations to address these problems.³² In addition to identifying priority foreign countries as required by statute, USTR also uses the special 301 report to identify "priority watch list" and "watch list" countries or economies. Trading partners listed as priority watch countries do not provide an adequate level of IPR protection or enforcement, or market access for persons relying on intellectual property protection. Trading partners on the watch list merit bilateral attention to address IPR problems. Certain other countries with serious IPR-related problems are subject to another part of the statute, section 306 monitoring, because of previous

²⁵ USTR, "USTR Lifts Tariff Sanctions Against Ukraine, Announces Out-of-Cycle Review," press release, Aug. 31, 2005.

²⁶ USTR, "USTR Reinstates Generalized System of Preferences Benefits for Ukraine," press release, Jan. 23, 2006.

²⁷ China's currency valuation policies are discussed in more detail in the section on China in chapter 5 of this report.

²⁸ USTR, "Statement from USTR Spokesperson Richard Mills Regarding a Section 301 Petition on China's Currency Regime," Washington, D.C., May 27, 2005.

²⁹ Section 182 of the Trade Act of 1974 (19 U.S.C. 2242).

³⁰ Section 182(d)(4) of the Trade Act of 1974 (19 U.S.C. 2242 (d)(4)).

³¹ *Ibid.*

³² Section 182(b)(1) of the Trade Act of 1974 (19 U.S.C. 2242 (b)(1)).

bilateral agreements reached with the United States to address specific problems raised in earlier reports.³³

In the 2005 special 301 report, USTR devoted special attention to the need for significantly improved enforcement against piracy and counterfeiting. Losses to the U.S. industry as a result of piracy and counterfeiting are estimated at \$200–\$250 billion a year.³⁴ The report included an overview of the Administration’s Strategy Targeting Organized Piracy (STOP!) initiative and discussed increasing concerns regarding the transshipment of counterfeit and pirated products through countries with inadequate border enforcement and the use of free trade zones, both to transship and to manufacture counterfeit and pirated products. In addition, the USTR report continued to focus on Internet piracy and full implementation of the World Intellectual Property Organization (WIPO) Internet Treaties, implementation of the TRIPS Agreement by both developing countries and new WTO members, protection of confidential test data for pharmaceuticals, and ensuring that ministries of foreign governments use only authorized software.³⁵

The 2005 special 301 annual review examined in detail the adequacy and effectiveness of IPR protection in 90 countries. Of those 90 countries, 52 were designated in the categories of priority foreign country, section 306 monitoring, priority watch list, or watch list. Ukraine was designated a priority foreign country, and the \$75 million in sanctions, first imposed on Ukrainian products on January 23, 2002, remained in place for 2005.³⁶ Although Paraguay made significant and commendable efforts to improve IPR protection, it remained subject to Section 306 monitoring in 2005. Thirteen countries were designated on the priority watch list, and 35 countries were designated on the watch list. The report stipulated that Indonesia, the Philippines, Russia, Canada, and Poland would have out-of-cycle reviews during 2005.³⁷

Particular attention was paid to China in the 2005 special 301 report. In its 2004 Special 301 report, USTR announced that it would conduct an OCR in early 2005 to evaluate China’s implementation of its commitments made at the 15th annual meeting of the Joint Commission on Commerce and Trade in April 2004. While USTR acknowledged that there have been increased efforts to improve IPR protection in China, it concluded that the level of infringement remained very high.³⁸ As a result, China was elevated to priority watch list and the United States will be exploring its options within the WTO to bring China into compliance with its WTO TRIPS obligations, particularly those requiring transparency and a criminal IPR enforcement system with deterrent effect. USTR is to maintain section 306 monitoring of China’s implementation of its 1992 and 1995 bilateral agreements with the United States (including additional commitments made in 1996).³⁹

³³ USTR, *2006 Special 301 Report*, April 2006.

³⁴ USTR, *2005 Special 301 Report*, April 2005.

³⁵ *Ibid.*

³⁶ *Ibid.* In its 2006 report, USTR reported that the United States lowered Ukraine from the priority foreign country list to the priority watch list and reinstated Ukraine’s GSP benefits. USTR, *2006 Special 301 Report*, April 2006.

³⁷ USTR, *2005 Special Report*, April 2005.

³⁸ USTR, *China Out-of-Cycle Review Results*, April 2005, p.1.

³⁹ *Ibid.* Additional information is provided in the section on China in chapter 5 of this report.

Antidumping Investigations

The U.S. antidumping law is contained in Title VII of the Tariff Act of 1930, as amended.⁴⁰ The antidumping law provides relief in the form of special additional duties that are intended to offset margins of dumping. Antidumping duty orders are imposed when (1) the U.S. Department of Commerce (Commerce), the administering authority, has determined that imports are being, or are likely to be, sold at less than fair value (LTFV) in the United States, and (2) the Commission has determined that a U.S. industry is materially injured or threatened with material injury or that the establishment of an industry in the United States is materially retarded by reason of such imports. Most investigations are conducted on the basis of a petition filed with Commerce and the Commission by or on behalf of a U.S. industry.

In general, imports are considered to be sold at LTFV when the U.S. price (i.e., the purchase price or the exporter's sales price, as adjusted) is less than the foreign market value, which is usually the home-market price or, in certain cases, the price in a third country, or a constructed value, calculated as set out by statute.⁴¹ The antidumping duty is calculated to equal the difference between the U.S. price and the foreign-market value. The duty specified in an antidumping order reflects the dumping margin found by Commerce during its period of investigation. This rate of duty will be applied to subsequent subject imports from the specified producers/exporters in the subject country if Commerce does not receive a request for annual reviews.

Commerce and the Commission each conduct preliminary and final antidumping investigations in making their separate determinations.⁴² The Commission instituted 12 new antidumping investigations and completed 29 investigations during 2005.⁴³ Antidumping duty orders were imposed in 2005 on products from 13 countries as a result of affirmative determinations in 17 of those completed investigations. The antidumping duty orders imposed in 2005 are listed in table 2-5 (in alphabetical order by country).

Details on all antidumping investigations active at the Commission during 2005 are presented in table A-4. A list of all antidumping duty orders, including suspension agreements,⁴⁴ in effect as of the end of the year is presented in table A-5.

⁴⁰ 19 U.S.C. 1673 et seq.

⁴¹ 19 U.S.C. 1677b; 19 CFR part 353, subpart D.

⁴² Upon the filing of a petition, the Commission has 45 days to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise subject to the investigation. This is known as the preliminary phase of the investigation. If the Commission makes an affirmative determination, Commerce continues its investigation and makes preliminary and final determinations concerning whether the imported merchandise is being, or is likely to be, sold at LTFV. If Commerce reaches a final affirmative dumping determination, the Commission has 45 days to make its final injury determination. If the Commission's reasonable indication or preliminary phase determination is negative, both the Commission and Commerce terminate further investigation.

⁴³ Data reported here and in the following two sections ("Countervailing Duty Investigations" and "Reviews of Outstanding Antidumping and Countervailing Duty Orders/Suspension Agreements") reflect the total number of investigations. In other Commission reports these data are grouped by product because the same investigative team and all of the parties participate in a single grouped proceeding, and the Commission generally produces one report and issues one opinion containing its separate determinations for each investigation.

⁴⁴ An antidumping investigation may be suspended if exporters accounting for substantially all of the imports of the merchandise under investigation agree either to eliminate the dumping or to cease exports of the merchandise to the United States within six months. In extraordinary circumstances, an investigation may be suspended if exporters agree to revise prices to eliminate completely the injurious effect of exports of the subject

(continued...)

Table 2–5 Antidumping duty orders that became effective during 2005

Country	Product	Range of duty (in percent)
Brazil	Frozen or canned warm-water shrimp and prawns	4.97–67.80
China	Wooden bedroom furniture	0.83–198.08
China	Crepe paper	266.83
China	Frozen or canned warm-water shrimp and prawns	0.07–112.81
China	Tissue paper	112.64
China	Magnesium	49.66–141.49
China	Chlorinated isocyanurates	75.78–285.63
Ecuador	Frozen or canned warm-water shrimp and prawns	1.97–4.42
Finland	Carboxymethylcellulose	6.65
India	Frozen or canned warm-water shrimp and prawns	4.94–15.36
Japan	Superalloy degassed chromium	129.32
Mexico	Carboxymethylcellulose	12.61
Netherlands	Carboxymethylcellulose	13.39–14.88
Russia	Magnesium	18.65–21.71
Spain	Chlorinated isocyanurates	24.83
Sweden	Carboxymethylcellulose	25.29
Thailand	Frozen or canned warm-water shrimp and prawns	5.29–6.82
Vietnam	Frozen or canned warm-water shrimp and prawns	4.30–25.76

Source: Compiled by USITC from *Federal Register* notices.

Countervailing Duty Investigations

The U.S. countervailing duty law is also set forth in title VII of the Tariff Act of 1930, as amended. It provides for the levying of special additional duties to offset foreign subsidies on products imported into the United States.⁴⁵ In general, procedures for such investigations are similar to those under the antidumping law. Petitions are filed with Commerce (the administering authority) and with the Commission. Before a countervailing duty order can be issued, Commerce must find a countervailable subsidy and the Commission must make an affirmative determination of material injury, threat of material injury, or material retardation by reason of the subsidized imports.

The Commission instituted two new countervailing duty investigations and completed three investigations during 2005 (see table A-6). No countervailing duty orders were imposed as a result of those completed investigations. Details on all countervailing duty investigations active at the Commission during 2005 are presented in table A-6, and a list of all countervailing duty orders, including suspension agreements,⁴⁶ in effect at the end of the year is presented in table A-7.

⁴⁴ (...continued)

merchandise to the United States. A suspended investigation is reinstated if LTFV sales recur. See 19 U.S.C. 1673c.

⁴⁵ A subsidy is defined as a bounty or grant bestowed directly or indirectly by any country, dependency, colony, province, or other political subdivision on the manufacture, production, or export of products. See 19 U.S.C. 1677(5) and 1677-1(a).

⁴⁶ A countervailing duty investigation may be suspended if the government of the subsidizing country or exporters accounting for substantially all of the imports of the merchandise under investigation agree to eliminate the subsidy, to completely offset the net subsidy, or to cease exports of the merchandise to the United States within six months. In extraordinary circumstances, an investigation may be suspended if the government of the subsidizing country or exporters agree to revise the subsidy to eliminate completely the injurious effect of exports of the subject merchandise to the United States. A suspended investigation is reinstated if subsidization recurs. See 19 U.S.C. 1671c.

Reviews of Outstanding Antidumping and Countervailing Duty Orders/Suspension Agreements

Section 751 of the Tariff Act of 1930 requires Commerce, if requested, to conduct annual reviews of outstanding antidumping and countervailing duty orders to determine the amount of any net subsidy or dumping margin and to determine compliance with suspension agreements. Section 751 also authorizes Commerce and the Commission, as appropriate, to review certain outstanding determinations and agreements after receiving information or a petition that shows changed circumstances. In these circumstances, the party seeking revocation or modification of an antidumping or countervailing duty order or suspension agreement has the burden of persuading Commerce and the Commission that circumstances have changed sufficiently to warrant review and revocation. On the basis of either of these reviews, Commerce may revoke an antidumping or countervailing duty order in whole or in part or terminate or resume a suspended investigation. Two changed circumstances investigations were completed by the Commission during 2005, both of which resulted in the antidumping duty orders being continued. Table A-8 shows the completed changed circumstances investigations in 2005.

The Uruguay Round Agreements Act amended section 751 of the Tariff Act of 1930 to require both Commerce and the Commission to conduct sunset reviews of outstanding orders and suspension agreements 5 years after their publication to determine whether revocation of an order or suspension agreement would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy and material injury.⁴⁷ During 2005, Commerce and the Commission instituted 128 sunset reviews of existing antidumping and countervailing duty orders⁴⁸ and the Commission completed 73 reviews, resulting in 61 antidumping and countervailing duty orders and suspension agreements being continued for five additional years. Table A-9 shows completed reviews of antidumping and countervailing duty orders and suspension agreements in 2005.⁴⁹

Section 337 Investigations

Section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), authorizes the Commission, on the basis of a complaint or on its own initiative, to conduct investigations with respect to certain practices in import trade. Section 337 declares unlawful the importation into the United States, the sale for importation, or the sale within the United States after importation of articles that infringe a valid and enforceable U.S. patent, registered trademark, registered copyright, or registered mask work, for which a domestic industry exists or is in the process of being established.⁵⁰

⁴⁷ 19 U.S.C. 1675c.

⁴⁸ Thirteen of these reviews were subsequently terminated and the outstanding orders revoked because a domestic industry did not request that they be continued. The 11 revoked antidumping duty orders were on cotton shop towels from Bangladesh and China; creatine monohydrate from China; electroluminescent flat panel displays from Japan; malleable cast iron pipe fittings from Japan and Korea; mechanical transfer presses from Japan; sodium thiosulfate from China, Germany, and the United Kingdom; and steel rails from Canada. The two revoked countervailing duty orders were on cotton shop towels from Pakistan and steel rails from Canada.

⁴⁹ For detailed information on reviews instituted, as well as Commission action in all reviews, see the Commission's web site section entitled "Five-year (Sunset) Reviews," at <http://info.usitc.gov/oinv/sunset.NSF>.

⁵⁰ Also unlawful under section 337 are other unfair methods of competition and unfair acts in the importation of articles into the United States, or in the sale of imported articles, the threat or effect of which is to destroy or substantially injure a domestic industry, to prevent the establishment of an industry, or to restrain or monopolize trade and commerce in the United States. Examples of these other unfair acts are misappropriation (continued...)

If the Commission determines that a violation exists, it can issue an order to exclude the subject imports from entry into the United States, or order the violating parties to cease and desist from engaging in the unlawful practices.⁵¹ The President may disapprove a Commission order within 60 days of its issuance for “policy reasons.”

During 2005, there were 58 active section 337 investigations and ancillary proceedings, 32 of which were instituted in 2005. Of these 32, there were 29 new section 337 investigations and three new ancillary proceedings relating to previously concluded investigations. Further, all 29 new section 337 institutions in 2005 included allegations of patent infringement. Six investigations were terminated on the basis of settlement agreements and/or consent orders, and nine investigations were terminated based on the withdrawal of the complaints. The Commission completed a total of 31 investigations and ancillary proceedings under section 337 in 2005, including two enforcement proceedings and one combined enforcement and advisory opinion proceeding. Ten exclusion orders and 12 cease-and-desist orders were issued during 2005. Several investigations were terminated by the Commission without determining whether section 337 had been violated. Generally, these terminations were based on settlement agreements, consent orders, or withdrawal of complaints.

As in recent years, the section 337 caseload was highlighted by investigations involving complex technologies, particularly in the computer and telecommunications fields. Significant among these were investigations involving flash memory circuits, digital image storage and retrieval devices, digital processors, electric robots, network controllers, communication systems for optical networks, and hand-held mobile computing devices. Several other investigations involved sophisticated technologies relating to items such as viruses for use in vaccines for treating smallpox, medical devices that locate internal human organs for purposes of treatment or surgery, rubber antidegradants used in the manufacture of vehicle tires, color television receivers and color display monitors, and point-of-sale terminals. Other section 337 investigations active during the year concerned ink cartridges for inkjet printers, axle bearing assemblies for motor vehicles, laminated floor panels, masking tape for use in automobile re-painting, and automotive fuel caps.

At the close of 2005, there were 27 section 337 investigations and related proceedings pending at the Commission. Commission activities involving section 337 actions in 2005 are presented in table A-10. As of December 31, 2005, a total of 61 outstanding exclusion orders based on violations of section 337 were in effect, of which 31 involve unexpired patents. Table A-11 lists the investigations in which these exclusion orders were issued.

⁵⁰ (...continued)

of trade secrets, common law trademark infringement, trade dress infringement, false advertising, and false designation of origin. Unfair practices that involve the importation of dumped or subsidized merchandise must be pursued under antidumping or countervailing duty provisions, not under section 337.

⁵¹ Section 337 proceedings at the Commission are conducted before an administrative law judge in accordance with the Administrative Procedure Act, 5 U.S.C. 551 et seq. The administrative law judge conducts an evidentiary hearing and makes an initial determination, which is transmitted to the Commission. The Commission may adopt the determination by deciding not to review it, or it may choose to review it. If the Commission finds a violation, it must determine the appropriate remedy, the amount of any bond to be collected while its determination is under review by the President, and whether public interest considerations preclude the issuance of a remedy.

Other Import Administration Laws and Programs

U.S. Preferential Trade Programs

Generalized System of Preferences

The U.S. GSP program authorizes the President to grant duty-free access to the U.S. market for designated articles that are produced in and imported from designated developing countries and territories. The program is authorized by Title V of the Trade Act of 1974, as amended (19 U.S.C. 2461 et seq.).⁵² It has been expanded to allow duty-free treatment for certain other products when made in and imported only from countries designated as least-developed beneficiary developing countries (LDBDCs). Further, Public Law 106-200, enacted May 18, 2000, in Title I (AGOA) amended Title V to authorize the President to provide duty-free treatment for certain articles when imported from countries designated as beneficiary sub-Saharan African (SSA) countries.⁵³

Under the program, the President designates countries as “beneficiary developing countries.” The President cannot designate certain developed countries named in the statute and also may not designate countries that, inter alia, afford preferential treatment to the products of a developed country, other than the United States, that has, or is likely to have, a significant adverse effect on U. S. commerce. The President cannot designate countries that do not afford adequate protection to IPR or afford internationally recognized worker rights to their workers.⁵⁴ The President also designates the articles that are eligible for duty-free treatment, but may not designate articles that he determines to be “import-sensitive” in the context of the GSP. Certain categories of articles (for example, footwear, textiles, and apparel) are designated by statute as “import-sensitive” and thus are not eligible for duty-free treatment under the GSP program.⁵⁵ The statute also provides for graduation of countries from the program when they become “high-income” countries and for removal of eligibility of articles, or articles from certain countries, under certain conditions.

Each year (unless otherwise specified in a *Federal Register* notice), USTR conducts a review process in which products can be added to, or removed from, the GSP program or in which a beneficiary’s compliance with the eligibility requirements can be reviewed. The following were key developments during the 2005 GSP review process:

- On February 25, 2005, USTR announced the product petitions that were accepted for the 2004 GSP Annual Review and that the country practices petitions accepted for review would be announced at a later date.⁵⁶
- On April 6, 2005, USTR announced an addendum to the 2004 GSP Annual Review of the addition of several self-initiated competitive need limit (CNL) waivers requests.⁵⁷

⁵² The U.S. GSP program has periodically expired and been retroactively renewed. The program is scheduled to expire Dec. 31, 2006.

⁵³ AGOA is discussed in more detail below.

⁵⁴ 19 U.S.C. 2462(b).

⁵⁵ 19 U.S.C. 2463.

⁵⁶ 70 *FR* 9431.

⁵⁷ 70 *FR* 17499.

- On May 9, 2005, USTR announced the initiation of the 2005 GSP Annual Review.⁵⁸
- On June 29, 2005, the President proclaimed certain modifications to the GSP implementing decisions made in regard to the 2004 GSP Annual Review.⁵⁹ These modifications were further clarified by USTR in a *Federal Register* notice on July 11, 2005.⁶⁰

Several other actions were taken by USTR under the GSP in 2005:

- On March 29, 2005, USTR published full-year import statistics notifying the public of imported GSP items that exceeded CNLs, as well as inviting public comment on possible waivers of CNL for products whose imports could be considered *de minimis*, and comments on products subject to CNLs that were eligible for redesignation as GSP qualifying as a result of decreased imports.⁶¹
- On August 18, 2005,⁶² USTR announced the acceptance of petitions to modify the list of eligible products as part of the 2005 Annual Review.
- On September 14, 2005, USTR announced a review of country practices of GSP beneficiaries.⁶³
- On December 29, 2005, USTR announced initiation of a review to consider designation of Liberia as an LDBDC under GSP.⁶⁴

Duty-free imports entered under the GSP program totaled \$26.7 billion in 2005, accounting for 9.6 percent of total U.S. imports from GSP beneficiary countries and 1.6 percent of total U.S. imports (table 2-6). India was the leading GSP beneficiary in 2005, followed by Angola, Brazil, Thailand, and Indonesia. Table A-12 shows the top 20 GSP products or product categories in 2005, and table A-13 shows the overall sectoral distribution of GSP benefits.

⁵⁸ 70 FR 24460

⁵⁹ The modifications provided for the following: (1) termination of IPR violation suspension of GSP treatment for India for 783 tariff lines, primarily in the chemicals and related products chapters; (2) designation of Serbia and Montenegro as a GSP beneficiary; (3) restoration of GSP treatment for certain articles previously removed from GSP treatment for Pakistan as a result of workers rights; (4) according of the members of the South Asian Association for Regional Cooperation treatment as one country for purposes of GSP qualification; (5) proclamation of 22 HTS lines that exceeded CNLs for various countries and would no longer qualify for GSP treatment; (6) creation of tariff breakouts for certain textile and carpet products to allow products not woven on power looms to qualify for GSP treatment; (7) designation of 7 HTS lines for which CNL waivers were granted; (8) designation of 2 products which had previously only qualified for GSP treatment from LDBDCs to enter from all beneficiaries (two HTS lines for dates); (9) redesignation of 10 products for which imports had decreased, to be eligible for GSP from particular countries; (10) granting of 74 products *de minimis* waivers from CNLs for certain countries; and (11) other tariff changes that affect AGOA, NAFTA, and other tariff provisions. President, "Proclamation 7912—To Modify Duty-Free Treatment Under the Generalized System of Preferences and Certain Rules of Origin under the North American Free Trade Agreement, and for Other Purposes," 70 FR 37959, June 28, 2005.

⁶⁰ 70 FR 39843.

⁶¹ 70 FR 15970.

⁶² 70 FR 48623.

⁶³ 70 FR 54435.

⁶⁴ 70 FR 77237.

Table 2–6 U.S. imports for consumption from GSP beneficiaries and the world, 2005
(Million dollars)

Item	All GSP beneficiaries	World
Total U.S. imports ^a	270,183	1,653,353
Non-GSP eligible imports	226,966	914,025
GSP eligible imports	43,217	739,328
GSP non-LDBDC eligible ^b	31,686	338,581
GSP LDBDC eligible ^c	11,530	400,747
Total GSP duty free imports	26,746	
Non-LDBDC GSP duty free	20,856	
GSP-LDBDC duty free	5,891	
Total of GSP eligible products not benefitting from GSP duty-free treatment	16,472	712,583
GSP program exclusions	5,538	5,538
All other	10,934	707,045

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

Note: Customs-value basis; excludes imports from the U.S. Virgin Islands. Because of rounding, figures may not add to the totals shown.

^a Includes imports from all beneficiary countries for the articles that are designated as eligible articles under GSP.

^b Non-LDBDC eligible products are those for which a rate of duty of "Free" appears in the Special Rate column of the U.S. HTS followed by the symbols "A" or "A*" in parentheses. The symbol "A" indicates that all beneficiary countries are eligible for duty-free treatment with respect to all articles provided for in the designated provisions, and the symbol "A*" indicates that certain beneficiary countries, specified in general note 4(d) of the HTS, are not eligible for duty-free treatment with respect to any article provided for in the designated provision.

^c LDBDC-eligible products are those for which a rate of duty of "Free" appears in the Special Rate column of the HTS followed by the symbol "A+" in parenthesis. The symbol "A+" indicates that all LDBDCs, and only LDBDCs, are eligible for duty-free treatment with respect to all articles provided for in the designated provisions. For a variety of reasons, all imports from beneficiary countries under HTS provisions that appear to be eligible for GSP treatment do not always and necessarily receive duty-free entry under the GSP. Such eligible imports may not receive duty-free treatment under GSP for a number of reasons: the imports fail to claim GSP benefits affirmatively; the goods are from a GSP beneficiary that lost GSP benefits on that product for exceeding the CNLs; the GSP beneficiary country may claim duty-free treatment under some other program or provision of the HTS; or the good fails to meet the rule of origin or direct shipment requirement of the GSP statute.

African Growth and Opportunity Act

In 2005, articles entering the United States free of duty under AGOA were valued at \$32.7 billion. AGOA was enacted in 2000 to provide unilateral preferential trade benefits to eligible SSA countries pursuing political and economic reform.⁶⁵ AGOA expands GSP benefits⁶⁶ by providing duty-free market access to more than 1,800 additional qualifying tariff line-item products from eligible SSA countries, and exempts beneficiaries from GSP CNLs. AGOA also provides duty-free treatment for eligible apparel articles made in

⁶⁵ In addition to providing preferential access to the U.S. market for eligible SSA products, AGOA also includes a number of trade-facilitating provisions to, among other things, support trade liberalization in SSA countries, encourage U.S.-SSA bilateral investment agreements, address the needs for trade capacity-building by encouraging certain SSA infrastructure products, encourage the expansion of the agriculture sector in SSA countries, and increase coordination between U.S. and SSA customs services. For further information, see USTR, *2005 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act*, May 2005, p. 11, and USITC, *Export Opportunity and Barriers in African Growth and Opportunity Act-Eligible Countries*, USITC publication 3785, October 2005.

⁶⁶ The U.S. GSP program is described above.

qualifying SSA countries (discussed in more detail below). AGOA is scheduled to be in effect until 2015.⁶⁷

A total of 37 SSA countries were designated for AGOA benefits as of January 1, 2005,⁶⁸ and 24 SSA countries were eligible for AGOA textile and apparel benefits.⁶⁹ Each year, the President must consider whether SSA countries⁷⁰ are, or remain, eligible for AGOA benefits based on specific criteria. Those criteria include whether the country is making continued progress toward establishing a market-based economy, enforcing the rule of law and political pluralism, and promoting free trade and economic policies that will reduce poverty and protect workers' rights. Additionally, a country must not engage in violations of internationally recognized human rights, support acts of international terrorism, or engage in activities that undermine U.S. national security or foreign policy interests.⁷¹ The President designated Burundi as AGOA eligible, and removed Mauritania from the list of eligible countries, effective January 1, 2006.⁷²

Section 105 of the original AGOA legislation requires the President to establish the U.S.-SSA Trade and Economic Cooperation Forum. AGOA also requires USTR and the Secretaries of State, Commerce, and the Treasury to host meetings with senior-level officials from governments of countries that are eligible for AGOA benefits to discuss their trade, investment, and development relationships. The President is also required, if possible, to attend the forum every other year. The forum aims to establish an institutionalized economic dialogue with SSA similar to those that the United States maintains with other regions of the world, such as in the Asia-Pacific Economic Cooperation forum and the Summit of the Americas. The fourth AGOA forum was held in July 2005 in Dakar, Senegal.⁷³ On a videotaped message shown at the forum's opening ceremony, President Bush launched the African Global Competitiveness Initiative to assist SSA entrepreneurs in business and

⁶⁷ AGOA was originally scheduled to be in effect until Sept. 30, 2008. Section 3108 of the Trade Act of 2002 amended the original 2000 AGOA provisions and expanded preferential access for apparel imports from SSA beneficiaries (these modifications collectively are referred to as AGOA II). The AGOA Acceleration Act of 2004 (AGOA III) enhanced many of the original AGOA trade benefits, and generally extended AGOA provisions until 2015. In this report, the term AGOA refers to the original AGOA, AGOA II, and AGOA III, as a group. For further information, see USTR, *2005 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act*, May 2005.

⁶⁸ Those following countries are listed in General Note 16 of the HTS as designated AGOA beneficiaries: Angola, Benin, Botswana, Burkina Faso, Cameroon, Cape Verde, Chad, Republic of Congo, Democratic Republic of Congo, Djibouti, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia. See USITC, *Harmonized Tariff Schedule of the United States, 2006 (rev. 2)*, p. 166.

⁶⁹ The following 24 countries are listed in U.S. Note 7 of the HTS as eligible to receive AGOA apparel benefits during 2005: Benin, Botswana, Cameroon, Cape Verde, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia. See USITC, *Harmonized Tariff Schedule of the United States, 2006 (rev. 2)*, sect. xxii, p. 98-II-3.

⁷⁰ Section 107 of AGOA lists a total of 48 countries, or their successor political entities, as potentially beneficiaries.

⁷¹ Section 104(a) of AGOA. See also USTR, *2005 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act*, May 2005, p. 13.

⁷² The White House, "Proclamation by the President: To Take Certain Actions Under the African Growth and Opportunity Act, 2005," press release, Dec. 22, 2005.

⁷³ The White House, "2005 African Growth and Opportunity Act Forum," <http://www.state.gov/p/af/rls/rm/2005/49816.htm> (accessed July 25, 2005).

foreign trade activities, and committed \$200 million to fund trade capacity building to improve SSA global competitiveness.⁷⁴

Total U.S. imports from AGOA countries were valued at \$47.0 billion in 2005, more than double the \$20.2 billion in 2003 (table 2-7). Duty-free U.S. imports under AGOA, including GSP, were valued at \$38.1 billion in 2005 and accounted for 81.1 percent of all imports from AGOA countries. U.S. imports under AGOA exclusive of GSP were valued at \$32.7 billion in 2005, almost triple the value of imports in 2003, and accounted for 69.7 percent of all imports from AGOA countries.

Table 2-7 U.S. imports for consumption from AGOA countries, 2003-05

Item	2003	2004	2005
Total imports from AGOA countries (<i>1,000 dollars</i>)	20,229,905	34,406,599	47,002,789
Total duty free under AGOA, including GSP (<i>1,000 dollars</i>)	14,105,065	26,558,922	38,146,396
Duty-free under AGOA, excluding GSP (<i>1,000 dollars</i>)	13,189,410	21,986,472	32,743,077
AGOA duty free as a percentage of total	65.2	63.9	69.7

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

The leading suppliers of duty free imports under AGOA in 2005 were Nigeria (68.6 percent of total AGOA imports), Angola (12.9 percent), Gabon (7.6 percent), and Chad (3.1 percent). These four petroleum-exporting countries accounted for more than 92.2 percent of total imports by value under AGOA (table A-14). Of the 25 leading imports under AGOA by 8-digit HTS (table A-15), imports of petroleum-related products increased to \$30.9 billion in 2005, up 57.6 percent by value from 2004. Petroleum-related products accounted for more than 94.3 percent of total AGOA imports by value in 2005, up from 89.3 percent of total AGOA imports in 2004.⁷⁵ Imports of apparel products decreased from \$1.4 billion in 2004 to \$1.2 billion in 2005, accounting for 3.8 percent of total AGOA imports by value in 2005, down from 6.5 percent of total AGOA imports in 2004.

Andean Trade Preference Act

In 2005, articles from Bolivia, Colombia, Ecuador, and Peru entering the United States free of duty under ATPA were valued at \$11.5 billion (table 2-8). ATPA was enacted in 1991 to promote broad-based economic development and viable economic alternatives to coca cultivation and cocaine production by offering Andean products broader access to the U.S. market.⁷⁶ ATPA expired on December 4, 2001, but was renewed retroactively on August 6, 2002, under the Andean Trade Promotion and Drug Eradication Act (ATPDEA), part of the Trade Act of 2002.⁷⁷ ATPA, as amended by ATPDEA, is scheduled to expire on December 31, 2006.

⁷⁴ Florizelle Liser, "AGOA: A Five Year Assessment," Oct. 12, 2005, www.house.gov (accessed Oct. 21, 2005).

⁷⁵ Imports from Nigeria, the leading supplier of petroleum under AGOA, increased only marginally from 417.0 million barrels in 2004 to 418.8 million barrels in 2005; imports from Angola increased from 115.7 million barrels in 2004 to 169.9 million barrels in 2005; imports from Chad increased from 24.6 million barrels in 2004 to 35.1 million barrels in 2005; and imports from Gabon declined from 52.1 million barrels in 2004 to 46.5 million barrels in 2005. Energy Information Administration, U.S. Department of Energy, "U.S. Imports by Country of Origin," http://tonto.eia.doe.gov/dnav/pet/pet_move_impcus_a2_nus_ep00_im0_mbb1_a.htm (accessed Apr. 23, 2006).

⁷⁶ For a more detailed description of ATPA, including country and product eligibility, see USITC, *The Impact of the Andean Trade Preference Act, Eleventh Report 2004*, USITC publication 3803, September 2005.

⁷⁷ Public Law 107-210, Title XXXI.

Table 2–8 U.S. imports for consumption from ATPA countries, 2003–05

Item	2003	2004	2005
Total imports from ATPA countries (<i>1,000 dollars</i>)	11,639,464	15,489,766	20,060,117
Total under ATPA provisions (<i>1,000 dollars</i>)	5,836,032	8,359,258	11,463,949
Imports under ATPDEA (<i>1,000 dollars</i>)	4,211,384	6,522,889	9,303,218
Total under ATPA, excluding ATPDEA (<i>1,000 dollars</i>)	1,624,648	1,836,369	2,160,731
Total under ATPA as a percentage of total	50.1	54.0	57.1

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

The four ATPA beneficiaries are not automatically eligible for ATPDEA preferences. ATPDEA authorizes the President to designate any ATPA beneficiary as eligible for ATPDEA benefits provided the President determines the country has satisfied certain requirements, including protection of IPR and internationally recognized workers rights. The President designated all four ATPA beneficiaries as ATPDEA beneficiaries on October 31, 2002.⁷⁸

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

Total (dutiable and duty-free) U.S. imports from Bolivia, Colombia, Ecuador, and Peru were valued at \$20.1 billion in 2005, an increase of 29.5 percent from \$15.5 billion in 2004 (table 2-8). U.S. imports entered under ATPA preferences in 2005 were valued at \$11.5 billion and accounted for 57.1 percent of all imports from ATPA countries. U.S. imports under ATPDEA were valued at \$9.3 billion and accounted for 81.1 percent of imports under ATPA in 2005. U.S. imports under the original ATPA (ATPA excluding ATPDEA) accounted for the remaining 18.9 percent, valued at \$2.2 billion.

In 2005, U.S. imports under ATPA increased from each of the four beneficiary countries (table A-16). Colombia remained the largest source of U.S. imports under ATPA in 2005. Ecuador remained the second-leading supplier of ATPA imports; imports from Ecuador increased by 59.1 percent in value during 2005 as a result of increased U.S. imports of crude petroleum, petroleum derivatives, roses, and cut flowers. Petroleum products accounted for 69 percent of U.S. imports under ATPA in 2005 and represented four of the top 25 U.S. imports under the program. Apparel was the next-largest category of imports under ATPA, accounting for 13 percent of such imports and seven of the 25 leading imports under ATPA.

⁷⁸ President, “Proclamation 7616—To Implement the Andean Trade Promotion and Drug Eradication Act,” 67 *FR* 67283–67291, Oct. 31, 2002.

Other leading imports under ATPA in 2005 included copper cathodes, fresh cut flowers, asparagus, and gold jewelry (table A-17).

Caribbean Basin Economic Recovery Act

In 2005, articles from 24 countries and territories in the Caribbean Basin and Central America entering the United States free of duty or at reduced duties under CBERA were valued at \$12.3 billion (table 2-9).⁷⁹ CBERA has been operative since January 1, 1984. The act, as amended, has no statutory expiration date.⁸⁰ CBERA is the trade-related component of the Caribbean Basin Initiative (CBI).⁸¹ CBI was launched in 1982 principally to promote export-led economic growth and economic diversification in the Caribbean Basin region.⁸²

Table 2–9 U.S. imports for consumption from CBERA countries, 2003–05

Item	2003	2004	2005
Total imports from CBERA countries (<i>1,000 dollars</i>)	24,499,559	27,555,492	31,814,307
Total under CBERA provisions, including CBTPA (<i>1,000 dollars</i>)	10,429,629	10,936,621	12,336,372
Total under CBTPA (<i>1,000 dollars</i>)	7,462,064	7,908,041	8,773,023
Total under CBERA, excluding CBTPA (<i>1,000 dollars</i>)	2,967,564	3,028,580	3,563,349
Total under CBERA/CBTPA as a percentage of total	42.6	39.7	38.8

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

The United States-Caribbean Basin Trade Partnership Act (CBTPA)⁸³ expanded the coverage of preferential tariff treatment for several articles previously excluded under the original CBERA. Notably, the list of newly qualifying articles included certain apparel (discussed in more detail below), the assembly of which is an important Caribbean Basin industry.⁸⁴ CBTPA also extended NAFTA-equivalent treatment (that is, rates of duty equivalent to those accorded to Mexican goods under the same rules of origin applicable under NAFTA) to a number of other products previously excluded from CBERA, including certain tuna, petroleum products, certain footwear, and some watches and watch parts.⁸⁵

On August 2, 2005, President Bush signed implementing legislation for the multiparty free trade agreement (FTA) with Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic (CAFTA-DR). When the FTA enters into force for any of the parties and the United States, that country must cease to be a

⁷⁹ The 24 countries designated for CBERA benefits are listed in table A-14.

⁸⁰ See Public Law 98-67, title II, 97 Stat. 384, 19 U.S.C. 2701 et seq. Relatively minor amendments were made to CBERA by Public Laws 98-573, 99-514, 99-570, and 100-418. CBERA was significantly expanded by the Caribbean Basin Economic Recovery Expansion Act of 1990, Public Law 101-382, title II, 104 Stat. 629, 19 U.S.C. 2101, note.

⁸¹ For a more detailed description of the original CBERA, including country and product eligibility, see USITC, *Caribbean Basin Economic Recovery Act: Impact on the United States, Fourteenth Report*, 1998, USITC publication 3234, Sept. 1999.

⁸² President, “Address before the Permanent Council of the Organization of American States,” *Weekly Compilation of Presidential Documents*, Mar. 1, 1982, pp. 217–223.

⁸³ CBTPA was enacted on May 18, 2000 (see Public Law 106-200).

⁸⁴ For CBTPA provisions related to textiles and apparel, see “Textile and Apparel-Related Legislation” in this report.

⁸⁵ Only watches assembled from parts originating in countries that are not eligible for NTR tariff treatment were ineligible for duty-free treatment under CBERA.

designated beneficiary country under CBERA and CBTPA as well as GSP.⁸⁶ In 2005, the CAFTA-DR countries supplied 72.1 percent of U.S. imports under CBERA. In the same year, Trinidad and Tobago, Haiti, and Jamaica supplied 92.6 percent of U.S. imports under CBERA from non-CAFTA-DR countries.

Table 2-9 shows U.S. imports under CBERA from 2003 to 2005. After U.S. imports entering under CBERA provisions increased by only 4.9 percent in 2004, such imports increased by 12.8 percent in 2005. U.S. imports under CBERA (including CBTPA) provisions amounted to \$10.4 billion in 2003, \$10.9 billion in 2004, and \$12.3 billion in 2005. Notably, during this three-year period, imports under CBERA (including CBTPA) accounted for a declining share of all U.S. imports from CBERA countries: 42.6 percent in 2003, 39.7 percent in 2004, and 38.8 percent in 2005.

Table A-18 shows U.S. imports entered under CBERA provisions from each of the CBERA countries from 2003 to 2005. Trinidad and Tobago became the leading supplier of U.S. imports under CBERA in 2005, displacing the Dominican Republic. Table A-19 shows the leading 25 U.S. imports entered under CBERA provisions from 2003 to 2005. Apparel products and mineral fuels continued to dominate the list in 2005. Twelve of the leading products were knitted and non-knitted apparel; five were mineral fuels; and the remaining eight were products that had already qualified for benefits under the original CBERA before the implementation of CBTPA—methanol, cigars, pineapples, articles of jewelry, undenatured ethyl alcohol, raw sugar, polystyrene, and cantaloupes.

Textile and Apparel Imports under AGOA, ATPDEA, and CBTPA

The United States grants unlimited duty-free treatment to imports of textiles and apparel made from U.S. yarns and fabrics in eligible beneficiary countries under AGOA,⁸⁷ ATPDEA,⁸⁸ and CBTPA.⁸⁹ These programs also extend duty-free entry to apparel made in the beneficiary countries from “regional fabrics,”⁹⁰ subject to a ceiling, or “cap,” on the quantity of such apparel that can enter free of duty under each program. In addition, AGOA permits apparel made in lesser developed beneficiary countries (LDBCs)⁹¹ from fabrics made in countries other than the United States or those in SSA to enter free of duty under the AGOA regional fabric cap (the “third-country fabric” provision). Although Mauritius is not an LDBC, it was granted access to this LDBC “third-country fabric” provision for 2005, which expired on December 31, 2004. In 2005, U.S. imports of textiles and apparel eligible for duty-free entry totaled approximately \$9.7 billion under CBTPA, \$1.4 billion under AGOA, and \$1.3 billion under ATPDEA.⁹²

⁸⁶ See USITC, *The Impact of the Caribbean Basin Economic Recovery Act: Seventeenth Report 2003–2004*, USITC publication 3804, Sept. 2005.

⁸⁷ Public Law 106-200, Title I, 114 Stat. 251, as amended by the Trade Act of 2002, section 3108, Trade Benefits Under the African Growth and Opportunity Act (a)(1)(2)(3).

⁸⁸ Public Law 107-210, Title XXXI, ATPDEA, section 3103 (b)(3)(A)(B)(I).

⁸⁹ Public Law 106-200, Title II, CBTPA, as amended by section 3107 of Public Law 107-210.

⁹⁰ U.S. HTS heading 9819.11.09.

⁹¹ LDBCs for 2005 were: Angola, Benin, Burkina Faso, Cape Verde, Chad, Congo (DROC), Djibouti, Ethiopia, Gambia, Guinea, Guinea-Bissau, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, São Tomé and Príncipe, Sierra Leone, Tanzania, Uganda, and Zambia. See the discussion of AGOA above. The special rule for LDBCs is to extend until September 2007.

⁹² These data are official statistics of the U.S. Department of Commerce, and are available on the OTEXA web site at <http://otexa.ita.doc.gov>.

Textile and apparel developments in 2005 are discussed more broadly in the following section.

Textile and Apparel Developments in 2005

On January 1, 2005, the United States eliminated quotas on U.S. imports of textiles and apparel from 39 WTO countries, as required under the WTO Agreement on Textiles and Clothing (ATC).⁹³ The United States continues to maintain import quotas on three non-WTO nations—Belarus, Ukraine, and Vietnam⁹⁴—which will be eligible for quota liberalization upon accession to the WTO.⁹⁵ Together, the three countries accounted for 3 percent (\$3 billion) of total U.S. imports of textiles and apparel in 2005. U.S. imports from China increased rapidly in the post-quota market of 2005, initially leading to the establishment of safeguards (quotas) on selected Chinese textile and apparel articles, as provided for under China’s WTO Protocol of Accession, and subsequently to the negotiation of a three-year agreement to limit U.S. imports of specific textile and apparel products from China (as discussed later in this chapter).

U.S. Textile and Apparel Imports in 2005⁹⁶

U.S. imports of textiles and apparel in 2005 grew by 8.3 percent in quantity terms over the 2004 level to reach 50.8 billion square meter equivalent (SMEs) (valued at \$89.2 billion). The 8.3-percent increase in 2005 was smaller than the annual average increase (14 percent) for the preceding three-year period (2001-04). Although trade did not increase as rapidly as in prior years, shifts occurred among the many textile and apparel suppliers. The removal of quotas opened up the U.S. market for other suppliers previously constrained by quota. U.S. importers were able to consolidate their sourcing among fewer manufacturers, particularly those that could best meet their needs in terms of such factors as cost, quality, service, and lead time, without regard to quota availability.

The principal beneficiary of the phase-out of quotas and resulting trade shift was China,⁹⁷ which was subject to binding quotas for textile and apparel articles still covered by the ATC in 2004. U.S. textile and apparel imports from China rose by 43.8 percent to 16.8 billion

⁹³ The ATC came into effect with the WTO Uruguay Round Agreements in 1995 and superseded the Multifiber Arrangement, an arrangement negotiated under the auspices of the General Agreement on Tariffs and Trade (GATT 1947) that governed world trade in textiles and apparel and permitted importing countries to establish quotas on such goods outside normal GATT rules from 1974–94. The ATC obligated the United States, the EU, and Canada to phase out their import quotas on textiles and apparel from WTO member countries and “integrate” their trade in such goods into the GATT in four stages over 10 years ending Jan. 1, 2005. Since then, WTO member countries have had quota-free access to the textile and apparel markets of the major importing countries, which may not establish any new quotas on such goods except as provided under regular GATT rules.

⁹⁴ In May 2006, the United States and Vietnam reached in principle a bilateral market access agreement that aims to help clear the way for Vietnam’s WTO accession. For further information, see USTR, “Vietnam’s Accession to the WTO,” fact sheet, May 15, 2006.

⁹⁵ The non-WTO countries are subject to quotas imposed by the President under section 204 of the Agricultural Act of 1956 (7 U.S.C. 1854), which authorizes the President to enter into agreements with foreign governments to limit the export of textiles and apparel to the United States, and the importation of such goods into the United States, and to issue regulations to carry out such agreements.

⁹⁶ The data in this section were compiled by USITC from official statistics of the U.S. Department of Commerce, OTEXA. Most of the data included in this section are available on the OTEXA website, <http://otexa.ita.doc.gov>. The percentage figures included in this section are based on unrounded SMEs.

⁹⁷ No other country achieved the same level of growth as China in its exports to the U.S. market, either in absolute terms or in terms of market share.

SMEs (\$22.4 billion) in 2005 (table 2-10). The rate of growth in China's shipments likely would have been even higher had it not been for a series of safeguard actions imposed by the United States on selected Chinese textile and apparel articles during 2005 (as discussed

Table 2-10 U.S. imports of textiles and apparel in 2005 by quantity, percentage change in imports 2004-05, and share of total U.S. imports of textiles and apparel, for major U.S. suppliers, selected regional groups, and the world

Country or region	U.S. imports 2005 Million SMEs ^a	Change in imports 2004-05	Share of total U.S. textile and apparel imports	
			2004	2005
			Percent	
World	50,839	8.3		
China	16,763	43.8	24.8	33.0
Mexico	3,883	- 5.3	8.7	7.6
Pakistan	3,291	10.8	6.3	6.5
Canada	3,009	-8.0	7.0	5.9
India	2,335	22.0	4.1	4.6
Korea	2,028	-11.9	4.9	4.0
Indonesia	1,354	6.2	2.7	2.7
Bangladesh	1,314	18.5	2.4	2.6
Honduras	1,262	4.4	2.6	2.5
Taiwan	1,083	-16.8	2.8	2.1
Thailand	1,052	-5.6	2.4	2.1
Vietnam	950	5.0	1.9	1.9
El Salvador	897	0.2	1.9	1.8
Southeast Asian countries ^b	5,140	0.1	11.0	10.1
Caribbean countries ^b	4,169	0.03	8.9	8.2
Sub-Saharan African countries ^d	390	-15.6	1.0	0.8
Andean countries ^e	278	-5.0	0.6	0.5

Source: U.S. Department of Commerce, Office of Textiles and Apparel, *Major Shippers Report*, available at <http://www.otexa.ita.doc.gov>.

^a Square meter equivalents.

^b Southeast Asian countries include ASEAN members Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Thailand, Singapore, and Vietnam.

^c Caribbean countries include CBI participants Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Nicaragua, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago.

^d Sub-Saharan African countries included are Angola; Benin; Botswana; Burkina Faso; Burundi; Cameroon; Cape Verde; Chad; Republic of Congo; Democratic Republic of Congo; Djibouti; Ethiopia; Gabon; The Gambia; Ghana; Guinea; Guinea-Bissau; Kenya; Lesotho; Madagascar; Malawi; Mali; Mauritius; Mozambique; Namibia; Niger; Nigeria; Rwanda; Sao Tome and Principe; Senegal; Seychelles; Sierra Leone; South Africa; Swaziland; Tanzania; Uganda; Zambia.

^e Andean countries are Bolivia, Colombia, Ecuador, and Peru.

later in this chapter). Even with these actions in place, China expanded its share of total U.S. textile and apparel imports by quantity to 33.0 percent (16.8 million SMEs) in 2005, from 24.8 percent (11.7 million SMEs) in 2004, and from 6.7 percent (2.2 million SMEs) in 2001.

The removal of U.S. import quotas opened up the domestic market for other textile and apparel exporting countries previously constrained by quota, particularly India, Pakistan, and Bangladesh, which rank among the principal low-cost sourcing alternatives to China. However, the gain in U.S. market share by these South Asian countries in 2005 was small in relation to that achieved by China. U.S. imports of textiles and apparel from India, Pakistan, and Bangladesh together increased 15.8 percent to 6.9 billion SMEs (\$10.0 billion),

but their combined share of the U.S. market increased by just one percentage point. U.S. imports of textiles and apparel from Southeast Asian countries showed mixed results in 2005, with those from Indonesia, Cambodia, and Vietnam together increasing by 6.7 percent to 3.0 billion SMEs (\$7.7 billion), and those from Thailand, the Philippines, Malaysia, and Singapore declining by 7.8 percent to 2.1 billion SMEs (\$4.9 billion).

U.S. imports of textiles and apparel from NAFTA partners Canada and Mexico fell by 6.5 percent to 6.9 billion SMEs (\$10.1 billion). Mexico reportedly is not cost competitive in the U.S. apparel market with China or other low-cost Asian suppliers, despite its preferential access and proximity to the U.S. market.⁹⁸ U.S. imports of textiles and apparel from other countries in the Western Hemisphere that benefit from U.S. trade preferences showed either negligible growth (CBI⁹⁹ countries) or a decline (Andean countries) in 2005. Imports from the Caribbean Basin countries rose by less than 0.05 percent to 4.2 billion SMEs (\$9.7 billion), of which 71.1 percent, or 3.0 billion SMEs (\$6.6 billion), entered duty-free under CBTPA.¹⁰⁰ U.S. imports from the Andean countries fell 5.0 percent by quantity to 278.5 million SMEs, but rose 7.8 percent by value to \$1.5 billion. Of these imports, 217.2 million SMEs (\$1.3 billion) entered under ATPDEA,¹⁰¹ and consisted mostly of apparel made from regional fabrics (184.4 million SMEs valued at \$1.1 billion).

U.S. imports from SSA countries fell by 15.6 percent to 390.4 million SMEs (\$1.5 billion), of which 93.8 percent, or 365.2 million SMEs (\$1.4 billion), entered duty free under AGOA.¹⁰² Approximately 83.6 percent of U.S. apparel imports from SSA countries (or 325.5 million SMEs (\$1.2 billion)) consisted of apparel articles that were made in LDBC countries under the “third-country fabric” provision (described above).

Vietnam’s accession to the WTO was pending during 2005 and it remained one of three countries still subject to U.S. import quotas on textiles and apparel. U.S. imports from Vietnam slowed somewhat following the implementation of the U.S.-Vietnam bilateral textile agreement on July 17, 2003,¹⁰³ which established quotas for the first time on 25 product categories.¹⁰⁴ Vietnam’s shipments of textiles and apparel to the United States increased from 905 million SMEs (\$2.7 billion) in 2004 to 950 million SMEs (\$2.9 billion) in 2005. Approximately 54 percent of the volume of these imports from Vietnam entered the United States under quota in 2005.¹⁰⁵

⁹⁸ Emerging Textiles, “Losing Out to Asia in Critical Apparel Categories, Mexico Failing to Take Advantage of China Restrictions,” <http://www.emergingtextiles.com>, (accessed Feb. 9, 2006).

⁹⁹ CBI is the collective term for the CBERA and CBTPA trade preference programs.

¹⁰⁰ CBTPA is discussed in more detail above.

¹⁰¹ ATPDEA is discussed in more detail above.

¹⁰² AGOA is discussed in more detail above.

¹⁰³ The U.S.-Vietnam Bilateral Textile Agreement has been extended until Dec. 31, 2006. See “Extension of U.S.-Vietnam Bilateral Textile Agreement,” U.S. Department of Commerce, ITA, OTEXA, Textile and Apparel Agreements, <http://web.ita.doc.gov/otexa/otexagre.nsf>.

¹⁰⁴ Embassy of the United States, Hanoi-Vietnam, “Trade Relations, Vietnam-U.S. Textile Agreement Summary.”

¹⁰⁵ Eight of the quotas on apparel from Vietnam were filled by 80 percent or more (binding) in 2005.

U.S.-China Textile Agreement

On November 8, 2005, the United States and China signed a memorandum of understanding (MOU)¹⁰⁶ that established levels, or quotas, on U.S. imports of selected textile and apparel products from China beginning on January 1, 2006, and extending through December 2008, at which time the right of the United States to invoke safeguards¹⁰⁷ expires under China's WTO membership accession agreement. The MOU supersedes the safeguard actions undertaken by the United States earlier in 2005 in response to rising imports from China. Between May and August 2005, the United States took 10 safeguard actions under the textile safeguard provision in China's WTO accession agreement on basic apparel items such as shirts, blouses, trousers, and underwear, which had been highly constrained under the ATC and which accounted for approximately 34 percent of total volume of U.S. textile and apparel imports from China in 2005.¹⁰⁸ The United States also considered requests from interested parties for safeguards on other Chinese textile and apparel products. In total, these requests for safeguards,¹⁰⁹ in addition to the existing safeguards in place, accounted for 74 percent of the volume of U.S. imports of textiles and apparel from China in 2005.¹¹⁰ Eight of the 10 safeguard actions taken during 2005 resulted in embargoes, preventing any further imports of these products through December 31, 2005, when the safeguards expired. U.S. importers that had placed orders prior to the safeguard actions were unable to receive embargoed goods until after this date.¹¹¹

The MOU with China established 21 quotas covering 34 categories of textile and apparel products, including certain "core products"¹¹² that had been subject to the above-referenced safeguard limits in 2005.¹¹³ These 34 product categories accounted for nearly 40 percent of

¹⁰⁶ "Memorandum of Understanding Between the Governments of the United States of America and the People's Republic of China Concerning Trade in Textile and Apparel Products," Nov. 8, 2005, http://www.ustr.gov/assets/World_Regions/North_Asia/China/asset_upload_file91_8344.pdf.

¹⁰⁷ Under the textile safeguard provision in China's accession agreement to the WTO, the United States and other WTO countries may impose temporary quotas on imports of Chinese textiles and apparel under certain conditions. The textile safeguard provision in China's WTO accession agreement permits a WTO country, following consultations, to impose quotas on imports of textiles and apparel from China if it finds that imports of textiles and apparel from China are, owing to market disruption, threatening to impede the orderly development of trade in these goods. The safeguard provision requires China to hold its shipments to a level no greater than 7.5 percent (6 percent for wool goods) above the amount entered in the first 12 months of the most recent 14 months preceding the request for consultations. The safeguards cannot remain in effect beyond one year, without reapplication, unless both countries agree. Information on the China textile safeguard is from the WTO, Ministerial Conference, Doha, Qatar, *Report of the Working Party on the Accession of China*, WTOMIN(01)3, Nov. 10, 2001, para. 242, pp. 46-47.

¹⁰⁸ Based on data of the U.S. Department of Commerce, Office of Textiles and Apparel. For further information on China textile safeguard actions filed with CITA, see "Requests for China Textile Safeguard Action Filed with the Committee for the Implementation of Textile Agreements (CITA)."

¹⁰⁹ Including two petitions filed in 2004, for which decisions had been delayed by CITA, pending negotiation of a comprehensive agreement.

¹¹⁰ Based on data of the U.S. Department of Commerce, OTEXA.

¹¹¹ The electronic visa information system (ELVIS) that was used under the ATC to prevent shipments of textile goods over the quota limits was discontinued for WTO members on January 1, 2005. Hence, export shipments from China under the safeguards were allowed entry into the United States on a first-come basis, resulting in numerous overshipments. For example, cotton knit shirts entered the United States at an average rate of 120,545 dozen per day during the 42 days it took to fill the quota allocated for 223 days.

¹¹² "Core products" are defined as cotton and manmade-fiber knit shirts, woven shirts, trousers, brassieres, and underwear.

¹¹³ Ten of the 21 limits had been subject to safeguards in 2005, seven of the limits had been under consideration for implementation by CITA in 2005, and four others which were neither under consideration nor implemented in 2005.

the volume of U.S. imports of textiles and apparel from China in 2005.¹¹⁴ According to U.S. government and industry officials, the 2006 agreed levels for the core products are more restrictive than the limits that could have been imposed under the China textile safeguard provision for 2006.¹¹⁵ The 10 safeguard actions would have expired at the end of 2005, allowing imports to enter free of restraint at the beginning of 2006, until new safeguard measures were taken pursuant to new applications.¹¹⁶ Nevertheless, the 2006 quota levels for most core products are substantially higher than the 2005 annualized safeguard levels and the 2004 quota levels under the ATC (table 2-11).

Table 2–11 U.S. imports of selected apparel products, by quota and safeguard levels, 2004–05
(*Million dozens*)

	Cotton and manmade fiber men's and boy's shirts, non-knit	Cotton trousers	Cotton and manmade fiber underwear	Manmade fiber knit shirts	Manmade fiber trousers
2004 quota level with ATC ^a	2.3	2.4	5.3	2.7	3.0
2005 annualized safeguard level	3.7	7.1	8.3	4.7	4.4
2005 MOU agreed level ^b	6.7	19.7	18.9	8.1	8.0

Source: Compiled by USITC staff based on data from U.S. Customs and Border Protection's Textile Status Reports, http://www.customs.gov/xp/cgov/import/textiles_and_quotas/textile_status_report/.

^aWTO Agreement on Textiles and Clothing (ATC). On Jan. 1, 2005, the United States eliminated quotas on U.S. imports of textiles and apparel from 39 WTO countries, as required under the ATC.

^bOn Nov. 8, 2005, the United States and China signed a MOU that established levels, or quotas, on U.S. imports of selected textile and apparel products from China beginning in Jan. 1, 2006, and extending through December 2008.

In addition, the MOU provided higher annual growth rates (12.5 to 16 percent in 2007, and 15 to 17 percent in 2008) than were allowed under the safeguard provision (7.5 percent). The MOU also reestablished an electronic visa information system (ELVIS) that will create a more predictable trading environment than would otherwise exist in the absence of the visa system under the safeguards in 2005.¹¹⁷ As part of the agreement, the United States also agreed to act with restraint in future applications of the WTO accession safeguard provision, and not to request further consultations for safeguards on the products covered under the agreement.

¹¹⁴ Estimated by USITC staff based on data of the U.S. Department of Commerce, OTEXA.

¹¹⁵ USTR, "Benefits from Establishing Quotas on Certain Chinese Apparel Exports to the United States," fact sheet, Nov. 8, 2005; and National Council of Textile Organizations, "NCTO Applauds New 3-Year Bilateral with China," Nov. 8, 2005.

¹¹⁶ Renewal petitions for these 10 safeguards were filed with CITA during 2005.

¹¹⁷ Through an ELVIS transmission, an exporting country would in essence guarantee that a shipment had been allocated quota. The United States, in turn, would not allow imports of goods subject to quota from a country without an ELVIS transmission. ELVIS was discontinued for WTO members on Jan. 1, 2005.

Qualifying Industrial Zones Program for Israel, Egypt, and Jordan¹¹⁸

Under the United States-Israel Free Trade Area Implementation Act, as amended, Congress authorized the President to proclaim duty-free treatment for articles made in “qualifying industrial zones” (QIZs) in Jordan and Egypt, provided that the products contain inputs from Israel.¹¹⁹ This program was designed to foster economic cooperation, closer ties, and peaceful relations between Israel and its QIZ partners Jordan and Egypt.

Under the U.S. law, Israel, Egypt, and Jordan may establish QIZs, which must include portions of Israel and Jordan or Israel and Egypt, although the geographical areas do not have to be contiguous. In general, for a QIZ article to enter the United States free of duty, the article must be produced in and imported directly from the QIZ, and the value added in the QIZ must be no less than 35 percent of the total value of the article. The 35 percent minimum content requirement can include costs incurred in Israel, Egypt, or the United States for QIZs in Egypt, and can include costs incurred in Israel, Jordan, or the United States for QIZs in Jordan. Separate agreements between Israel and its QIZ partners require that the QIZ articles contain minimum Israeli content; specifically, Israeli content must account for at least 11.7 percent of the value of the article made in the Egyptian QIZs and at least 8 percent for an article made in the Jordanian QIZs.

Since the implementation of the program in 1996, USTR has designated 13 QIZs in Jordan.¹²⁰ USTR designated three in Egypt in December 2004 (the Greater Cairo QIZ, the Alexandria QIZ, and the Suez Canal Zone QIZ). The three QIZs in Egypt became operational in 2005, and a fourth Egyptian QIZ (the Central Delta QIZ) was designated for approval by USTR in October 2005, along with approval for expansion of two of the existing Egyptian QIZs (the Greater Cairo QIZ and Suez Canal Zone QIZ).¹²¹

After the substantial increase in QIZ imports from Jordan from \$563 million in 2003 to \$926 million in 2004, these imports leveled off in 2005 to \$944 million. U.S. imports of textiles and apparel under the U.S.-Jordan FTA increased to \$127 million in 2005 from \$109,000 in 2004. Virtually all of the imports entering under the U.S.-Jordan FTA and from Jordan’s QIZ in 2005 continued to consist of apparel. U.S. textile and apparel imports from Egypt totaled \$614 million in 2005, up from \$564 million in 2004 and from \$533 million in 2003. Imports from Egypt’s QIZs totaled \$252 million in 2005, with most of these imports consisting of apparel.

¹¹⁸ See General Note 3(a)(v) of the HTS. In addition, except as noted, information in this section is from USTR, “United States, Egypt and Israel to Launch Historic Trade Partnership,” press release, Dec. 10, 2004, “Fostering Trade in the Middle East: An Israel - Egypt Trade Partnership,” fact sheet, Dec. 14, 2004; and “USTR Rob Portman Announces Additional Efforts to Support Trade and Development in the Middle East,” fact sheet, Oct. 31, 2005. For more background on the QIZ agreement with Egypt and Jordan, see USITC, *The Year in Trade 2004*, pp. 2-35 to 2-36.

¹¹⁹ This Congressional authority was part of the 1985 United States-Israel Free Trade Area Implementation Act, amended. Public Law 99-47, approved June 11, 1985, 19 U.S.C. 2112, as amended by Public Law 104-234, approved Oct. 2, 1996. Presidential Proclamation 6955 of Nov. 13, 1996, “To Provide Duty-Free Treatment of Products of the West Bank and the Gaza Strip and Qualifying Industrial Zones,” *Federal Register*, Nov. 18, 1996 (61 *F.R.* 58759).

¹²⁰ The U.S.-Jordan FTA entered into force in 2001.

¹²¹ USTR, “USTR Rob Portman Announces Additional Efforts to Support Trade and Development in the Middle East,” fact sheet, Oct. 31, 2005.

CHAPTER 3

Selected Trade Developments in the WTO, OECD, and APEC

World Trade Organization

Doha Trade Negotiations and 2005 Hong Kong Ministerial

The Doha Round multilateral trade negotiations continued in 2005. Negotiations centered on setting specific terms and structures (“negotiating modalities”) for individual negotiating groups in time for the WTO Sixth Ministerial Conference, which was held December 13–18, 2005, in Hong Kong, China. The aim of the Hong Kong ministerial was to prepare for final negotiations to conclude the Round by year-end 2006, and prepare the agreements for adoption by participants in early 2007.¹

Background

The Doha Round was launched in early 2000 for certain subjects set out in the 1986–1994 Uruguay Round Agreements, and then more broadly in November 2001 for additional subjects under the Doha Development Agenda (DDA).² Under the 2001 Doha ministerial declaration, trade ministers were to take stock of progress in the negotiations at the WTO Fifth Ministerial Conference held in Cancun, Mexico in September 2003. The Cancun ministerial was to be followed by setting negotiating modalities so that the Doha Round could conclude by January 1, 2005.

Ministers at Cancun did not agree on negotiating modalities for key subjects such as agriculture, nonagricultural market access, and other issues, and left the conference without a consensus from which negotiations could advance. Efforts advanced in 2004 toward resolving issues raised at the Cancun ministerial when the WTO General Council adopted a decision in August 2004 (the 2004 Framework Decision³) that set out the range of issues under negotiation within a single framework.⁴ Difficulty in setting negotiating modalities⁵

¹ On May 15, 2006, the chairman of the Trade Negotiating Committee (TNC) reported that participants had been unable to reach agreement on negotiating modalities by the end of April 2006—the time frame set at the Hong Kong ministerial—for agriculture and nonagricultural market access. Nonetheless, he stated that negotiations would continue. WTO, “Lamy Urges Negotiators to Find ‘Second Wind’ in Trade Talks,” press release, May 15, 2006.

² Negotiations launched under several mandates from the Uruguay Round Agreements can be found in WTO, TNC, *Final Act Embodying the results of the Uruguay Round of Multilateral Trade Negotiations*, Marrakesh, Apr. 15, 1994. Negotiations launched under the DDA can be found in WTO, “Ministerial Conference—Fourth Session—Doha, 9–14 November 2001—Ministerial Declaration—Adopted on 14 November 2001,” WT/MIN(01)/DEC/1, Nov. 20, 2001.

³ Also called the “July 2004 Package” despite its adoption on Aug. 1, 2004. WTO, “Doha Work Programme—Decision Adopted by the General Council on 1 August 2004,” WT/L/579, Aug. 2, 2004.

⁴ For further detail, see USITC, “Chapter 3—Selected Trade Developments in the WTO, OECD, and APEC,” *The Year in Trade 2004—Operation of the Trade Agreements Program*, 56th report, July 2005, USITC (continued...)

for agriculture and nonagricultural market access hindered progress not only in these areas, but also in other areas that look to decisions in these core areas to motivate negotiating offers for other subjects. Without full negotiating modalities, negotiations following the 2004 Framework Decision lacked drive and, as a result, negotiators missed the January 2005 deadline for the conclusion of the Doha Round trade negotiations. Progress in advancing the negotiations was further impeded by the need to select a new WTO director-general in September 2005. That position also includes the responsibility of chairing the Trade Negotiating Committee (TNC), which oversees the Doha Round trade negotiations.

2005 “First Approximation” Efforts

Following adoption of the 2004 Framework Decision, negotiators continued to work toward finalizing modalities. In late 2004 and into 2005, trade and economic ministers met in different forums to discuss next steps in the DDA.⁶ Participants sought what was called a “first approximation” of elements for each negotiating area—an initial set of texts to be ready by July 2005 to be developed further into draft text in time for the Hong Kong ministerial.⁷ Lack of progress on this first approximation text resulted in little substantive progress in the negotiations.

Pascal Lamy was selected in May 2005 as the fifth WTO director-general, and took up the post on September 1, 2005.⁸ In October 2005, he announced steps to be taken by the time of the Hong Kong ministerial so as to complete the Doha Round negotiations by December 31, 2006.⁹ In November 2005, Lamy reported to member delegations on the progress made in October as an indication of what to expect at Hong Kong regarding the status of negotiations.¹⁰

WTO Sixth Ministerial Conference at Hong Kong

The Sixth WTO Ministerial Conference was held December 13–18, 2005, in Hong Kong. The ministerial declaration¹¹ issued at the end of the conference summarized the progress to date in the negotiations, including core subjects (agriculture, nonagricultural market access, and services); trade disciplines (trade rules, intellectual property, trade and environment, trade facilitation, and dispute-settlement clarifications); a wide array of special and

⁴ (...continued)

publication 3779, pp. 3-1 to 3-6.

⁵ Negotiating modalities are agreed means on how to proceed with negotiations or approaches that outline how to exchange specific commitments through such means as formula reduction, request/offer negotiations, mutual tariff elimination (“zero-for-zero” negotiations), etc.

⁶ These meetings included the November 2004 APEC Ministerial Meeting in Santiago, Chile; the January 2005 World Economic Forum, in Davos, Switzerland; and the so-called mini-ministerial of trade ministers meeting informally in Nairobi, Kenya in March 2005.

⁷ U.S. Department of State, “Kenyan-Hosted Informal Meeting of Trade Ministers on the Doha Round,” prepared by U.S. Secretary of State, Washington D.C., message reference No. 41121, Mar. 9, 2005.

⁸ WTO, “WTO Members Choose Lamy as Organization’s 5th Director-General,” press release, Press/407, May 26, 2005.

⁹ WTO, “Trade Negotiations Committee—Lamy Says the Engines of Negotiations Are ‘Buzzing’ Again,” news release, Oct. 13, 2005.

¹⁰ WTO, “Informal Meeting at the Level of Heads of Delegation—Chairman’s Remarks,” JOB(05)/274, Nov. 3, 2005.

¹¹ WTO, “Ministerial Declaration—Doha Work Programme—Adopted on 18 December 2005,” Ministerial Conference—Sixth Session—Hong Kong, 13–18 December 2005, WT/MIN(05)/DEC, Dec. 22, 2005.

differential treatment issues; and institutional matters (recently acceded members and future accessions). Table 3–1 shows the table of contents and annexes of the Hong Kong ministerial declaration.

Ministers considered overall progress at Hong Kong to be modest, but nonetheless agreed that the conference provided a workable basis from which to relaunch negotiations during 2006.¹² Ministers highlighted progress regarding the subjects of agricultural export subsidies and duty-free and quota-free market access for products originating in the least developed countries (LDCs).¹³

*Agriculture*¹⁴

The United States,¹⁵ and later the European Communities (EC),¹⁶ presented revised agricultural offers, allowing negotiating positions to converge more substantively in the run-up to the ministerial. Participants agreed that the overall reduction package for countries involved would consist of (1) reductions in a country’s “aggregate measurement of support” (AMS),¹⁷ (2) reductions in “blue box” payments,¹⁸ and (3) *de minimis* reductions in agricultural import tariffs. Discussion continues on whether or not to adopt a ceiling cap of, for example, 5 percent on blue box payments. This overall reduction package would be considered a member’s minimum reduction—not the maximum or cap—according to the 2004 Framework Decision.

On agricultural market access, participants’ positions also began to converge regarding a formula consisting of four bands to be used to reduce agricultural tariffs. Progress was achieved on how to convert specific tariffs and tariff-rate quotas (TRQs) into ad valorem tariff equivalents so they could be included in the tariff reduction formula. Progress also was made regarding “special products” and a “special safeguard mechanism” for certain products declared important by developing countries.¹⁹

On export competition, the EC faced widespread pressure during 2005 to improve its agriculture offer. Developing countries were particularly concerned about an improved EC offer. The EC proposed to eliminate agricultural export subsidies by a certain date (nominally set at the end of 2013).²⁰

¹² WTO, “Summary of 18 December 2005—Day 6: Ministers Agree on Declaration that ‘Puts Round Back on Track,’” *The Sixth WTO Ministerial Conference, Day-by-Day*, <http://www.wto.org>.

¹³ *Ibid.*

¹⁴ WTO, “Negotiations on Agriculture,” TN/AG/21, Nov. 28, 2005.

¹⁵ USTR, “U.S. Proposal for Bold Reform in Global Agriculture Trade,” press release, Oct. 10, 2005.

¹⁶ EU Trade Commissioner Peter Mandelson, “Statement of EU Conditional Negotiating Proposals—with Explanatory Annotations,” press release, Mar. 15, 2006.

¹⁷ The aggregate measurement of support calculates how much support to farmers is provided by domestic policies that have a direct effect on production and trade, measured in terms of the 1986–88 base years. See WTO, “Understanding the WTO: the Agreements—Agriculture: Fairer Markets for Farmers,” http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm3_e.htm#domestic (accessed Mar. 15, 2006).

¹⁸ So-called blue box payments are certain direct payments to farmers where the farmers are required to limit production. See WTO, “Understanding the WTO: the Agreements—Agriculture.”

¹⁹ WTO, “Ministerial Declaration,” WT/MIN(05)/DEC, Dec. 22, 2005, par. 7.

²⁰ *Ibid.*, par. 6.

Table 3–1 Hong Kong ministerial declaration, contents and annexes

Contents	
Agriculture Market access Export support Domestic support Cotton Other elements Annex A Nonagricultural market access Nonlinear formula Tariffication ad valorem equivalents Nontariff barriers Balance of agricultural and nonagricultural product concessions Annex B Services Trade rules Intellectual property Environment Trade facilitation Dispute settlement negotiations	Special and differential treatment Implementation Trips and public health Small economies Trade, debt, and finance Trade and transfer of technology Intellectual property under the WTO and UN Convention on Biological Diversity Trips non-violation and situation complaints E-commerce Least developed countries Integrated framework Technical cooperation Commodity issues Coherence Aid for trade Institutional subjects Recently-acceded members Accessions
Annexes	
Annex A—Agriculture Market access Formula reduction Sensitive products Special products Special safeguard mechanism Least developed countries Cotton Export competition Domestic support reduction Formula reduction De minimis reduction Blue box reduction Ams reduction Green box reduction Annex B—Market access for non-agricultural products Formula Developing country implementation flexibilities Unbound tariffs Other formula elements Other developing country/least developed country flexibilities Sectoral tariff elimination Least developed country market access New members Nontariff barriers Nonreciprocal preferences Environmental goods Other NAMA elements Chair conclusion	Annex C—Services Objectives Approaches Timelines Review of progress Annex D—Rules Antidumping, and subsidies and countervailing measures, including fisheries subsidies Regional trade agreements Annex E—Trade facilitation Annex F—Special and differential treatment

Source: WTO, "Ministerial Declaration—Doha Work Programme—Adopted on 18 December 2005," Ministerial Conference—Sixth Session—Hong Kong, 13–18 December 2005, WT/MIN(05)/DEC, Dec. 22, 2005.

On the issue of domestic support, participants moved toward use of a linear formula²¹ consisting of three bands to be used to reduce agricultural production subsidies. A working agreement was reached at Hong Kong that EC domestic support payments would be in the top band where the greatest reduction was to take place, payments by the United States and Japan would fall into the middle band, and other developed countries (and any developing countries with AMS calculations) would be placed in the lowest band with the least reduction in domestic subsidy payments.²²

Participants agreed that domestic support for cotton would be reduced more and faster than subsidy cuts under the domestic support formula. As the ministerial approached, discussions also were underway about a possible aid mechanism to provide assistance for income declines, transfers of technology, and measures to increase efficiency in the cotton sector. This assistance would focus on cotton exporters in developing countries and LDCs—in particular, Benin, Burkina Faso, Chad, and Mali. These four LDCs were the first to raise the issue in the WTO about cotton production subsidies paid by industrialized countries. Participants agreed that the WTO director-general would present a report to the General Council on measures to be taken in the cotton sector by December 31, 2006.²³

Participants agreed to establish full modalities in the agriculture negotiations in early 2006, and to submit comprehensive draft schedules by July 31, 2006.²⁴ Other topics discussed included the treatment of tropical products, possible assistance with crop substitution to help replace illegal crops such as coca or opium poppy, and mitigation of “preference erosion” for developing countries.²⁵ The participants also set out additional details of elements in the agriculture negotiations in “Annex A—Agriculture” (see table 3-1).

*Nonagricultural Market Access*²⁶

Participants in the Negotiating Group on Nonagricultural Market Access consolidated gains made in discussions since the 2004 Framework Decision. Concerning the tariff reduction formula for industrial products, participants largely agreed that a nonlinear formula would be used.²⁷ For bound tariffs, formula reductions would start from fully implemented tariff rates agreed under the Uruguay Round Agreements. For unbound tariffs, formula reductions would start from a level twice the unbound tariff rate in a base year to be agreed, as specified in the 2004 Framework Decision. As discussed below, developing countries voiced concerns at Hong Kong that special and differential treatment provisions—preference erosion in

²¹ A linear formula cuts tariffs over a period of time by a simple percentage reduction every year beginning from some base period—such as agreement by all participants to reduce tariffs by 50 percent over 10 years at a rate of 5 percent each year, based on tariff levels as existed in, for example, the first year. Tariff bands can refine this reduction by distinguishing among participants—such as governments that make few, those that make more, and others that give the most in domestic support payments to their farmers (as measured by AMS). Thus, negotiators might agree that governments in band 1 with an AMS from 0 to 10 percent, for example, would be required to make no tariff reductions under the formula; those in band 2 with an AMS from 11 to 50 percent would reduce their tariffs by 25 percent; and those in band 3 with an AMS greater than 50 percent would reduce their tariffs by 50 percent, over some agreed implementation period, based on some agreed base period.

²² WTO, “Ministerial Declaration,” WT/MIN(05)/DEC, Dec. 22, 2005, par. 5.

²³ *Ibid.*, par. 11-12.

²⁴ *Ibid.*, par. 10.

²⁵ Preference erosion—the decline in a tariff’s margin of preference as tariffs are reduced overall under the DDA—has been a notable concern of the developing countries in Africa, the Caribbean, and the Pacific Rim that currently receive market access preferences for their agricultural exports to developed country markets.

²⁶ WTO, “Negotiating Group on Market Access,” TN/MA/16, Nov. 24, 2005.

²⁷ WTO, “Ministerial Declaration,” WT/MIN(05)/DEC, Dec. 22, 2005, par. 13-24.

particular—should be independent of the reduction formula, and stressed the importance of striking a balance between market access in agricultural and nonagricultural products.²⁸

The group agreed to establish negotiating modalities for nonagricultural market access talks in early 2006, and to submit comprehensive draft schedules by July 31, 2006.²⁹ Negotiations continued over product coverage under the reduction formula. No substantive advances were reported concerning efforts to identify, classify, and examine nontariff barriers. The participants also set out additional details in “Annex B—Market Access for Non-Agricultural Products” (see table 3-1). In the final declaration, ministers recognized the intertwined nature of the agricultural and industrial goods negotiations—highlighting the critical need to reach an overall balance between the two, given the importance of agricultural exports for developing country members and the similar importance of market access for nonagricultural exports for developed country members.

*Services*³⁰

In November 2005, Pascal Lamy reported that, based on his consultations with delegates since September 2005, he considered the services negotiations to be further advanced than other areas.³¹ Although he expressed the hope that a comprehensive text might be available by the conference,³² the draft text forwarded to ministers at Hong Kong drew a variety of views from delegations.³³ Some considered the draft services text sufficient, others sought to strengthen it, and a third group considered it to be too prescriptive and demanding.³⁴ Helping to broker discussions among delegations, conference “facilitator” Hyun Chong Kim of Korea reported the concerns that the members had expressed related principally to provisions on the qualitative objects in the text, on sector and modal objectives,³⁵ on government procurement, and on and plurilateral request-offer negotiations elements found in the declaration’s “Annex C—Services.”³⁶ The G-90 group³⁷ of developing countries proposed alternative text for the services annex that sought to emphasize development concerns in general and to block the possibility of plurilateral services negotiations in particular.³⁸

Ministers agreed in the declaration to intensify negotiations to expand coverage by service sector and supply channel (the four modes of services supply), in addition to improving the

²⁸ WTO, “Summary of 17 December 2005—Day 5: Revised Draft Circulated, Ministers Comment.”

²⁹ WTO, “Ministerial Declaration,” WT/MIN(05)/DEC, Dec. 22, 2005, par. 23.

³⁰ WTO, “Special Session for the Council on Trade in Services,” TN/S/23, Nov. 28, 2005.

³¹ WTO, “Informal Meeting at the Level of Heads of Delegation—Chairman’s Remarks,” JOB(05)/274, Nov. 3, 2005.

³² *Ibid.*

³³ WTO, “Summary of 17 December 2005—Day 5.”

³⁴ WTO, “Summary of 15 December 2005—Day 3: Tonga All Set to Join, as Movement Seen in Talks on Least-Developed Countries.”

³⁵ The four modes of supply for traded services are cross-border supply of services (mode 1), consumption abroad of services (mode 2), commercial presence established abroad to supply services (mode 3), and movement of personnel abroad to supply services (mode 4). See WTO, “GATS Training Module: Chapter 1—Basic Purpose and Concepts—1.3 Definition of Services Trade and Modes of Supply,” http://www.wto.org/english/tratop_e/serv_e/cbt_course_e/c1s3p1_e.htm.

³⁶ WTO, “Summary of 16 December 2005—Day 4: Ministers Start Preparing Revised Draft Ministerial Text.”

³⁷ A large group of developing countries that includes members of the African Union, the African, Caribbean, and Pacific countries, and other LDCs.

³⁸ WTO, “Summary of 16 December 2005—Day 4.”

quality of existing commitments, guided by the objectives, approaches, and timelines set out in Annex C.³⁹ The group reaffirmed that request-offer negotiations remain the main method of negotiation,⁴⁰ but agreed that the text in the annex provided objectives for sectoral and modal objectives as a reference for securing further commitments.⁴¹ The group agreed to present plurilateral services requests to other members in early 2006, or as soon as possible thereafter, with revised services offers to be submitted by July 31, 2006, and final draft schedules by October 31, 2006.

*Trade Rules*⁴²

At Hong Kong, the Negotiating Group on Rules set out the state-of-play in “Annex D—Rules,” which included two sections: (1) antidumping, and subsidies and countervailing measures including fisheries subsidies, and (2) regional trade agreements.⁴³ Ministers acknowledged results to date regarding amendments to the WTO agreements on antidumping, and subsidies and countervailing measures.⁴⁴ Ministers agreed to continue negotiations toward further improvements, in particular measures to promote transparency, predictability, and clarity of relevant disciplines.⁴⁵ Ministers called on participants to avoid the unwarranted use of antidumping measures and to limit the costs and complexity of such proceedings.⁴⁶

On antidumping measures, ministers declared that negotiations should consider (1) rules regarding determinations of dumping, injury, and causation, and their application; (2) procedures governing the initiation, conduct, and completion of antidumping investigations, strengthening due process and transparency; and (3) the level, scope, and duration of measures, including duty assessment, interim and new shipper reviews, sunset, and anticircumvention proceedings.⁴⁷ Ministers recognized that the rules negotiations had intensified, with discussions based on specific texts.⁴⁸ Ministers noted that detailed discussions have recently touched on “determinations of injury/causation, the lesser duty rule, public interest, transparency and due process, interim reviews, sunset, duty assessment, circumvention, the use of facts available, limited examination and all other rates, dispute

³⁹ WTO, “Ministerial Declaration—Doha Work Programme—Adopted on 18 December 2005,” Ministerial Conference—Sixth Session—Hong Kong, 13–18 December 2005, WT/MIN(05)/DEC, Dec. 22, 2005, Annex C, par. 26–27.

⁴⁰ *Ibid.*, Annex C, par. 6.

⁴¹ *Ibid.*, Annex C, par. 2. The conference chairman, John Tsang, noted that the text changes incorporated into the final declaration were intended largely to stress that approaches for services negotiations in 2006 set out in Annex C were as a reference rather than a prescription. WTO, “Summary of 17 December 2005—Day 5.”

⁴² WTO, “Negotiating Group on Rules,” TN/RL/15, Nov. 30, 2005.

⁴³ The Doha declaration calls for “negotiations aimed at clarifying and improving disciplines” under the WTO agreements on antidumping, and subsidies and countervailing measures in light of the increased application of these instruments by WTO members. WTO, “Ministerial Conference—Fourth Session—Doha, 9–14 November 2001—Ministerial Declaration—Adopted on 14 November 2001,” WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 28. The Doha declaration also calls for negotiations to clarify and improve “disciplines and procedures under the existing WTO provisions applying to regional trade agreements.” *Ibid.*, par. 29.

⁴⁴ WTO, “Ministerial Declaration,” WT/MIN(05)/DEC, Dec. 22, 2005, Annex D, par. 1.

⁴⁵ *Ibid.*, par. 2.

⁴⁶ *Ibid.*, par. 3.

⁴⁷ *Ibid.*, par. 4.

⁴⁸ *Ibid.*, par. 5.

settlement, the definition of dumped imports, affiliated parties, product under consideration, and the initiation and completion of investigations.”⁴⁹

On subsidies and countervailing measures, ministers noted a need to deepen the analysis of specific proposed texts concerning "the definition of a subsidy, specificity, prohibited subsidies, serious prejudice, export credits and guarantees, and the allocation of benefit."⁵⁰ In addition, ministers recalled their commitment to strengthen disciplines on subsidies in the fisheries sector.⁵¹ Ministers charged the chairman with preparing consolidated texts of the WTO agreements on antidumping measures, and subsidies and countervailing measures by the slated conclusion of the Doha Round in December 2006.⁵²

With regional trade agreements becoming an important element in members' trade policies, ministers highlighted the need for these agreements to complement WTO disciplines. Ministers instructed the Negotiating Group on Rules to intensify efforts to develop a draft decision on transparency of members' regional trade agreements by April 30, 2006.⁵³

Intellectual Property⁵⁴

Ministers at Hong Kong largely agreed that negotiations were on track concerning the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits.⁵⁵ Ministers agreed to intensify negotiations in order to complete them by the conclusion of the Doha Round in December 2006. Although not part of the final declaration, discussions continued at the conference about the relationship between the WTO TRIPS Agreement and the United Nations (UN) Convention on Biological Diversity⁵⁶ regarding the protection of traditional knowledge and folklore, as well as whether “nonviolation” complaints involving intellectual property should be permitted.⁵⁷

Environment⁵⁸

Ministers at Hong Kong reviewed the progress made in negotiations involving trade and the environment. They instructed participants to intensify their examination of the relationship between existing WTO trade rules and specific trade obligations required under various multilateral environmental agreements (MEAs), as well as negotiations to develop effective procedures for the regular exchange of information between MEA secretariats and their counterpart WTO committees. Ministers also instructed negotiators to complete work on reducing barriers to trading environmental goods and services.⁵⁹

⁴⁹ Ibid., par. 6.

⁵⁰ Ibid., par. 7.

⁵¹ Ibid., par. 9.

⁵² Ibid., par. 11.

⁵³ Ibid., 2.

⁵⁴ WTO, “Special Session of the Council for TRIPS,” TN/IP/14, Nov. 23, 2005.

⁵⁵ WTO, “Ministerial Declaration,” WT/MIN(05)/DEC, Dec. 22, 2005.

⁵⁶ WTO, “Summary of 17 December 2005—Day 5.”

⁵⁷ Nonviolation complaints involve already granted concessions the benefits of which appear to have been nullified despite no specific violation of the agreement's provisions taking place.

⁵⁸ WTO, “Report by the Chairperson of the Special Session of the Committee on Trade and Environment to the Trade Negotiations Committee,” TN/TE/14, Nov. 28, 2005.

⁵⁹ WTO, “Ministerial Declaration,” WT/MIN(05)/DEC, Dec. 22, 2005.

Trade Facilitation⁶⁰

The Negotiating Group on Trade Facilitation was established in October 2004 to (1) clarify and improve relevant aspects of GATT Articles V (Freedom of Transit), VIII (Fees and Formalities connected with Importation and Exportation), and X (Publication and Administration of Trade Regulations) that can expedite the movement, release, and clearance of goods, including those in transit; (2) enhance technical assistance and support for capacity building in this area; and (3) provide for effective cooperation between customs and other appropriate authorities in the area of trade facilitation and customs compliance.⁶¹

At Hong Kong, the ministers endorsed the group's recommendations to intensify negotiations on the broad range of subjects listed in "Annex E—Trade Facilitation," to continue information sharing efforts regarding trade facilitation, and to include relevant international organizations in discussions. The group also recommended that special attention be paid to the needs of LDCs for special and differential treatment, in particular for technical assistance and capacity building where trade facilitation matters are concerned.

Dispute Settlement Negotiations⁶²

In the Doha declaration, ministers agreed to negotiations to clarify and improve the WTO Dispute Settlement Understanding.⁶³ Initially scheduled to conclude by May 2003, these negotiations are not part of the Doha Round "single undertaking" package intended to consolidate the Doha multilateral trade negotiations. Ministers at Hong Kong directed negotiators, who missed the initial deadline, to continue work toward a rapid conclusion.

Special and Differential Treatment⁶⁴

The subject of special and differential treatment encompasses a multitude of topics, given the core aim of the DDA to address the needs and interests of developing country members—in particular, the LDCs. In the Hong Kong declaration, subjects included under the special and differential treatment rubric address various implementation issues including TRIPS and public health; small economies; trade, debt, and finance; trade and transfer of technology; intellectual property under the WTO and the UN Convention on Biological Diversity; TRIPS nonviolation complaints; electronic commerce; the LDCs; the integrated framework concerning technical assistance; technical cooperation; commodity issues; coherence concerning multilateral economic policymaking; and "aid for trade."⁶⁵

At Hong Kong, ministers adopted the decisions in "Annex F—Special and Differential Treatment," which contained five specific proposals to aid the LDCs. Specific to particular WTO agreements, these proposals address (1) waivers concerning the LDCs; (2) quota-free and duty-free market access for LDC products in the developed countries—and willing

⁶⁰ WTO, "Report to the Trade Negotiations Committee," TN/TF/3, Nov. 21, 2005.

⁶¹ WTO, "Doha Work Programme—Decision Adopted by the General Council on 1 August 2004," WT/L/579, Aug. 2, 2004, par. 33.

⁶² WTO, "Special Session of the Dispute Settlement Body," TN/DS/14, Nov. 25, 2005.

⁶³ WTO, "Ministerial Declaration—Adopted on 14 November 2001," Ministerial Conference—Fourth Session—Doha, 9–14 November 2001, WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 34.

⁶⁴ WTO, "Special Session of the Committee on Trade and Development," TN/CTD/14, Nov. 29, 2005.

⁶⁵ WTO, "Ministerial Declaration," WT/MIN(05)/DEC, Dec. 22, 2005, par. 40–57.

developing countries—by 2008; (3) exemptions from donor “conditionality,” that is, certain restrictions placed on economic assistance given by bilateral or multilateral donors; (4) an exemption from obligations concerning trade-related investment measures for seven years (i.e., until approximately 2014); and (5) WTO coordination with donors regarding the provision of technical assistance. The ministers at Hong Kong instructed the WTO Committee on Trade and Development to complete its review of proposals submitted to make special and differential treatment provisions more effective, as well as make recommendations in this regard, by the slated conclusion of the Doha Round in December 2006. Ministers expressed concern over the lack of progress in reviewing proposals that were referred to other WTO bodies, instructing these bodies to complete their reviews and formulate needed recommendations, also by December 2006.⁶⁶

Discussions on implementation issues arose when commitments under the Uruguay Round Agreements were still not implemented by their January 2000 deadline. At Hong Kong, ministers reiterated their instructions to continue discussions to resolve outstanding issues, and for the WTO director-general to report to each regular TNC and WTO General Council meeting to review progress and take appropriate action during 2006.⁶⁷

Ministers agreed to the amendment to the TRIPS Agreement adopted by the General Council on December 6, 2005, implementing the 2003 General Council Decision adopted on the TRIPS Agreement and Public Health.⁶⁸ This decision and its subsequent amendment of the agreement aims to enable greater access for LDCs to vital medicines when faced with national public health emergencies such as HIV/AIDS, tuberculosis, malaria, and similar epidemics.

Ministers reviewed the work program underway and addressed efforts to better integrate small and vulnerable economies into the multilateral trading system without creating a separate category of WTO members.⁶⁹ Ministers agreed that the General Council would continue to examine the relationship of trade to issues of debt and finance, as well as trade to the transfer of technology, to the extent of the mandate and competence of the WTO.⁷⁰

Ministers asked the General Council to report on progress made examining the relationship between the WTO TRIPS Agreement and the UN Convention on Biological Diversity, and also to examine the issue of the nonviolation disputes under the TRIPS Agreement.⁷¹ Members at Hong Kong agreed to continue their moratorium on imposing customs duties on commerce conducted by electronic transmission until the next ministerial meeting.⁷²

One of the areas in which agreement was reached during the Hong Kong ministerial was the agreement to offer products of LDCs duty-free and quota-free access to markets of the developed countries as well as to markets of any developing country members willing to participate.⁷³ Another area was in the ministers’ endorsement of the idea for an enhanced Integrated Framework (IF), to enter into force no later than December 31, 2006.⁷⁴ The IF was established in October 1997 as a technical assistance fund for the LDCs, and is managed by

⁶⁶ Ibid., par. 36–37.

⁶⁷ Ibid., par. 39.

⁶⁸ Ibid., par. 40.

⁶⁹ Ibid., par. 41.

⁷⁰ Ibid., par. 42–43.

⁷¹ Ibid., par. 44–45.

⁷² Ibid., par. 46.

⁷³ Ibid., par. 47.

⁷⁴ Ibid., par. 48–49.

six major multilateral economic institutions.⁷⁵ Ministers supported technical assistance programs in the declaration,⁷⁶ such as the IF and others such as the WTO Joint Integrated Technical Assistance Program.

Ministers at Hong Kong also recognized the concerns of a number of developing countries regarding commodities, highlighting the need for positive outcomes in the agriculture and nonagricultural market access negotiations underway.⁷⁷ The ministers supported continued meetings between the heads of the IMF, World Bank, and WTO to build experience and advance greater coherence in international trade and development policymaking in order to better address the needs of developing countries.

Finally, trade ministers at Hong Kong reiterated the need to build supply-side capacity and infrastructure in developing countries and LDCs to support a concept recently raised by finance and development ministers, called “aid for trade.” The ministers recognized that “aid for trade” cannot substitute for the development benefits expected to result from a successful conclusion to the Doha Round of multilateral trade negotiations.⁷⁸

Regular Activities

Membership

In 2005, WTO membership rose to 149 with the accession of Saudi Arabia in December (table 3-2). Another 32 countries are observers, in various stages of accession to the WTO (table 3-3).

Dispute Settlement

According to the WTO, 11 dispute settlement cases were brought during 2005 (table 3-4). Developments during 2005 for dispute settlement cases to which the United States was a party are presented in table A-20. In a new case, the United States requested dispute settlement consultations in November 2005 with Turkey concerning measures affecting rice imports (DS334). As a respondent, the United States held consultations in two new dispute-settlement cases. In January 2005, Mexico requested consultations with the United States over U.S. antidumping determinations regarding stainless steel (DS325). In November 2005, Ecuador initiated dispute consultations with the United States over a U.S. antidumping determination regarding shrimp.

⁷⁵ They are the IMF, International Trade Center of the UNCTAD/WTO, United Nations Conference on Trade and Development (UNCTAD), United Nations Development Program, World Bank, and the WTO.

⁷⁶ WTO, “Ministerial Declaration,” WT/MIN(05)/DEC, Dec. 22, 2005, par. 52.

⁷⁷ *Ibid.*, par. 54–55.

⁷⁸ *Ibid.*, par. 57.

Table 3–2 WTO Membership in 2005

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

Source: WTO, "Members and Observers," http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm (accessed Feb. 27, 2006).

Table 3–3 WTO Observers in 2005

Afghanistan	Iran	Seychelles
Algeria	Iraq	Sudan
Andorra	Kazakhstan	Tajikistan
Azerbaijan	Laos	Tonga
Bahamas	Lebanon	Ukraine
Belarus	Libya	Uzbekistan
Bhutan	Montenegro	Vanuatu
Bosnia and Herzegovina	Russia	Vatican (Holy See)
Cape Verde	Samoa	Vietnam
Ethiopia	São Tomé and Príncipe	Yemen
Equatorial Guinea	Serbia	

Source: WTO, "Members and Observers," http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm (accessed Feb. 27, 2006).

Table 3–4 WTO Dispute-Settlement Cases Initiated in 2005

Case No.	Complainant	Respondent	Case Name	Consultations Requested
DS325	Mexico	United States	Anti-Dumping Determinations regarding Stainless Steel from Mexico	Jan. 5, 2005
DS326	Chile	EEC	Definitive Safeguard Measure on Salmon	Feb. 8, 2005
DS327	Pakistan	Egypt	Anti-Dumping Duties on Matches from Pakistan	Feb. 21, 2005
DS328	Norway	EEC	Definitive Safeguard Measure on Salmon	Mar. 1, 2005
DS329	Mexico	Panama	Tariff Classification of Certain Milk Products	Mar. 16, 2005
DS330	EEC	Argentina	Countervailing Duties on Olive Oil, Wheat Gluten and Peaches	Apr. 29, 2005
DS331	Guatemala	Mexico	Anti-Dumping Duties on Steel Pipes and Tubes from Guatemala	June 17, 2005
DS332	EEC	Brazil	Measures Affecting Imports of Retreaded Tyres	June 20, 2005
DS333	Costa Rica	Dominican Republic	Foreign Exchange Fee Affecting Imports from Costa Rica	Sept. 12, 2005
DS334	United States	Turkey	Measures Affecting the Importation of Rice	Nov. 2, 2005
DS335	Ecuador	United States	Anti-Dumping Measure on Shrimp from Ecuador	Nov. 17, 2005

Source: WTO, "Chronological List of Disputes Cases," http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm (accessed Feb. 27, 2006).

Note: See table A-20 for developments during 2005 for WTO dispute settlement cases to which the United States was a party.

Organization for Economic Cooperation and Development

The OECD is an international organization⁷⁹ that provides a forum for members⁸⁰ to examine and discuss government policy issues, and common economic policy issues in particular.⁸¹

Trade Committee

The OECD Trade Committee met in March and October 2005. Members discussed a number of topics, many directed at support for the WTO multilateral trade negotiations underway in the Doha Round. Topics included trade-related aspects of competition policy, the environment, labor markets, investment, trade facilitation, and agricultural trade. Other topics included macroeconomic and sectoral policy issues, such as measures against bribery of public officials, export credits, the service sector and trade in services, regulatory reform, and strengthening IPR in developing countries; policies and negotiations about the steel sector; and finally, OECD “outreach” efforts to nonmembers, developing countries in particular.⁸²

The Trade Committee reviewed work in progress, which included projects addressing trade and structural adjustment; the impact of changes in tariffs on government revenue in developing countries; the potential economic impact on the LDCs of trade preference erosion; technology transfer to developing countries; the impact of China’s trade and growth on select OECD countries and Russia; outreach to nonmembers; and ensuring transparency of OECD deliberations.⁸³

The study on trade and structural adjustment addresses how developed and developing economies might adjust to new sources of competition, technological change, or shifting consumer preferences, while limiting adjustment costs for individuals, communities, and society as a whole.⁸⁴ The study on nontariff barriers (NTBs)—such as import quotas and

⁷⁹ The OECD was established in 1961 with headquarters in Paris, France. The OECD is charged with sustaining economic growth and employment while maintaining financial stability to promote a rising standard of living in its member countries, contributing in the process to the development of the world economy. OECD, “Convention on the Organization for Economic Co-operation and Development,” Paris, Dec. 14, 1960.

⁸⁰ The 30 member countries of the OECD in 2005, whose industrialized economies represent the bulk of world production and trade, were Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, and the United States.

⁸¹ Discussions at the OECD sometimes evolve into negotiations that result in formal OECD agreements, such as the OECD Declaration and Decisions on International Investment and Multinational Enterprises (1976) and the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997), or assist in supporting other multilateral negotiations such as the WTO multilateral trade negotiations underway in the Doha Round. OECD, “Overview of the OECD,” <http://www.oecd.org>.

⁸² OECD, “Summary Record of the 141st Session of the Trade Committee—Paris, 9–10 March 2005,” TD/TC/A(2005)3/PROV, Sept. 13, 2006; OECD, “Draft Summary Record of the 142nd Session of the Trade Committee—Paris, 25–26 October 2005,” TD/TC/A(2005)3/PROV, Jan. 30, 2006.

⁸³ OECD, “Summary Record of the 141st Session,” and “Draft Summary Record of the 142nd Session.”

⁸⁴ The Trade and Structural Adjustment study comprises the following papers: OECD, Trade Directorate, Trade Committee, *Trade and Structural Adjustment*, TD/TC(2005)2/ANN2/FINAL 03/05/05, TD/TC(2005)2/ANN3/FINAL 03/05/05, TD/TC(2005)2/ANN1/FINAL 03/05/05, TD/TC(2005)1/FINAL 28/04/05: BROCHURE, TD/TC(2005)2/CHAP1/FINAL 27/04/05, TD/TC(2005)2/CHAP2/FINAL 27/04/05, TD/TC(2005)2/CHAP2 15/03/05, TD/TC(2005)2/CHAP1 11/03/05, TD/TC(2005)2/ANN1 10/03/05, TD/TC(2005)2/ANN2 10/03/05, and TD/TC(2005)2/ANN3 09/03/05.

licenses—examines how NTBs affect world trade and proposes ways to reduce their negative effects.⁸⁵

Working papers under the committee purview included topics that addressed the impact of tariff reductions on government revenue in developing countries⁸⁶ and the relationship between trade in services with foreign direct investment in manufacturing.⁸⁷ The Trade Committee, in conjunction with the OECD Committee on Agriculture, produced a joint analysis of how trade rules treat agriculture differently under the multilateral trading system and under regional trading arrangements.⁸⁸ Other work involved studying the potential impact of trade-preference erosion on developing countries.⁸⁹

The Trade Committee produced two studies on trade facilitation in support of the WTO ministerial meeting held at Hong Kong in December 2005. One examined the economic impact of trade facilitation⁹⁰ and another addressed the costs and benefits to developing countries of introducing trade facilitation measures and their impact on trade flows, investment, and government revenues.⁹¹ The committee also sponsored a forum in October 2005 in Sri Lanka to share OECD work on trade facilitation with government officials and businesspeople.

Antibribery Convention

The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions entered into force in February 1999.⁹² The convention requires that bribery of foreign public officials be criminalized and imposes substantial penalties on those offering or paying bribes. Parties to the convention are to undergo an individual review of national legislation implementing the convention (part one), followed by an evaluation of their enforcement (part two). By the end of 2005, all parties except Estonia had completed a part one review, and 22 countries had completed part two.⁹³

⁸⁵ OECD, Trade Directorate, Trade Committee, Working Party of the Trade Committee, Michael Ferrantino, “Quantifying the Trade and Economic Effects of Non-tariff Measures,” TD/TC/WP(2005)26/FINAL, Jan. 20, 2006, OECD Trade Policy Working Paper No. 28.

⁸⁶ OECD, Trade Directorate, Trade Committee, Przemyslaw Kowalski, “Impact of Changes in Tariffs on Developing Countries’ Government Revenue,” TD/TC/WP(2004)29/FINAL, Apr. 18, 2005, OECD Trade Policy Working Paper No.18.

⁸⁷ OECD, Trade Directorate, Trade Committee, Jonathan Gage and Molly Leshner, “Intertwined: FDI in Manufacturing and Trade in Services,” TD/TC/WP(2005)8/FINAL, Dec. 5, 2005, OECD Trade Policy Working Paper No. 25.

⁸⁸ OECD, Trade Directorate and Directorate for Food, Agriculture and Fisheries, Joint Working Party on Agriculture and Trade, “Regional Trading Arrangements and the Multilateral Trading System: Agriculture,” OECD Trade Policy Working Paper No. 15, Mar. 22, 2005, COM/TD/AGR/WP(2004)9/FINAL.

⁸⁹ OECD, Trade Directorate, Trade Committee, Douglas Lippoldt and Przemyslaw Kowalski, “Trade Preference Erosion: Expanded Assessment of Countries at Risk of Welfare Losses,” TD/TC/WP(2005)13/FINAL, Aug. 18, 2005, OECD Trade Policy Working Paper No. 20.

⁹⁰ OECD, Trade Directorate, Trade Committee, Working Party of the Trade Committee, “The Economic Impact of Trade Facilitation,” TD/TC/WP(2005)12/FINAL, OECD Trade Policy Working Paper No. 21, Oct. 12, 2005.

⁹¹ OECD, Trade Directorate, Trade Committee, “Special and Differential Treatment in the Area of Trade Facilitation,” TD/TC/WP(2006)9, Feb. 14, 2006.

⁹² It was adopted by the 29 OECD members at that time plus five nonmembers at the time—Argentina, Brazil, Bulgaria, Chile, and Slovak Republic. Slovenia and Estonia acceded to the convention in 2001 and 2004, respectively.

⁹³ USTR, *2006 Trade Policy Agenda and 2005 Annual Report*.

Steel Subsidy Negotiations

The OECD Steel Committee, in conjunction with the International Iron and Steel Institute, held a conference in Paris on January 12–13, 2005, to assess the outlook for the world steel industry. Company participants represented 95 percent of world crude steel production.⁹⁴ The conference delegates noted that the rise in steel product prices since 2004 has boosted financial conditions in the industry and has helped industry consolidation. The conference record indicates that conference participants viewed conditions in the steel market as likely to be positive over the short term (through 2006), with steel production in China and steel demand in China, India, and countries of the former Soviet Union, continuing to grow. However, the participants indicated that they expect international trade in steel products to decline in 2006 as new capacity comes online. Despite the positive outlook in the short term, participants remained concerned in the longer term about the (1) expanding new steel capacity, (2) conditions in world raw material markets, and (3) potential for large shifts in steel trade flows. A number of delegates voiced concern about the role of government subsidies in expanding steelmaking capacity, and how a multilateral steel subsidy agreement might strengthen disciplines in this regard.⁹⁵

The Steel Committee held a second meeting on October 27, 2005.⁹⁶ Following the meeting, the chairman of the OECD High Level Group on Steel circulated a proposal for future work in the group. He noted that, despite progress toward a multilateral steel subsidy agreement in his bilateral consultations during 2005, significant differences remained among participants in key areas, including environmental subsidies, trade remedies, and special and differential treatment. Nonetheless, he noted that interest in continuing the dialogue on subsidies and related government support policies remains high, with the possibility for a return to formal negotiations once related issues in the Doha Round are resolved.⁹⁷

Given the more immediate focus on the Doha negotiations, the High Level Group and the Steel Committee agreed to reorient tasks between themselves, while still continuing to work in parallel. Discussions in the group concerning a steel subsidy agreement are to be minimized considering the limited prospects for consensus during the first six to eight months of 2006. The High Level Group is to address (1) steel-specific trade issues, (2) structural adjustments in the steel industry, (3) the steel situation in developing countries, and (4) environmental challenges facing the steel industry. The High Level Group is to work to develop common policy approaches in these four areas, and resolve the considerable disagreement among participants. The Steel Committee is to deal with more “technical” issues such as (1) the situation in the steel market and industry, (e.g., the demand for and production of steel, steel prices, international trade developments, the availability and prices of raw materials, and the availability of transport); (2) developments in steelmaking capacity, such as world pig iron and crude steelmaking production and effective capacity, as well as

⁹⁴ OECD, “Bright Outlook for Steel Industry in 2005–2006 Forecast at OECD/IISI Conference,” Jan. 17, 2005.

⁹⁵ OECD, Directorate for Science, Technology and Industry, Steel Committee, “Summary Record of the 58th Meeting of the Steel Committee—Held in Paris on 14 January 2005,” DSTI/SU/SC/M(2005)1, Sept. 12, 2005.

⁹⁶ OECD, Directorate for Science, Technology and Industry, Steel Committee, “Draft Agenda for the 59th Meeting of the Steel Committee,” DSTI/SU/SC/A(2005)2, Sept. 5, 2005.

⁹⁷ OECD, Directorate for Science, Technology and Industry; Steel Committee, “Aide-memoire on the Future of the OECD High Level Group on Steel,” DSTI/SU/SC(2006)1, Jan. 16, 2006.

related developments in nonmember countries; and (3) capacity and industry restructuring. The Steel Committee and the High Level Group each plan to hold one meeting per year.⁹⁸

Counterfeiting and Piracy Project

In response to rising concerns in government and the business community, the OECD has launched a three-phase project to assess the effects of counterfeiting and piracy. The objective of the project is to improve factual understanding and awareness of the effects that IPR infringement can have on governments, businesses, and consumers in both member and nonmember economies.

Phase one of the project is to focus on counterfeit and pirated products, which are tangible items that infringe trademarks or copyrights, as well as infringement of patents or design rights. Phase two of the project is to examine piracy of digital content. Phase three is to address other forms of infringement of intellectual property, notably geographical indications. In addition to analyzing the economic effects of counterfeit and pirated products, the project is to analyze the impact of such products with respect to the health, safety, and security threats posed to consumers. The project is to be carried out during 2005–07 in cooperation with other organizations involved in counterfeiting and piracy issues, including the WTO, the World Customs Organization, WIPO, Interpol, and relevant nongovernmental organizations.⁹⁹ In October 2005, the OECD and WIPO jointly held an experts meeting to examine methods and techniques for measuring the scope, magnitude, and effects of counterfeiting and piracy.¹⁰⁰

Asia-Pacific Economic Cooperation (APEC)

APEC is an informal forum for government authorities from Pacific Rim basin countries.¹⁰¹ APEC leaders meet annually to provide direction to the organization in the form of action-oriented work programs, and to define priorities for its committees, working groups, senior officials meetings, and special task groups.¹⁰² Since inception, APEC has aimed to facilitate economic growth, trade, investment, and cooperation in the Asia-Pacific region.¹⁰³ To reach its objective, member countries committed to the “Bogor Goals” in 1994,¹⁰⁴ which set a timetable for creating a free and open trade and investment area in the Asia-Pacific region by 2010 for industrialized countries, and by 2020 for developing countries. Various APEC

⁹⁸ OECD, Directorate for Science, Technology and Industry; Steel Committee, “Aide-memoire on the Future of the OECD High Level Group on Steel,” DSTI/SU/SC(2006)1, Jan. 16, 2006.

⁹⁹ OECD, “OECD Project on Counterfeiting and Piracy,” press release, Aug. 29, 2005.

¹⁰⁰ OECD, “Counterfeiting and Piracy: Measurement Issues—Background Report for the WIPO/OECD Expert Meeting on Measurement and Statistical Issues Geneva, 17–18 October 2005 Karsten Olsen OECD Secretariat.”

¹⁰¹ APEC was established in 1989. Its 21 members of APEC are Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Chinese Taipei (Taiwan); Thailand; the United States; and Vietnam. For more information, see APEC, “APEC at a Glance,” http://www.apec.org/apec/about_apec.html.

¹⁰² APEC operates as a cooperative, multilateral economic and trade group, whose decisions are made on the basis of consensus, and whose commitments are undertaken voluntarily. APEC, “APEC at a Glance.”

¹⁰³ Ibid.

¹⁰⁴ Named for the 1994 meeting of APEC leaders in Bogor, Indonesia.

initiatives have been undertaken every year since 1995 to provide member countries with direction on how to reach the Bogor Goals.¹⁰⁵

Three major developments resulted from the November 2005 annual ministerial meeting in Busan, Korea.¹⁰⁶ member countries completed their mid-term review of the progress made in meeting the Bogor Goals; ministers drafted the “Busan Roadmap” to provide a framework for implementing the outstanding reform initiatives identified in the mid-term review; and APEC ministers adopted the Anti-Counterfeiting and Piracy Initiative.¹⁰⁷ Reflecting its policy of increasing participation in multilateral trade debates as they relate to the Asia-Pacific region, APEC economic leaders also issued a separate statement supporting a successful conclusion to the DDA.¹⁰⁸

The Mid-term Stocktake

In 2005, APEC completed its mid-term review of the progress made toward fulfilling the Bogor Goals, known as the Mid-term Stocktake (MTST).¹⁰⁹ As a result of a study commissioned in 2001, each member economy agreed to submit a self-assessment to APEC by 2005. These reports, as well as the conclusions drawn from an MTST symposium in May 2005, stated that despite remaining challenges, APEC economies have significantly liberalized trade and investment flows in the region since 1994.¹¹⁰ Notably, APEC members have reduced average regional applied tariffs to 5.5 percent in 2004 from 16.9 percent in 1989; increased transparency in trade and investment information; streamlined administrative procedures, such as investment screening; and promoted growth in service sector trade through market opening initiatives.¹¹¹

The MTST study also listed further steps that need to be taken to fulfill the Bogor Goals.¹¹² The steps include: promoting regional capacity-building; creating more effective Collective and Individual Action Plans;¹¹³ extending trade and investment liberalization measures to all sectors of the economy; implementing deeper trade and investment facilitation procedures, such as electronic trading; correcting market-distorting activities such as IPR infringement; creating a comprehensive regional framework for regional trade agreements (RTAs) and FTAs; and, generally, supporting the multilateral trading system as it relates to regional trade issues.¹¹⁴

¹⁰⁵ APEC, “Outcomes & Outlook 2005–2006,” http://www.apec.org/content/apec/about_apec.html (accessed Feb. 1, 2006).

¹⁰⁶ *Ibid.*

¹⁰⁷ *Ibid.*

¹⁰⁸ *Ibid.*

¹⁰⁹ APEC, “A Mid-term Stocktake of Progress Towards the Bogor Goals—Busan Roadmap to Bogor Goals,” Ref. No. 2005/AMM/002anx1rev1, 17th Annual Ministerial Meeting, Nov. 15–16.

¹¹⁰ *Ibid.*

¹¹¹ *Ibid.*

¹¹² *Ibid.*

¹¹³ For more information on APEC’s Individual Action Plans, see APEC, “Action Plans,” http://www.apec.org/apec/about_apec/how_apec_operates/action_plans_.html.

¹¹⁴ APEC, “A Mid-term Stocktake of Progress Towards the Bogor Goals.”

The Busan Roadmap to Bogor

APEC ministers also proposed the “Busan Roadmap to Bogor” (BRBG) in 2005 to create an implementation plan for dealing with the outstanding trade and investment liberalization initiatives identified in the MTST.¹¹⁵ The goal of BRBG is to accelerate progress toward the Bogor Goals and ensure that APEC effectively responds to current business conditions. To implement the BRBG initiatives, Ministers agreed to:

- incorporate capacity building and deeper transparency as APEC objectives;
- standardize RTAs/FTAs to ensure high-quality, transparent, and more consistent trade agreements;
- leverage APEC’s coordinating capabilities to respond to regional private-sector needs through an initiative aimed to cut business transactions costs by 5 percent by 2010, create guidelines for reducing online piracy, and curtail corruption,¹¹⁶ and
- participate in multinational trade discussions, such as those associated with the WTO Doha Round trade negotiations, as they relate to liberalizing trade and investment in the Asia-Pacific region.

Anti-Counterfeiting and Piracy Initiative

The year 2005 also marked the creation of the Anti-Counterfeiting and Piracy Initiative by APEC ministers.¹¹⁷ Key recommendations for member countries included

- developing guidelines on how member authorities should identify and handle pirated and/or counterfeited goods;
- developing guidelines on how member authorities should protect legitimate products against unauthorized use;
- ensuring supply chains are free from pirated and/or counterfeited goods;
- exchanging IPR infringement information among member economy authorities; and
- promoting anti-counterfeiting and piracy campaigns.

¹¹⁵ Ibid.

¹¹⁶ Know as the “Busan Business Agenda.”

¹¹⁷ APEC, “APEC Anti-Counterfeiting and Piracy Initiative,” Ref. #2005/MRT/006anx5, Meeting of APEC Ministers Responsible for Trade, Jeju, Korea, Jun. 2–3, 2005.

CHAPTER 4

U.S. Free Trade Agreements

This chapter reviews developments related to U.S. free trade agreements (FTAs) during 2005. It describes trends in U.S. merchandise trade under FTAs in force during 2005; reviews the status of U.S. FTA negotiations during the year and separately describes the agreements concluded with Oman, Peru, and Colombia as well as the negotiations for the Free Trade Area of the Americas (FTAA); and reviews major NAFTA activities including NAFTA dispute settlement developments during the year.

FTAs in Force during 2005

The United States was a party to six FTAs as of December 31, 2005—the U.S.-Australia FTA, which entered into force on January 1, 2005; the U.S.-Chile FTA (2004); the U.S.-Singapore FTA (2004); the U.S.-Jordan FTA (2001); NAFTA (1994); and the U.S.-Israel FTA (1985). The U.S.-Morocco FTA entered into force on January 1, 2006.

Table 4-1 shows U.S. merchandise trade with FTA partners during 2003-05. In 2005, U.S. exports of goods to FTA partners were valued at \$330.0 billion. U.S. exports to FTA partners accounted for 41.0 percent of total U.S. exports, up from 39.0 percent in 2004. U.S. imports of goods from FTA partners were valued at \$504.1 billion. U.S. imports from FTA partners accounted for 30.4 percent of U.S. imports from the world, almost unchanged from 2004. NAFTA partners Canada and Mexico accounted for more than 85 percent of the value of U.S. FTA exports, and for more than 90 percent of the value of U.S. FTA imports during 2005.¹ The overall U.S. merchandise trade balance with FTA partners was a deficit of \$174.1 billion—99.0 percent of which was accounted for by the deficit with the NAFTA partners. Australia and Singapore were the only FTA partners with which the United States recorded a merchandise trade surplus during 2005. Despite the increasing U.S. merchandise trade deficit with FTA partners, the U.S. trade deficit with FTA partners declined from 23.0 percent of the overall deficit in 2003 to 20.3 percent of the overall deficit in 2005, largely because of even more rapid growth of the U.S. goods deficit with non-FTA countries.

FTA Negotiations during 2005

The United States launched bilateral FTA negotiations with Oman and the United Arab Emirates (UAE) during 2005. The United States concluded FTA negotiations with Oman and Peru during 2005, and with Colombia in early 2006; those FTAs are described below.² The

United States signed a multiparty FTA with Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic in 2004. The United

¹ NAFTA trade is discussed in more detail later in this chapter.

² The U.S.-Oman FTA was signed by the two parties on Jan. 19, 2006. Negotiations with Colombia and Peru began in 2004. The United States concluded FTA negotiations with Colombia on Feb. 27, 2006.

Table 4–1 U.S. merchandise trade with FTA partners, 2003–05

	<i>(Million dollars)</i>		
	2003	2004	2005
Exports:			
NAFTA	231,857	256,186	284,902
Israel	4,569	5,973	6,497
Jordan	479	531	607
Singapore	NA	17,850	18,680
Chile	NA	3,236	4,668
Australia	NA	NA	14,638
FTA partner total	236,905	283,776	329,992
World	651,424	727,183	803,992
FTA partner share of world	36.4	39.0	41.0
Imports:			
NAFTA	361,215	410,619	456,750
Israel	12,767	14,515	18,680
Jordan	673	1,093	1,267
Singapore	NA	14,848	15,084
Chile	NA	5,007	6,745
Australia	NA	NA	7,360
FTA partner total	374,655	446,082	505,886
World	1,250,097	1,460,160	1,662,380
FTA partner share of world	30.0	30.6	30.4
Balance:			
NAFTA	-129,358	-154,443	-171,848
Israel	-8,198	-8,542	-10,373
Jordan	-194	-562	-660
Singapore	NA	3,002	3,596
Chile	NA	-1,771	-2,077
Australia	NA	NA	7,278
FTA partner total	-137,750	-162,306	-174,084
World	-598,673	-732,977	-858,388
FTA partner share of world	23.0	22.1	20.3

Source: U.S. Department of Commerce.

Note: NA indicates not applicable because an FTA was not in force.

States was the only party to implement that agreement during 2005.³ At year-end 2005, the United States was engaged in FTA negotiations with Colombia, Ecuador, Panama, Thailand, and the UAE.⁴ Multiparty negotiations begun in 1998 for an FTA with the countries of the Western Hemisphere toward the creation of the FTAA remained stalled during the year, as described in more detail below. Table 4-2 summarizes the status of U.S. FTA negotiations during 2005.

³ The agreement entered into force for El Salvador on Mar. 1, 2006, and it entered into force for Honduras and Nicaragua on Apr. 1, 2006. USTR, “Statement of USTR Rob Portman Regarding Entry into Force of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) for Honduras and Nicaragua,” press release, Mar. 31, 2006. For a summary of the U.S. FTA with Central America and the Dominican Republic, see USITC, *The Year in Trade 2004*, USITC publication 3779, July 2005, pp. 4-4 to 4-5. See also USITC, *U.S.-Central America-Dominican Republic Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*, investigation No. TA-2104-13, USITC publication 3717, August 2004.

⁴ As stated above, negotiations with Colombia were successfully concluded on Feb. 27, 2006. The United States launched bilateral FTA negotiations with Korea and Malaysia on Feb. 2, 2006 and Mar. 8, 2006, respectively.

Table 4–2 Status of U.S. FTA negotiations during 2005^a

FTA partner(s)	Negotiations started	Negotiations concluded	Agreement signed by parties	Date of entry into force
Morocco	Jan. 21, 2003	Mar. 2, 2004	June 15, 2004	Jan. 1, 2006
Bahrain	Jan. 26, 2004	May 27, 2004	Sept. 14, 2004	(^b)
Central America and the Dominican Republic: El Salvador, Guatemala, Honduras, and Nicaragua	Jan. 8, 2003	Dec. 17, 2003	May 28, 2004	(^c)
Costa Rica	Jan. 8, 2003	Jan. 25, 2004	May 28, 2004	
Dominican Republic	Jan. 14, 2004	Mar. 15, 2004	Aug. 5, 2004	
Oman	Mar. 12, 2005	Oct. 3, 2005	Jan. 19, 2006	
Andean Trade Promotion Agreement				
Peru	May 18, 2004	Dec. 7, 2005	Apr. 12, 2006	
Colombia	May 18, 2004	Feb. 27, 2006		
Ecuador	May 18, 2004	Ongoing		
Free Trade Area of the Americas (FTAA) ^d	Apr. 18, 1998	Ongoing		
Panama	Apr. 26, 2004	Ongoing		
South African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland)	June 2, 2003	Ongoing		
Thailand	June 28, 2004	Ongoing		
United Arab Emirates	Mar. 12, 2005	Ongoing		

Source: USTR, various press releases, <http://www.ustr.gov>.

^a Includes FTAs already signed by the parties, but not implemented into law during 2005.

^b Implementing legislation signed into law by the United States on Jan. 11, 2006.

^c Implementing legislation signed into law by the United States on Aug. 2, 2005. The agreement entered into force for El Salvador on Mar. 1, 2006, and it entered into force for Honduras and Nicaragua on Apr. 1, 2006.

^d Other negotiating parties to the FTAA are: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Vincent and the Grenadines, St. Lucia, St. Kitts and Nevis, Suriname, Trinidad and Tobago, Uruguay, and Venezuela.

U.S.-Oman Free Trade Agreement

The United States and Oman launched FTA negotiations on March 12, 2005, and successfully concluded the talks on October 3, 2005. President Bush notified Congress of his intention to sign the FTA with Oman on October 17, 2005, and the two parties signed the FTA on January 19, 2006.⁵ The Commission's report on the FTA, in accordance with section 2104(f) of the Trade Act of 2002, was published in February 2006.⁶ The U.S.-Oman FTA is part of the U.S. Administration's "Middle East Free Trade Initiative," launched by President Bush in 2003 as a plan of graduated steps for Middle Eastern nations to increase trade and investment with the United States and others in the world economy.⁷

The U.S.-Oman FTA is to provide for immediate duty-free treatment for almost 100 percent of consumer and industrial products and for 87 percent of agricultural tariff lines.⁸ Duties on other products are to be eliminated within 10 years. The FTA also is to provide fully reciprocal market access for U.S. textile and apparel producers; both parties are to eliminate tariffs on the same schedule on a product-by-product basis and, for the majority of products, tariffs are to be eliminated either immediately or in five years (provisions with respect to textiles and apparel are discussed in more detail below).

⁵ USTR, "United States and Oman Sign Free Trade Agreement," press release, Jan. 19, 2006.

⁶ USITC, *U.S.-Oman Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*, investigation No. TA-2104-19, USITC publication 3837, Feb. 2006.

⁷ USTR, "United States and Oman Sign Free Trade Agreement," press release, Jan. 19, 2006.

⁸ *Ibid.*

Under the FTA, Oman is to accord substantial access to U.S. service suppliers, including audiovisual; express delivery; telecommunications; computer and related services; distribution; healthcare; services incidental to mining; construction; architecture; and engineering.⁹ The FTA also is to give providers of U.S. financial services the right to establish subsidiaries, branches, and joint ventures in Oman; to expand their operations throughout Oman; and to offer the full range of financial services. The FTA is to establish improved protections for trademarks, copyrights, patents, and trade secrets; commitments of both parties of nondiscriminatory treatment of digital products; and commitments of both parties not to impose customs duties on digital products transmitted electronically.¹⁰

In 2005, U.S. merchandise exports to Oman were valued at \$562 million, and U.S. merchandise imports from Oman were valued at \$484 million. Leading U.S. exports to Oman in 2005 included automobiles; aircraft; machinery parts; turbojets, turbopropellers, and other gas turbines; and air or vacuum pumps. Leading U.S. imports from Oman included petroleum oils, gases, and coke; and textiles and apparel.¹¹ The United States and Oman signed a bilateral investment treaty in July 2004. Oman does not apply the Arab League boycott of Israel.¹²

U.S.-Peru Trade Promotion Agreement

The United States and Peru announced the successful conclusion of FTA negotiations on December 7, 2005.¹³ The two parties signed the agreement, known as the U.S.-Peru Trade Promotion Agreement (TPA), on April 12, 2006. The Commission's report on the agreement, in accordance with section 2104(f) of the Trade Act of 2002, was published in June 2006.¹⁴

Approximately 80 percent of U.S. exports of consumer and industrial products to Peru are to become duty free immediately upon entry into force of the U.S.-Peru TPA, with tariffs on the remaining products to be phased out over 10 years. Two-thirds of U.S. exports of agricultural products to Peru are to become duty free immediately upon entry into force of the agreement, and Peru's tariffs on all agricultural products are to be phased out within 17 years. Qualifying textiles and apparel articles are to be duty free and quota free immediately upon entry into force of the agreement (provisions with respect to textiles and apparel are discussed in more detail below).¹⁵

⁹ Ibid.

¹⁰ USTR, "United States and Oman Sign Free Trade Agreement," press release, Jan. 19, 2006.

¹¹ Data available from USITC Data Web.

¹² The Arab League (Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, the UAE, Yemen, and the Palestinian Authority) has policies that prohibit the importation of Israeli-origin goods and services and prohibit business dealings with firms that do business with Israel. Not all Arab League members apply this boycott of Israel. The United States opposes the boycott, and U.S. government officials have urged Arab League members to end its enforcement of the boycott. USTR, "Arab League," *2006 National Trade Estimate on Foreign Trade Barriers*, p. 8.

¹³ The United States initiated FTA negotiations with Peru, Colombia, and Ecuador in May 2004. The agreement was drafted as a multiparty agreement since Colombia and Ecuador have also been part of the negotiation. USTR, "United States and Peru Conclude Free Trade Agreement," press release, Dec. 7, 2005.

¹⁴ USITC, *U.S.-Peru Trade Promotion Agreement: Potential Economywide and Selected Sectoral Effects*, investigation No. TA-2104-20, USITC publication 2855, June 2006.

¹⁵ USTR, "Peru TPA Facts: Free Trade with Peru—Brief Summary of the U.S.-Peru Trade Promotion Agreement," fact sheet, December 2005.

Other provisions of the agreement include expanded market access across Peru's entire services regime and new protection for U.S. investors. The agreement is to provide improved standards for IPR protection and enforcement, including state-of-the-art protection for digital products such as U.S. software, music, text, and videos; stronger protection for U.S. patents, trademarks, and test data; and further deterrence against piracy and counterfeiting by criminalizing end-user piracy. The two parties also commit to new e-commerce provisions that provide, among other things, nondiscriminatory treatment of digital products.¹⁶

In 2005, U.S. merchandise exports to Peru totaled \$2.0 billion and U.S. merchandise imports from Peru were valued at \$5.1 billion. Leading U.S. exports to Peru in 2005 included petroleum oils, machinery parts, wheat, computer parts and accessories, and polyethylene. Leading U.S. imports from Peru in 2005 included gold, copper, light petroleum oils, and textiles and apparel articles.¹⁷ Many Peruvian products already enter the U.S. market duty free under the Andean Trade Preference Act.¹⁸

U.S.-Colombia Trade Promotion Agreement

The United States and Colombia announced the successful conclusion of negotiations for an FTA, known as the U.S.-Colombia Trade Promotion Agreement, on February 27, 2006.¹⁹ More than 80 percent of U.S. exports of consumer and industrial products to Colombia are to be duty free immediately upon entry into force of the U.S.-Colombia TPA, with remaining tariffs to be eliminated within 10 years. Many U.S. agricultural exports to Colombia are to receive immediate duty-free treatment, including high-quality beef; cotton; wheat; soybean meal; some fruits and vegetables; and processed food products including frozen french fries and cookies. Qualifying textiles and apparel articles are to be duty free and quota free immediately upon entry into force of the agreement (provisions with respect to textiles and apparel are discussed in more detail below).²⁰

Other provisions of the agreement include expanded market access across Colombia's entire services regime and new protection for U.S. investors. The agreement is to provide improved standards for IPR protection and enforcement, including state-of-the-art protections for digital products such as U.S. software, music, text, and videos; stronger protection for U.S. patents, trademarks, and test data; and further deterrence against piracy and counterfeiting by criminalizing end-user piracy. The two parties also commit to new e-commerce provisions that provide, among other things, nondiscriminatory treatment of digital products.²¹

In 2005, U.S. merchandise exports to Colombia totaled \$5.0 billion and U.S. merchandise imports from Colombia were valued at \$8.8 billion. Leading U.S. exports to Colombia in 2005 included corn, vinyl chloride, petroleum oils, and wheat. Leading U.S. imports from

¹⁶ Ibid.

¹⁷ Data for 6-digit HTS available from USITC Data Web.

¹⁸ The Andean Trade Preference Act is discussed in chapter 2 of this report.

¹⁹ The United States initiated FTA negotiations with Peru, Colombia, and Ecuador in May 2004. The agreement was drafted as a multiparty agreement because Peru and Ecuador have also been part of the negotiations. USTR, "United States and Colombia Conclude Free Trade Agreement," press release, Feb. 27, 2006.

²⁰ USTR, "Trade Facts: Free Trade with Colombia—Brief Summary of the Agreement," fact sheet, Feb. 27, 2006.

²¹ Ibid.

Colombia in 2005 included petroleum oils, coal, coffee, and cut flowers and buds.²² Many Colombian products already enter the U.S. market duty free under the Andean Trade Preference Act.²³

Textile and Apparel Provisions of Agreements with Oman, Peru, and Colombia

The U.S. FTA with Oman and TPAs with Peru and Colombia generally provide for immediate duty-free treatment for most textiles and apparel that meet the rules of origin specified in the agreements (“originating goods”).²⁴ The rules of origin for textile and apparel articles generally are based on a “yarn-forward” rule, which requires that imports of such goods from an agreement party be made there or in the United States from the yarn stage forward to qualify for duty preferences. Under the “yarn-forward” rule, only the fibers may be made in a third country (nonoriginating).²⁵ A “fiber-forward” rule applies to a few goods (mainly yarns and knit fabrics), which must be made in an agreement party from the fiber stage forward.

The textile and apparel rules of origin in these agreements generally apply only to the component that determines the tariff classification of the garment—that is, the component that provides the garment its “essential character” or otherwise provides the basis for classification.²⁶ As such, a garment subject to the “yarn-forward” rule is to be eligible for FTA preferences if the component that determines the tariff classification of the good is made of originating fabric and yarn, without regard to the source of any collar, cuffs, or most other components included in the garment. The agreements contain a *de minimis* foreign content rule that is to permit up to 7 percent or 10 percent of the total weight of the component that determines the tariff classification of the good to consist of third-country fibers or yarns, except for elastomeric yarns, which must be made in an agreement party.

U.S.-Oman FTA

The FTA is to grant immediate duty-free market access to most textile and apparel articles that meet the agreement’s “yarn forward” rules of origin. The exceptions are to apply for a few cotton garments (ensembles, robes, negligees, track suits, sweaters, and men’s briefs) and certain home textiles (blankets and bed, bath, and kitchen linens) that are to be subject to 5-year staging, and certain wool goods that are to be subject to 10-year staging. A tariff preference level (TPL)²⁷ is to grant the same duty preferences for originating apparel to

²² Data for 6-digit HTS available from USITC Data Web.

²³ The Andean Trade Preference Act is discussed in chapter 2 of this report.

²⁴ The agreements contain a special textile safeguard that will provide for temporary tariff relief, if imports under an agreement prove to be damaging to domestic producers. U.S. textile and apparel imports in 2005 totaled \$54 million for Oman, \$821 million for Peru, and \$618 million for Colombia (data from the U.S. Department of Commerce, *Major Shippers Report*, <http://otexa.ita.doc.gov>).

²⁵ In general, the manufacturing process in the textile sector is as follows: (1) fibers are made into yarns, (2) yarns are made into fabrics, (3) fabrics are cut into components, and (4) cut components are sewn into apparel and other finished goods.

²⁶ This differs from the application of the rules of origin under AGOA, ATPDEA, and CBTPA in which the rules of origin apply to all fabric components of a garment. AGOA, ATPDEA, and CBTPA are discussed in chapter 2 of this report.

²⁷ TPLs provide duty preferences for specified quantities of certain nonoriginating goods (i.e., goods that do not meet the FTA rules of origin because they are made of yarns and fabrics from countries other than
(continued...)

apparel made in Oman from third-country fabrics and yarns, not to exceed a total of 50 million square meter equivalents (SMEs) per year for the first 10 years of the FTA, after which the TPL is to be eliminated. U.S. apparel imports from Oman totaled 16 million SMEs in 2005.

U.S.-Peru TPA

The U.S.-Peru TPA enhances and makes permanent and reciprocal the trade preferences established by ATPDEA for apparel and, for the first time, extends trade preferences to textiles.²⁸ The agreement is to immediately eliminate all tariffs on U.S. trade with Peru in originating textiles and apparel, thereby making permanent the duty-free benefits currently available under ATPDEA for almost all U.S. imports of Peruvian apparel.²⁹ The agreement is to grant duty-free benefits for the first time to U.S. imports of textiles from Peru and to U.S. exports of textiles and apparel to Peru. Aside from the 10 percent *de minimis* foreign content rule, the agreement does not contain certain provisions found in other recent U.S. FTAs that would expand opportunities for the parties to use third-country inputs, such as TPLs and cumulation. The agreement also is to grant duty-free entry to apparel made in Peru from yarns and fabrics that are not available in the United States or Peru in commercial quantities in a timely manner, regardless of the origin of the fabrics or yarns. The parties to the agreement agreed to a list of 20 yarns and fabrics in short supply; the agreement provides an expedited process to add other inputs to, or remove an input from, the list.

U.S.-Colombia TPA³⁰

The U.S.-Colombia TPA is to grant immediate duty-free market access to most textile and apparel articles that meet the agreement's "yarn forward" rules of origin.³¹ Like the U.S.-Peru TPA, the agreement with Colombia does not make use of TPLs. After entry into force, exceptions to the rules of origin are to be provided through "an expedited short supply process" that is to grant duty-free entry to apparel made in Colombia from yarns and fabrics that are not available in the United States or Colombia in commercial quantities in a timely manner, regardless of the origin of the fabrics or yarns. The parties agree to a list of 20 yarns and fabrics in short supply. The agreement includes a *de minimis* foreign content rule that provides some flexibility to textile and apparel producers in both countries by allowing limited amounts of "specified third-country content" to be used. Finally, a textile safeguard provision is to provide for temporary tariff relief if textile and apparel imports from Colombia should injure U.S. producers.

²⁷ (...continued)

the United States and the FTA partner).

²⁸ ATPDEA preferences in the textile and apparel sector apply only to qualifying apparel, textile luggage and handbags, and certain hand-loomed, handmade, and folklore textiles.

²⁹ ATPDEA preferences apply to apparel and a few textiles (textile luggage and handloomed, handmade, and folklore items).

³⁰ The following are the provisions regarding textiles and apparel of the U.S.-Colombia FTA negotiated as of Feb. 27, 2006.

³¹ Most of the information in this paragraph is from USTR, "Trade Facts: Free Trade with Colombia, Summary of the Agreement" Feb. 27, 2006, p. 2.

Free Trade Area of the Americas

The United States and 33 other Western Hemisphere countries negotiating for the creation of the FTAA³² did not meet their target deadlines of concluding negotiations by January 2005 and having the FTAA enter into force no later than December 2005.³³ Progress in the FTAA negotiations slowed during 2004, and negotiations were at an impasse during 2005. By year-end 2005, no consensus had been reached with respect to the scope and the timing of the FTAA negotiations. In 2005, combined U.S. merchandise exports to the other 33 FTAA countries totaled \$347.5 billion, and U.S. merchandise imports were valued at \$574.3 billion. NAFTA partners Canada and Mexico accounted for approximately 80 percent of that trade.

The Trade Negotiations Committee (TNC) is responsible for directing the FTAA negotiations.³⁴ The TNC held no formal meetings during 2005, compared to one TNC meeting in 2004, and four TNC meetings during 2003. According to a March 2005 report by the U.S. Government Accountability Office, this impasse in the negotiations was attributable to three factors:

- The United States and Brazil have made little progress in resolving basic differences on key negotiation issues, namely, the Brazilian desire that agricultural subsidies and trade remedies be addressed and that the FTAA result in meaningful new market access for Brazilian agricultural exports, and U.S. desires for more stringent IPR enforcement, new rules on government procurement and investment protection, and greater market access for U.S. services.
- Member governments have shifted energy and engagement from the FTAA to bilateral and multilateral trade agreements.
- Mechanisms intended to facilitate progress in the FTAA negotiations, such as the U.S. and Brazilian co-chairmanship, have thus far failed to do so.³⁵

The year 2005 was the third year of the U.S. and Brazilian co-chairmanship of the TNC. U.S. and Brazilian representatives met in February, May, and November 2005 to discuss how to move forward in the FTAA negotiations. At the end of their third meeting, President Bush and Brazilian President Luiz Inácio Lula da Silva issued a joint statement that “underscored the increasingly strong and close ties” between the two countries and

³² Countries negotiating the FTAA include all of the countries of the Western Hemisphere except Cuba. The FTAA negotiations were formally launched in April 1998, and market access negotiations began in May 2002. Additional information is available at the official FTAA Web site, http://www.ftaa-alca.org/alca_e.asp.

³³ These target deadlines were established during the December 1994 First Summit of the Americas. For a description of FTAA developments through 2004, see USITC, *The Year in Trade, 2004*, USITC publication 3779, July 2005, p. 4-7, and prior reports in this series.

³⁴ Trade ministers of the respective FTAA countries are responsible for the ultimate oversight and management of the negotiations. The trade ministers established the TNC at the vice-ministerial level to provide direct guidance and administrative responsibilities for the FTAA negotiations. Additional information on the TNC is available at the official FTAA Web site, http://www.ftaa-alca.org/TNC_e.asp.

³⁵ GAO, *Free Trade Area of the Americas: Missed Deadline Prompts Efforts to Restart Stalled Hemispheric Trade Negotiations: Report to the Chairman, Committee on Finance, U.S. Senate and to the Chairman, Committee on Ways and Means, House of Representatives*, GAO-05-166, March 2005, pp. 2-3.

“reaffirmed their commitment to the FTAA process . . . [and] the timely resumption of the negotiations.”³⁶

The heads of state of the Western Hemisphere held their fourth Summit of the Americas meeting on November 4–5, 2005, in Mar del Plata, Argentina. In the ministerial declaration issued at the summit meeting, leaders acknowledged the contribution that economic integration can make to achieve the summit objectives of creating jobs, fighting poverty, and strengthening democratic governance.³⁷ The United States joined the majority of the countries that “remain committed to the achievement of a balanced and comprehensive FTAA Agreement,” and called for trade officials to resume their meetings in 2006 to examine and overcome the difficulties in the FTAA process and advance the FTAA negotiations.³⁸ However, other countries expressed the view that “the necessary conditions are not yet in place for achieving a balanced and equitable free trade agreement with effective access to markets free from subsidies and trade-distorting practices, and that takes into account the needs and sensitivities of all partners.”³⁹ In view of the divergent positions, leaders agreed “to explore both positions in light of the outcomes of the next World Trade Organization ministerial meeting.”

North American Free Trade Agreement⁴⁰

NAFTA came into effect January 1, 1994. In 2005, total two-way (exports plus imports) U.S. merchandise trade with NAFTA partners increased by 11.2 percent over 2004, with U.S.-Canada merchandise trade totaling \$470.8 billion and U.S.-Mexico merchandise trade totaling \$270.9 billion in 2005 (table 4-3). The U.S. merchandise trade deficit with NAFTA partners increased for a fifth consecutive year, by 11.3 percent in 2005, a rate lower than the 19.4 percent of the previous year. The U.S. merchandise trade deficit with NAFTA partners increased to \$171.8 billion in 2005 from \$154.4 billion in 2004.

The following sections describe the major activities of the NAFTA Free Trade Commission (FTC), the Commission for Labor Cooperation (CLC), the Commission for Environmental Cooperation (CEC), and dispute settlement activities under NAFTA chapters 11 and 19 during 2005.

Free Trade Commission

The FTC is the central oversight body for NAFTA. It is chaired jointly by representatives from the three member countries.⁴¹ The FTC is responsible for overseeing implementation and elaboration of NAFTA, as well as for its dispute settlement provisions.

³⁶ The White House, Office of the Press Secretary, “Joint Statement on the Occasion of the Visit by President George W. Bush to Brazil,” Nov. 6, 2005.

³⁷ “Declaration of Mar Del Plata: Mar del Plata, Argentina, November 5, 2005,” available at the official FTAA website, http://www.ftaa-alca.org/TNC_e.asp.

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ U.S. bilateral relations with Canada and Mexico are described in chapter 5 of this report.

⁴¹ These are the U.S. Trade Representative, the Canadian Minister for International Trade, and the Mexican Secretary of Economy.

Table 4–3 U.S. merchandise trade with NAFTA partners, 2003–05
(Billion dollars)

Year	NAFTA partner	Exports	Imports	Trade balance	Two-way trade (exports plus imports)
2005	Canada	183.2	287.5	-104.3	470.8
	Mexico	101.7	169.2	-67.5	270.9
	Canada and Mexico	284.9	456.7	-171.8	741.7
2004	Canada	163.2	255.7	-92.5	418.8
	Mexico	93.0	155.0	-61.9	248.0
	Canada and Mexico	256.2	410.6	-154.4	666.8
2003	Canada	148.7	224.0	-75.3	372.8
	Mexico	83.1	137.2	-54.1	220.3
	Canada and Mexico	231.9	361.2	-129.4	593.1

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

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

In 2005, following approval by the FTC, the member countries implemented changes to the NAFTA rules of origin covering approximately \$20 billion in trilateral trade.⁴² The member countries also implemented modifications to the NAFTA textile rules of origin that amended the short supply provisions⁴³—the first set of changes to those provisions of NAFTA.⁴⁴ The FTC also asked that their officials to continue considering new requests for changes to the rules of origin from consumers and producers; and to examine the rules of origin in the FTAs that each country negotiated after NAFTA, to determine whether those rules should be applied to NAFTA. In December 2005, the NAFTA Working Group on Rules of Origin agreed on further changes to the rules of origin, which it aims to implement in 2006. Together, these changes will cover approximately \$50 billion in total trilateral trade.⁴⁵

In March 2005, the NAFTA Working Group on Textiles and Apparel delivered a report to the FTC analyzing the current situation of the textile and apparel industries in North America, as well as the challenges that these industries are facing in light of increasing competition from other countries and the elimination of quantitative restrictions on January

⁴² Presidential Proclamation 7870—To Modify Rules of Origin Under the North American Free Trade Agreement, *Federal Register* (70 FR 7611), February 14, 2005. The effective date for the modifications for goods of Canada is, on or after January 1, 2005, and for goods of Mexico is June 15, 2005. *Federal Register* (70 FR 37146), June 28, 2005. The modifications affect certain goods in the following HTS chapters: spices (HTS chapter 9), oil seeds and oleaginous fruits (HTS chapter 12), gums, resins and other vegetable saps and extracts (HTS chapter 13), miscellaneous edible preparations (HTS chapter 21), jewelry (HTS 71), electrical machinery (HTS chapter 85), measuring devices and instruments (HTS chapter 90), and toys (HTS chapter 95).

⁴³ Presidential Proclamation 7912—To Modify Duty-Free Treatment Under the Generalized System of Preferences and Certain Rules of Origin Under the North American Free Trade Agreement, and for Other Purposes, *Federal Register* (70 FR 37959), June 30, 2005; and Office of Textiles and Apparel (OTEXA), http://otexa.ita.doc.gov/nafta_short_supply.htm. The effective date for the modifications is July 1, 2005. The modifications affect certain textiles including filament yarns of viscose rayon, dry-spun acrylic staple fibers, trilobal rayon staple fiber, certain nylon filament yarn, yarn from combed fine animal hair, and certain synthetic acid-dyeable acrylic tow. The short supply provisions in the NAFTA allow the use of non-North American fibers, yarns, or fabrics when such products cannot be supplied by North American producers in commercial quantities in a timely manner.

⁴⁴ USTR, “North American Free Trade Agreement,” *2006 Trade Policy Agenda and 2005 Annual Report*, Mar. 1, 2006.

⁴⁵ *Ibid.*

1, 2005, in accordance with the ATC.⁴⁶ The report outlines the policy tools that the three governments have at their disposal to address the challenges of the new international environment and presents a set of recommendations for future work in this area.⁴⁷

Commission for Labor Cooperation

The CLC was created under the North American Agreement on Labor Cooperation (NAALC), a supplemental agreement to NAFTA that aims to promote effective enforcement of domestic labor laws and foster transparency in their administration. The CLC is responsible for the implementation of the NAALC, and comprises the Ministerial Council and the Secretariat. Each NAFTA partner has established an office within its ministry of labor to serve as the contact point for information, to examine labor concerns, and to coordinate cooperative work programs.⁴⁸ In the United States, that office is the Office of Trade Agreement Implementation (OTAI).⁴⁹ If the OTAI determines that a violation of the agreement has occurred, the matter is then referred to the CLC council to hold ministerial consultations with the respective party to resolve the issue.⁵⁰

The NAALC provides for the review of public submissions related to the labor laws of the NAFTA partners.⁵¹ In 2005, three public submissions were presented to the OTAI concerning Mexico. On October 14, 2005, several organizations representing Mexican textile and apparel sector workers filed a petition (U.S. submission 2005-03) concerning the enforcement of labor laws in Mexico. On May 27, 2005, the Airline Pilot's Association of Mexico filed a petition (U.S. submission 2005-02) concerning the enforcement of Mexico's labor laws. On February 17, 2005, labor unions from Canada, Mexico, and the United States filed a petition (U.S. submission 2005-01) concerning proposed reforms to Mexican labor laws.⁵²

During 2005, one submission was presented to the Mexican National Administrative Office (NAO) concerning the United States, and one to the Canadian NAO concerning Mexico. On April 13, 2005, representatives of a group of migrant workers filed a petition (Mexico NAO submission 2005-1) concerning rights of migrant workers in Idaho under the H-2B visa program. On May 31, 2005, a group of pilots supported by the Mexican Airlines Pilots Union filed a petition (Canadian NAO submission 2005-1) concerning the enforcement of Mexican labor laws.⁵³ At the end of 2005, determinations as to whether to accept and review the five submissions were pending in all of the cases filed during 2005.⁵⁴

⁴⁶ NAFTA Working Group on Textiles and Apparel, "Report from the Trilateral Working Group on Textiles and Apparel to the NAFTA Free Trade Commission," Mar. 7, 2005.

⁴⁷ USTR, "North American Free Trade Agreement," *2006 Trade Policy Agenda and 2005 Annual Report*.

⁴⁸ For additional information, see CLC, "The National Administrative Offices," <http://www.naalc.org/english/nao.shtml>.

⁴⁹ OTAI was known as the National Administrative Office (NAO) until 2004. OTAI is located in the U.S. Department of Labor, Bureau of International Labor Affairs. See OTAI, "The Office of Trade Agreement Implementation," <http://www.dol.gov/ilab/programs/nao/main.htm>.

⁵⁰ CLC, "Description of Submission Procedures," http://www.naalc.org/english/review_annex1_3.shtml.

⁵¹ For information on the submissions and the status of the submissions under NAALC, see U.S. Department of Labor, Bureau of International Labor Affairs, <http://www.dol.gov/ilab/programs/nao/status.htm>.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Ibid.

In March 2005, as part of their ongoing program of trilateral cooperation under the NAALC, the United States, Mexico, and Canada presented a conference on the Labor Dimensions of Corporate Social Responsibility in North America, hosted by the Canadian NAO in Ottawa, Canada.⁵⁵ The goals of the conference were to promote awareness of the benefits and challenges of corporate social responsibility (CSR) initiatives in North America, examine private-sector examples of best practices in CSR, and explore the potential roles of governments in supporting CSR initiatives. Additionally, in November 2005, the United States and Mexico sponsored a joint regional seminar in Atlanta, Georgia,⁵⁶ to familiarize Mexican consulates in the United States with U.S. labor laws and regulations related to migrant workers and to encourage continued collaboration between the two countries on Mexican migrant workers in the United States.⁵⁷

Commission for Environmental Cooperation

The CEC was established under the North American Agreement on Environmental Cooperation (NAAEC), a supplemental agreement to NAFTA designed to ensure that trade liberalization and efforts to protect the environment are mutually supportive. The CEC oversees the work of the NAAEC and is composed of (1) the Council, the governing body of the CEC, made up of the environmental ministers from the United States, Canada, and Mexico;⁵⁸ (2) the Joint Public Advisory Committee, made up of five private citizens from each of the NAFTA parties; and (3) the Secretariat, made up of professional staff, located in Montreal, Canada.⁵⁹

Articles 14 and 15 of the NAAEC are intended to provide citizens and nongovernmental organizations with a mechanism to aid in enforcing environmental laws in the NAFTA countries. Article 14 governs alleged violations submitted for review by the CEC. It sets forth specific guidelines regarding the nature of valid submissions and appropriate complaining parties. Article 15 outlines the Secretariat's obligations in considering the submissions and publishing findings in the factual record.⁶⁰ Under article 14, 10 files remained active in 2005, 2 of which were submitted in 2005 (table 4-4). There were 11 active files during 2005 based on citizen submissions under article 15, 5 involved Canada, 5 involved Mexico, and 1 involved the United States (table 4-5). A final factual record was published on July 26, 2005, for a submission first filed in 2000 with respect to Mexico.

⁵⁵ U.S. Department of Labor, Bureau of International Affairs, "Trinational Conference on the Labor Dimensions of Corporate Social Responsibility in North America," March 30–31, 2005, Ottawa, Canada, <http://www.dol.gov/ilab/programs/coopact/sectcoopact.htm>.

⁵⁶ U.S. Department of Labor, Bureau of International Affairs, "IV Joint Regional Training Seminar DOL/USDA SRE East Region Atlanta," November 7–8, 2005, Atlanta, Georgia, <http://www.dol.gov/ilab/programs/coopact/sectcoopact.htm>.

⁵⁷ USTR, "NAFTA and Labor," *2006 Trade Policy Agenda and 2005 Annual Report*.

⁵⁸ The CEC council consists of the Canadian Environment Minister, the Mexican Secretary for Environment and Natural Resources, and the U.S. Environmental Protection Agency Administrator. CEC, "Who We Are," http://www.cec.org/who_we_are/council/index.cfm?varlan=english.

⁵⁹ USTR, "NAFTA and the Environment," *2006 Trade Policy Agenda and 2005 Annual Report*.

⁶⁰ NAAEC articles 14 and 15. CEC, "Laws, Treaties and Agreements," http://www.cec.org/pubs_info_resources/law_treat_agree/naaec/index.cfm?varlan=english.

Table 4-4 Active files through 2005, under article 14 of the North American Agreement on Environmental Cooperation

Name	Case	First Filed	Country	Status
Ontario Logging	SEM-02-001	Feb. 6, 2002	Canada	The Secretariat posted a request for information relevant to the factual record on its Web site in June 2004.
Pulp and Paper	SEM-02-003	May 8, 2002	Canada	The Secretariat posted a request for information relevant to the factual record on its Web site in March 2004.
Lake Chapala II	SEM-03-003	May 23, 2003	Mexico	The Secretariat informed Council that the Secretariat considers that the submission warranted development of a factual record in May, 2005.
Alca-Iztapalapa II	SEM-03-004	June 17, 2003	Mexico	The Secretariat posted a request for information relevant to the factual record on its Web site in November, 2005.
Montreal Technoparc	SEM-03-005	Aug. 14, 2003	Canada	The Secretariat posted a request for information relevant to the factual record on its Web site in February 2005.
Coal-fired Power Plants	SEM-04-005	Sept. 20, 2004	United States	The Secretariat informed Council that the Secretariat considers that the submission warranted development of a factual record in December 2005.
Ontario Logging II	SEM-04-006	Oct. 12, 2004	Canada	The Secretariat placed a work plan on its Web site or otherwise made it available to the public and stakeholders in April 2005.
Quebec Automobiles	SEM-04-007	Nov. 3, 2004	Canada	The Secretariat informed Council that the Secretariat considers that the submission warranted development of a factual record in May 2005.
Coronado Islands	SEM-05-002	May 3, 2005	Mexico	The Secretariat received a response from the concerned government party and began considering whether to recommend a factual record in January 2006.
Environmental Pollution in Hermosillo II	SEM-05-003	Aug. 30, 2005	Mexico	The Secretariat received a response from the concerned government party and began considering whether to recommend a factual record in February 2006.

Source: North American Commission for Environmental Cooperation,
<http://www.cec.org/citizen/index.cfm?varlan=english>.

Table 4-5 Citizen submissions on enforcement under article 15 of the North American Agreement on Environmental Cooperation, submissions active during 2005

Name	Case	First Filed	Country	Status ^a
Environmental Pollution in Hermosillo II	SEM-05-003	Aug. 30, 2005	Mexico	Open
Coronado Islands	SEM-05-002	May 3, 2005	Mexico	Open
Quebec Automobiles	SEM-04-007	Nov. 3, 2004	Canada	Open
Ontario Logging II	SEM-04-006	Oct. 12, 2004	Canada	Open
Coal-fired Power Plants	SEM-04-005	Sept. 20, 2004	United States	Open
Montreal Technoparc	SEM-03-005	Aug. 14, 2003	Canada	Open
ALCA-Iztapalapa II	SEM-03-004	June 17, 2003	Mexico	Open
Lake Chapala II	SEM-03-003	May 23, 2003	Mexico	Open
Pulp and Paper	SEM-02-003	May 8, 2002	Canada	Open
Ontario Logging	SEM-02-001	Feb. 6, 2002	Canada	Open
Tarahumara	SEM-00-006	June 9, 2000	Mexico	July 26, 2005

Source: North American Commission for Environmental Cooperation,
<http://www.cec.org/citizen/status/index.cfm?varlan=english>.

^a Status as of Dec. 30, 2005. Date indicates date of publication of final factual record.

At its annual ministerial session in June 2005, the CEC council adopted a five-year strategic plan to focus on three priority concerns: the development of information for decision making, support for capacity building with a special emphasis on Mexico, and ongoing work to address trade and environment issues more effectively to promote environmental protection and sustainability.⁶¹ This strategic plan identifies six CEC initiatives for the period 2005–2010: (1) promote the North American renewable energy market; (2) promote and facilitate the enforcement of environmental laws; (3) continue environmental assessments of trade liberalization in North America; (4) promote North American markets for environmentally friendly products; (5) promote better use of market-based mechanisms for environmental protection and sustainable use; and (6) reduce environmental and economic harm caused by invasive alien species.⁶²

The goals of the CEC environment, economy, and trade program are to understand the environmental impact of free trade and economic integration in North America; to identify opportunities for cooperation and trade in environmental goods and services; and to strengthen partnerships with the private financial services sector in the area of finance and the environment. The CEC sponsored the third North American Symposium on Assessing the Environmental Effects of Trade in 2005. Eleven papers were presented on topics ranging from the maquiladora industry in Mexico to Chapter 11 arbitration in NAFTA countries.⁶³

U.S.-Mexico cooperation on arrangements to help border communities with environmental infrastructure projects to further the goals of NAFTA and the NAAEC dates to 1993.⁶⁴ The Border Environment Cooperation Commission and the North American Development Bank (NADB) are now working with more than 130 communities throughout the Mexico-U.S. border region to address their environmental infrastructure needs.⁶⁵ As of September 30, 2005, the NADB participation totaled \$704 million in loans and grants to partially finance 90 infrastructure projects estimated to cost a total of \$2.3 billion.⁶⁶

Dispute Settlement

NAFTA contains dispute settlement provisions covering a variety of areas.⁶⁷ Developments during 2005 are described below with respect to NAFTA chapter 11 investor-state disputes and chapter 19 binational reviews of final determinations of antidumping and countervailing cases. Table A-21 presents an overview of developments in NAFTA dispute settlement cases to which the United States was a party in 2005.

⁶¹ “CEC Ministerial Statement,” Twelfth Regular Session of the CEC Council, Quebec, Canada, June 22, 2005; “Strategic Plan of the Commission for Environmental Cooperation 2005–2010,” June 17, 2005, p. 9; and U.S. Department of State telegram, “12th Regular Session of the CEC Council, Quebec City, June 21–22, 2005,” July 7, 2005, message reference No. 2047, prepared by the U.S. Embassy, Ottawa, Canada.

⁶² USTR, “Other Multilateral Activities,” *2006 Trade Policy Agenda and 2005 Annual Report*.

⁶³ CEC, “Third North American Symposium on Assessing the Environmental Effects of Trade, Investment, Growth, and the Environment,” <http://www.cec.org/symposium/>.

⁶⁴ USTR, “NAFTA and the Environment,” *2006 Trade Policy Agenda and 2005 Annual Report*.

⁶⁵ “BECC-COCEF Joint Status Report,” Sept. 30, 2005, <http://www.cocef.org/ingles.php>.

⁶⁶ *Ibid.*

⁶⁷ NAFTA Secretariat, “Overview of the Dispute Settlement Provisions of the North American Free Trade Agreement (NAFTA),” http://www.nafta-sec-alena.org/DefaultSite/index_e.aspx?DetailID=8#chap11.

Chapter 11 Dispute-Settlement Developments

NAFTA chapter 11 contains provisions designed to protect cross-border investors and facilitate the settlement of investment disputes. An investor who alleges that a NAFTA country has breached its investment obligations under chapter 11 may pursue arbitration through internationally recognized channels⁶⁸ or remedies available in the host country's domestic courts under chapter 11. A key feature of the chapter 11 provisions is the enforceability in domestic courts of final awards made by arbitration tribunals.⁶⁹

There were developments in eight active chapter 11 cases filed against the United States by Canadian investors in 2005.⁷⁰ There were no active chapter 11 cases filed against Canada during 2005.⁷¹ Six chapter 11 cases filed by U.S. and Canadian investors against Mexico were ongoing during 2005.⁷²

Chapter 19 Dispute Panel Reviews

NAFTA chapter 19 establishes a mechanism that provides for review by a binational panel of final determinations made by a national investigating authority in antidumping and countervailing duty cases. A panel may be established at the request of an involved NAFTA country.⁷³

Six binational panels were formed in 2005. The NAFTA Secretariat listed 31 binational panels active at the end of 2005 (table 4-6). Three of the panels formed in 2005 challenged U.S. agency determinations on products from Canada, and two challenged U.S. agency determinations on products from Mexico. One 2005 panel challenged a Mexican agency determination concerning a product from the United States.

⁶⁸ Such as the International Centre for the Settlement of Investment Disputes (ICSID) at the World Bank or Rules of the United Nations Commission for International Trade Law (UNCITRAL Rules).

⁶⁹ NAFTA Secretariat, "Overview of the Dispute Settlement Provisions."

⁷⁰ U.S. Department of State, "NAFTA Investor-State Arbitrations: Cases Filed Against the United States of America," <http://www.state.gov/s/l/c3741.htm>.

⁷¹ U.S. Department of State, "NAFTA Investor-State Arbitrations: Cases Filed Against the Government of Canada," <http://www.state.gov/s/l/c3740.htm>.

⁷² U.S. Department of State, "NAFTA Investor-State Arbitrations: Cases Filed Against the United Mexican States," <http://www.state.gov/s/l/c3742.htm>.

⁷³ Ibid.

Table 4-6 NAFTA Chapter 19 binational panels, active reviews in 2005

Country	Case	National agencies' final determination ^a	Product description
Canada	No active chapter 19 cases.		
Mexico			
	MEX-USA-2000-1904-02	SECOFI Final Antidumping Duty Determination	Bovine carcasses and half carcasses, fresh or chilled originating in the United States
	MEX-USA-2003-1904-01	SE Final Countervailing Duty Determination	Imports of sodium hydroxide (caustic soda) originating in the United States
	MEX-USA-2003-1904-02	SE Final Countervailing Duty Determination	Fresh Red Delicious and Golden Delicious apples, originating in the United States
	MEX-USA-2005-1904-01	SE Final Countervailing Duty Determination	Imports of carbon steel tubing with straight longitudinal seam from the United States
	MEX-USA-2006-1904-01	SE Final Countervailing Duty Determination	Imports of pork originating in the United States
United States			
	USA-CDA-2000-1904-09	USITC Final Results of the Five-Year Reviews of the Countervailing Duty and Antidumping Duty Orders	Magnesium from Canada
	USA-CDA-2002-1904-02	USDOC Final Determination of Sales at Less Than Fair Value	Certain softwood lumber products from Canada
	USA-CDA-2002-1904-03	USDOC Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination	Certain softwood lumber products from Canada
	USA-CDA-2003-1904-05	USDOC Final Affirmative Countervailing Duty Determination	Certain Durum wheat and Hard Red Spring wheat from Canada
	USA-CDA-2004-1904-01	USDOC Final Results of Countervailing Duty Administrative Reviews	Pure magnesium and alloy magnesium from Canada
	USA-CDA-2005-1904-01	USDOC Final Results of Countervailing Duty Administrative Review and Rescission of Certain Company-Specific Reviews	Certain softwood lumber products from Canada
	USA-CDA-2005-1904-03	USITC Implementation of the New Determination under Section 129(a)(4) of the Uruguay Round Agreements Act	Certain softwood lumber products from Canada
	USA-CDA-2005-1904-04	USDOC Antidumping Duty Determination under Section 129 of the Uruguay Round Agreements Act	Certain softwood lumber products from Canada
	USA-CDA-2006-1904-01	USDOC Final Results of Antidumping Duty Administrative Review	Certain softwood lumber products from Canada
	USA-CDA-2006-1904-02	USDOC Final Results of Countervailing Duty Administrative Review	Certain softwood lumber products from Canada
	USA-MEX-1998-1904-02	USDOC Final Results of the 6th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2000-1904-03	USDOC Final Results of the 8th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2000-1904-05	USDOC Final Results of the Full Sunset Review of the Antidumping Duty Order	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2000-1904-10	USITC Final Results of the Five-Year Review of the Antidumping Duty Order	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2001-1904-03	USDOC Final Results of the Full Sunset Review of the Antidumping Duty Order	Oil country tubular goods from Mexico
	USA-MEX-2001-1904-04	USDOC Final Results of the 9th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico

See footnote at end of table.

Table 4-6 NAFTA chapter 19 binational panels, active reviews in 2005—*Continued*

Country	Case	National agencies' final determination ^a	Product description
United States—Continued			
	USA-MEX-2001-1904-05	USDOC Final Results of the 4th Antidumping Duty Administrative Review and Determination Not To Revoke	Oil country tubular goods from Mexico
	USA-MEX-2001-1904-06	USITC Final Results of the Five-Year Review of the Antidumping Duty Order	Oil country tubular goods from Mexico
	USA-MEX-2002-1904-01	USITC Dismissal of a Request to Institute a Section 751(b) Investigation	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2002-1904-05	USDOC Final Results of the 10th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2003-1904-01	USDOC Final Results of the 11th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2003-1904-03	USDOC Final Results of the 12th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2004-1904-03	USDOC Final Results of the 13th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2005-1904-05	USDOC Antidumping Duty Order Determination	Purified carboxymethylcellulose from Mexico
	USA-MEX-2005-1904-06	USITC Five-Year Review of the Antidumping Duty Order	Stainless steel sheet and strip in coils from Mexico
	USA-MEX-2006-1904-03	USDOC Final Results of the 14th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico

Source: NAFTA Secretariat, "Status Report of Panel Proceedings," http://www.nafta-sec-alena.org/DefaultSite/index_e.aspx?DetailID=11.

^a In Canada, final dumping and subsidy determinations are made by Revenue Canada—Customs and Excise, and injury determinations are made by the Canadian International Trade Tribunal. In Mexico, all determinations are made by the Secretaria de Economia (SE) (formerly the Secretaria de Comercio y Fomento Industrial, SECOFI). In the United States, dumping and subsidy determinations are made by the U.S. Department of Commerce (USDOC), and injury determinations are made by USITC.

CHAPTER 5

U.S. Relations with Major Trading Partners

This chapter reviews U.S. bilateral trade relations with nine selected trading partners during 2005: the European Union (EU), Canada, China, Mexico, Japan, Taiwan, Korea, India, and Russia. Tables A-22 through A-48 provide detailed information on U.S. trade with selected partners.

European Union

The EU¹ is the second largest two-way (exports plus imports) U.S. trading partner behind the combined NAFTA market of Canada and Mexico. Apart from the combined NAFTA market, the United States and the EU share the largest two-way trade relationship in the world. In 2005, U.S. two-way merchandise trade with the EU-25 increased 9.0 percent over 2004 to \$474.4 billion, representing nearly 20 percent of U.S. trade with the world. U.S. exports of goods to the EU increased to \$167.4 billion in 2005, up 7.5 percent from 2004. U.S. imports of goods from the EU increased by 9.7 percent in 2005 to \$307.0 billion, resulting in a \$139.6 billion trade deficit with the EU. The U.S.-EU merchandise trade deficit in 2005 accounted for 16.3 percent of the total U.S. trade deficit. Leading U.S. exports to the EU during the year included aircraft and aircraft parts, certain medicaments, and parts of automated data processing machines. Leading U.S. imports from the EU included passenger cars, certain medicaments, petroleum derivatives, and nucleic acids and their salts. U.S.-EU merchandise trade data are shown in tables A-22 through A-24.

There were developments in at least 10 active WTO dispute settlement proceedings during 2005 in which both the United States and the EU were parties, either as the complainant or the respondent. The more significant procedural developments in each of these cases are listed in table A-20. Three of the cases are described in more detail below—two cases involving alleged subsidies to civil aircraft production (one brought by the United States against the EU with respect to alleged EU subsidies to Airbus, and one brought by the EU with respect to alleged U.S. subsidies for Boeing), and one case brought by the EU with respect to recently enacted U.S. legislation concerning tax treatment of foreign sales corporations (FSCs).

In other developments, the United States and the EU reached an agreement related to wine trade² and continued to make progress on regulatory cooperation to reduce technical barriers to trade. At the bilateral summit in June 2005, officials released the 2005 Roadmap for EU-U.S. Regulatory Cooperation to expand and deepen the previous year's Roadmap by proposing cooperative initiatives at both the economywide and sectoral levels.³ In November 2005, the United States and the EU reached agreement on a package of trade concessions the

¹ The 25 members of the EU are: Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

² An agreement on wine-making practices and labeling of wine was formally signed on Mar. 10, 2006. USTR, "United States and European Community Reach Agreement on Trade in Wine," press release, Mar. 10, 2006.

³ USTR, "2005 Roadmap for EU-U.S. Regulatory Cooperation and Transparency," June 20, 2005.

EU is to grant to the United States in compensation for higher tariffs that resulted from enlargement of the EU to include 10 new member states on May 1, 2004.⁴

Aircraft Sector

The two civil aircraft cases concern respective U.S. and EU challenges under the WTO dispute settlement process with respect to alleged subsidies to producers of large civil aircraft. Both proceedings commenced in October 2004, when first the United States and then the EU requested dispute settlement consultations with respect to each other's alleged subsidy measures. In negotiations early in 2005, the United States and the EU agreed on the terms for the negotiation of a comprehensive settlement, but the 3 month period allowed by the parties to reach a final agreement expired without such an agreement. Both parties subsequently requested the establishment of WTO dispute settlement panels in their respective cases, and panels were established and constituted in the second half of the year. The panel proceedings were both pending at the end of 2005.

Both the United States and the EU have long claimed that the other either directly or indirectly subsidizes the production of large civil aircraft. The United States has claimed that European civil aircraft manufacturer Airbus SAS has benefitted from subsidies provided by EU member state governments, while the EU has countered that the principal U.S. civil aircraft manufacturer, Boeing, has benefitted from U.S. Government support.⁵ The subsidies issue was addressed in 1992 in the U.S.-EU Agreement on Large Civil Aircraft, which placed limits on the form and level of government subsidies affecting large civil aircraft⁶ manufactured by Airbus and Boeing⁷ and was intended to lead to a "progressive reduction" in Airbus subsidies.⁸

The United States filed its request for dispute settlement consultations on October 6, 2004. The United States claimed that EU and member state subsidies to Airbus are inconsistent with EU obligations under the WTO Agreement on Subsidies and Countervailing Measures (SCM Agreement) and the GATT 1994. More specifically, USTR explained:

Every major Airbus aircraft model was financed . . . with EU government subsidies taking the form of "launch aid" [for aircraft design and development]—financing with no or low rates of interest, and repayment tied to sales of the aircraft. If the sales of a particular model are less than expected, Airbus does not have to repay the remainder of the financing. EU governments have forgiven Airbus debt; provided equity infusions;

⁴ USTR, "United States and European Communities Reach Agreement on Enlargement Compensation Package," press release, Nov. 30, 2005. The agreement was signed on Mar. 22, 2006 and implementation of concessions is scheduled for no later than July 1, 2006. USTR, "United States and European Union Sign Enlargement Compensation Agreement," press release, Mar. 22, 2006.

⁵ According to the U.S. Government, the EU member state governments of France, Germany, Spain, and the United Kingdom have provided subsidies to their respective Airbus member companies to aid in the development, production, and marketing of large commercial aircraft since the 1970s. USTR, *2005 National Trade Estimate Report on Foreign Trade Barriers (NTE)*, p. 151 and U.S. Department of State telegram, "Demarche to EU member states on large commercial aircraft subsidies," message reference No. 193990, prepared by U.S. Department of State, Washington, D.C., Sept. 9, 2004.

⁶ Aircraft with more than 100 seats.

⁷ For more information on the U.S.-EU 1992 agreement, see USITC, *The Year In Trade 2004: OTAP*, publication 3779, p. 5-4.

⁸ USTR, "U.S. Files WTO Case against EU over Unfair Airbus Subsidies," press release, Oct. 6, 2004.

provided dedicated infrastructure support; and provided substantial amounts of research and development funds for civil aircraft projects.⁹

In announcing the WTO case, USTR reported that the 1992 Agreement on Large Civil Aircraft “has outlived its usefulness” and announced U.S. withdrawal from the agreement.¹⁰ The U.S. complaint focused on alleged subsidies provided with respect to the Airbus A350 aircraft, currently under development.

Just hours after the United States filed its request, the EU announced that it would request dispute settlement consultations with the United States to address certain U.S. measures that the EU claimed were inconsistent with U.S. obligations under the SCM Agreement.¹¹ The EU also rejected U.S. termination of the 1992 Agreement on Large Civil Aircraft.¹² The EU asserted that Boeing benefits from indirect U.S. Government subsidies—mainly in the form of research and development funds from NASA, the Department of Defense, and other U.S. Government agencies—and certain tax and other benefit programs that are inconsistent with U.S. WTO obligations, particularly with respect to the development and production of the Boeing 787 aircraft.¹³

On January 11, 2005, the United States and EU reached an agreement on the terms for the negotiation of a new agreement for large civil aircraft. The terms called for the negotiation of a comprehensive agreement within 3 months to end subsidies to producers of large civil aircraft. The parties agreed that the new accord would (1) be bilateral and concern Airbus on the EU side and Boeing on the U.S. side, (2) be based on the definition of subsidies in the SCM, (3) include provisions on transparency and dispute settlement, (4) include the terms and conditions for withdrawal from the agreement, and (5) provide for a review of the operation of the agreement in one year from its entry into force. Both sides agreed to work to include other countries following the conclusion of an agreement. The parties also agreed not to request WTO panels relating to the pending disputes and not to commit new government support for aircraft development or production while negotiations for the new agreement were ongoing.¹⁴

The two sides did not reach an agreement by the April 11, 2005, deadline. In a statement issued on April 8, 2005, USTR stated that if the EU were to provide additional subsidies to Airbus, the United States would take the next step and request formation of a WTO dispute settlement panel.¹⁵ On May 31, 2005, the United States requested the establishment of a WTO dispute settlement panel “in light of the EU’s unwillingness to halt new subsidies for large civil aircraft,” citing the request by Airbus for \$1.7 billion in launch aid for the A350.¹⁶

⁹ Ibid.

¹⁰ Ibid.

¹¹ EC, “US-Boeing: EU Takes US to the WTO over Subsidies Granted to Boeing,” press release IP/04/1191, Oct. 6, 2004.

¹² EC, “US-Boeing: EU Rejects US Unilateral Abrogation of the 92 Aircraft Agreement,” press release IP/04/1198, Oct. 8, 2004.

¹³ The Boeing 787 aircraft, currently under development, was originally known as the 7E7. EC, “US-Boeing: EU Takes US to the WTO Over Subsidies Granted to Boeing,” press release IP/04/1191, Oct. 6, 2004; and EC, “EU-US Agreement on Large Civil Aircraft 1992: Key Facts and Figures,” Memo/04/232, Oct. 6, 2004.

¹⁴ USTR, “Statement of U.S. Trade Representative Robert B. Zoellick Regarding U.S.-EU Agreement on Terms for Negotiation to End Subsidies for Large Civil Aircraft,” press release, Jan. 11, 2005; and EC, “EU/US Agreement on Terms for Negotiation to End Subsidies for Large Civil Aircraft,” MEMO/05/4, Jan. 11, 2005.

¹⁵ USTR, “USTR Spokesman Richard Mills Statement On the Status of U.S.-EU Large Civil Aircraft Subsidy/Litigation Talks,” April 8, 2005.

¹⁶ USTR, “United States Takes Next Step in Airbus WTO Litigation,” May 30, 2005.

On the same day, the EU requested establishment of a WTO panel to examine subsidies allegedly provided to Boeing.¹⁷

Panels were established for both cases on July 20, 2005. At the meeting of the Dispute Settlement Body (DSB) on September 23, 2005, the WTO formally initiated the information-gathering process under Annex V of the SCM Agreement for both panels. The first phase of this process was completed in December 2005.

Both the United States and the EU subsequently filed supplementary consultation requests. The EU filed its second request for consultations on June 27, 2005,¹⁸ and requested a panel on January 20, 2006.¹⁹ The panel was established on February 17, 2006. The United States filed its second request for consultations on January 31, 2006.²⁰ In addition to providing more information on EU subsidies covered in the ongoing WTO case, the new consultation request covered alleged new subsidies to Airbus announced since the original consultation request was made.²¹

Foreign Sales Corporations

This case concerns the EU's challenge under the WTO dispute settlement process of U.S. statutory provisions enacted in October 2004 relating to the taxation of FSCs. This case is the third in a series of EU challenges under the WTO dispute settlement process on this aspect of U.S. tax law.²² WTO panels and the Appellate Body found aspects of both prior U.S. FSC provisions to constitute prohibited export subsidies inconsistent with U.S. obligations. After adoption of the second panel and Appellate Body reports, the EU sought and obtained WTO authorization to impose retaliatory tariffs on certain U.S. exports pending U.S. repeal of the statutory provisions at issue.²³ The retaliatory tariffs were imposed in

¹⁷ EC, "EU Resumes WTO Case Against Boeing," IP/05/638, May 31, 2005.

¹⁸ European Commission, *General Overview of Active WTO Dispute Settlement Cases Involving the EC as Complainant or Defendant and of Active Cases Under the Trade Barriers Regulation*, Feb. 17, 2006, p. 18; and USTR, *2006 Trade Policy Agenda and 2005 Annual Report*, Mar. 1, 2006, p. 96.

¹⁹ *Ibid.*, and WTO, *News*, "The DSB Establishes Panel in Reference to Aircraft Subsidy Dispute," Feb. 17, 2006.

²⁰ USTR, "United States Files Additional Consultation Request in Airbus WTO Litigation," press release, Feb. 2, 2006.

²¹ *Ibid.* The United States requested establishment of a dispute-settlement panel on Apr. 21, 2006, and on May 9, 2006, the panel was established. The United States also requested that this second panel be merged with the first panel established July 20, 2005. WTO, *News*, "Dispute Settlement Body, 9 May 2006, DSB Establishes a Panel in Reference to EC's Measures Concerning Civil Aircraft," May 9, 2006.

²² For more information on the history of this series of disputes, see USITC, *The Year in Trade 2004*, pp. 5-2 to 5-3, and prior reports in this series.

²³ In May 2003, the DSB authorized the EU to impose up to 100 percent ad valorem duties on imports of certain U.S. goods to a maximum amount of \$4.043 billion per year. WTO, *News*, "Dispute Settlement Body, 7 May 2003, EU Granted Permission to Apply US \$4 Billion Sanctions against US in Foreign Sales Corporation Case but Delays Application," May 7, 2003. In March 2004, the EU imposed retaliatory measures in the form of a 5 percent ad valorem tariff on imports of certain goods, with such tariff to rise by 1 percentage point each month while the U.S. tax measures remained in place. The tariff reached 14 percent *ad valorem* in December 2004, but was terminated at the end of that month when the U.S. replacement provisions enacted October 2004 became effective. See "Council Regulation (EC) No. 2193/2003 of 8 December 2003 Establishing Additional Customs Duties on Imports of Certain Products Originating in the United States of America," *Official Journal* No. L 328 (Dec. 17, 2003).

March 2004 and were terminated at the end of 2004, when the new U.S. legislation took effect.²⁴

The U.S. replacement legislation was signed into law on October 22, 2004.²⁵ On November 5, 2004, the EU requested WTO consultations with the United States to examine WTO compliance of the new legislation.²⁶ At issue were transition and grandfathering provisions in the new U.S. law.²⁷ After consultations failed to resolve the dispute, the EU requested establishment of a dispute settlement panel, and a panel was established on February 17, 2005. The panel released its report on September 30, 2005, and found that the new legislation also was inconsistent with U.S. obligations.²⁸ The United States appealed the panel's decision on November 14, and the Appellate Body reached a conclusion similar to that of the panel on February 13, 2006.²⁹

Canada

Canada is the largest single U.S. trading partner, with two-way merchandise trade valued in excess of \$1 billion per day. U.S. two-way trade with Canada was valued at \$470.8 billion in 2005, up from \$418.8 billion in 2004, and \$372.8 billion in 2003. U.S. exports of goods to Canada increased to \$183.2 billion in 2005, up 12.3 percent from 2004. U.S. imports from Canada increased to \$287.5 billion in 2005, up 12.5 percent from 2004. The U.S. trade deficit with Canada increased to \$104.3 billion in 2005, a 12.8 percent increase from 2004. Manufactured products figured prominently in U.S.-Canada two-way trade. Leading U.S. exports to Canada during the year included major motor vehicle products, such as piston engines, and parts and accessories of bodies for motor vehicles. Leading U.S. imports from Canada included passenger motor vehicles, natural gas, and crude petroleum. U.S.-Canadian merchandise trade data are shown in appendix tables A-25 through A-27.

U.S.-Canadian trade relations are governed in large part by NAFTA, which provides duty-free status for substantially all bilaterally traded goods originating in the United States and Canada, and underlying WTO obligations.³⁰ Major trade-related issues in 2005 between the United States and Canada included a number of trade disputes that were the subject of several WTO and NAFTA dispute settlement proceedings. The major procedural developments in each of these cases are listed in tables A-20 and A-21. Several cases relate to U.S. countervailing duty and antidumping duty orders on imports of Canadian softwood

²⁴ "Council Regulation (EC) No 171/2005 of 31 January 2005 Amending and Suspending the Application of Regulation (EC) No. 2193/2003 Establishing Additional Customs Duties on Imports of Certain Products Originating in the United States of America," *Official Journal* No. L 28 (Feb. 2, 2005).

²⁵ The legislation was contained in the American Jobs Creation Act of 2004 (Jobs Act), which repealed the FSC/extraterritorial income (ETI) tax regime. Public Law 108-357.

²⁶ WTO, "United States—Tax Treatment for 'Foreign Sales Corporations,' Second Recourse by the European Communities to Article 21.5 of the DSU, Request for Consultations," WT/DS108/27, Nov. 10, 2004.

²⁷ WTO, "United States—Tax Treatment for 'Foreign Sales Corporations,' Second Recourse to Article 21.5 of the DSU by the European Communities, Request for the Establishment of a Panel," WT/DS108/29, Jan. 14, 2005.

²⁸ WTO, "United States—Tax Treatment for 'Foreign Sales Corporations,' Second Recourse to Article 21.5 of the DSU by the European Communities, Report of the Panel," WT/DS108/RW2, Sept. 30, 2005.

²⁹ WTO, "United States—Tax Treatment for 'Foreign Sales Corporations,' Second Recourse to Article 21.5 of the DSU by the European Communities, Report of the Appellate Body," WT/DS108/AB/RW2, Feb. 13, 2006.

³⁰ NAFTA is discussed in more detail in chapter 4 of this report. Bilateral U.S. trade relations with Mexico, the third NAFTA partner, are discussed below.

lumber, and U.S. and Canadian measures affecting trade in grain products. Recent developments concerning these issues are summarized below.

Canada is the largest export market for U.S. food and agricultural products. The United States and Canada held several meetings of the U.S.-Canada Consultative Committee and the Province/State Advisory Group, to discuss items of mutual interest concerning grain, seed, plants, vegetables and fruits, livestock, processed foods, and pesticide and animal drug regulation. These two groups were established as a result of the 1998 U.S.-Canada Record of Understanding on Agricultural Matters, and are scheduled to continue consultations in 2006 regarding bulk restrictions.³¹

Softwood Lumber

U.S. countervailing duty and antidumping duty orders on Canadian softwood lumber were the subject of a number of ongoing dispute settlement cases during 2005 under the WTO dispute settlement process (see table A-20) and under the NAFTA Chapter 19 binational dispute mechanism (see table A-21), and also were the subject of a number of appeals in the U.S. courts. The U.S. Department of Commerce (“Commerce”) issued the orders in 2002 after it found that imports of softwood lumber from Canada were both sold at less than fair value as well as subsidized by the Government of Canada,³² and the Commission made an affirmative injury determination.³³ Canada separately challenged before WTO and NAFTA panels (1) Commerce’s antidumping duty finding, (2) Commerce’s subsidy finding, and (3) the Commission’s injury determination. Recent developments in six of the cases that developed from these original challenges and were ongoing in 2005 are summarized below.

WTO Antidumping Determination

This case concerns Canada’s challenge under the WTO dispute settlement process of Commerce’s final affirmative antidumping duty determination. Canada requested WTO dispute consultations with the United States in September 2002. When the consultations did not resolve the dispute, Canada requested the establishment of a panel to review the matter. A panel was established and the panel issued a report;³⁴ the panel report was appealed to the WTO Appellate Body, and in August 2004 the panel report was adopted, as amended by the Appellate Body.³⁵ On December 6, 2004, Canada and the United States notified the DSB that

³¹ USTR, *2006 Trade Policy Agenda and 2005 Annual Report*, p. 133.

³² *Notice of Amended Final Determination of Sales at Less than Fair Value and Antidumping Duty Order: Certain Softwood Lumber Products from Canada*, Case No. A-122-838, 67 FR 36068, May 22, 2002; *Notice of Amended Final Affirmative Countervailing Duty Determination and Notice of Countervailing Duty Order: Certain Softwood Lumber Products from Canada*, Case No. C-122-839, 67 FR 36070, May 22, 2002.

³³ USITC, *Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Final), publication 3509, May 2002.

³⁴ The panel found Commerce’s determination consistent in part, and inconsistent in part, with U.S. obligations under the WTO agreements. WTO, “United States—Final Dumping Determination on Softwood Lumber from Canada—Report of the Panel,” WT/DS264/R, Apr. 13, 2004, and “Dispute DS 264: Summary of the Dispute to Date,” http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds264_e.htm.

³⁵ The Appellate Body issued its report on Aug. 11, 2004. The panel report was adopted, as amended by the Appellate Body report on Aug. 31, 2004. WTO, “United States—Final Dumping Determination on Softwood Lumber from Canada—Report of the Panel,” WT/DS264/R, Apr. 13, 2004; “United States—Final Dumping Determination on Softwood Lumber from Canada—Notification of an Appeal by the United States under paragraph 4 of Article 16 of the Understanding on Rules and Procedures Governing the Settlement of

(continued...)

they had reached agreement on the reasonable period of time for compliance to be 7-1/2 months, that is, by April 15, 2005.³⁶

On May 19, 2005, the United States reported to the DSB that it had implemented the panel and Appellate Body reports. On May 20, 2005, Canada requested establishment of a panel under Dispute Settlement Understanding (DSU) Article 21.5 to examine U.S. implementation of the DSB recommendations and rulings; Canada also requested authorization to suspend concessions or other obligations under the DSU in retaliation for alleged U.S. failure to implement the DSB recommendations and rulings, to which the United States objected.³⁷ Accordingly, the latter issue was referred to arbitration.³⁸

On September 20, 2005, the DSB notified the parties that the Article 21.5 panel would be unable to deliver its report within the standard time period because of the withdrawal of the panel chairman and the complexity of the case. The Article 21.5 panel issued its report on April 3, 2006, rejecting Canada's claim.³⁹

WTO Countervailing Duty Determination

This case concerns Canada's challenge under the WTO dispute settlement process of Commerce's final affirmative countervailing duty determination. Canada requested WTO dispute settlement consultations in May 2002, and when the consultations did not resolve the dispute, Canada requested the establishment of a panel. A panel was established and the panel issued a report in August 2003, and the report was subsequently appealed to the Appellate Body. The panel report, as amended by the Appellate Body, was adopted in February 2004.⁴⁰

³⁵ (...continued)

Disputes (DSU)," WT/DS264/6, May 18, 2004; and "United States—Final Dumping Determination on Softwood Lumber from Canada—Report of the Appellate Body," WT/DS264/AB/R, Aug. 11, 2004.

³⁶ WTO, "United States—Final Dumping Determination on Softwood Lumber from Canada—Agreement under Article 21.3(b) of the DSU," WT/DS264/12, Dec. 8, 2004.

³⁷ WTO, "United States—Final Dumping Determination on Softwood Lumber from Canada—Understanding between Canada and the United States Regarding Procedures under Articles 21 and 22 of the DSU," WT/DS264/18, May 30, 2005.

³⁸ WTO, "United States—Final Dumping Determination on Softwood Lumber from Canada—Request by the United States for Arbitration under Article 22.6 of the DSU," WT/DS264/19, June 1, 2005.

³⁹ WTO, "United States—Final Dumping Determination on Softwood Lumber from Canada—Recourse to Article 21.5 of the DSU by Canada—Communication from the Chairman of the Panel," WT/DS264/24, Sept. 20, 2005, and "United States—Final Dumping Determination on Softwood Lumber from Canada—Recourse to Article 21.5 of the DSU by Canada—Report of the Panel," WT/DS264/RW, Apr. 3, 2006, and "Dispute DS264: Summary of the Dispute to Date."

⁴⁰ In its August 2003 report, the panel found Commerce's determination consistent in part, and inconsistent in part, with U.S. obligations under the WTO agreements. The Appellate Body issued its report on Jan. 19, 2004. The panel report was adopted on Feb. 17, 2004, as amended by the Appellate Body report upholding in part and reversing in part the panel findings. WTO, "United States—Final Countervailing Duty Determination with Respect to Certain Softwood Lumber from Canada—Report of the Panel" WT/DS257/R, Aug. 29, 2003; "United States—Final Countervailing Duty Determination with Respect to Certain Softwood Lumber from Canada—Notification of an Appeal by the United States under paragraph 4 of Article 16 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU)," WT/DS257/8, Oct. 24, 2003; "United States—Final Countervailing Duty Determination with Respect to Certain Softwood Lumber from Canada—Report of the Appellate Body," WT/DS257/AB/R, Jan. 19, 2004; and "United States—Final Countervailing Duty Determination with Respect to Certain Softwood Lumber from Canada—Appellate Body Report and Panel Report—Action by the Dispute Settlement Body," WT/DS257/11, Feb. 23, 2004.

On April 28, 2004, Canada and the United States notified the DSB that they had reached agreement on the reasonable period of time for implementation of the panel's recommendations, to be completed by December 17, 2004. The United States reported that it had implemented the DSB's recommendations and rulings. On December 30, 2004, Canada requested establishment of a panel under DSU Article 21.5 to examine U.S. implementation of the DSB recommendations and rulings. Canada also requested authorization to suspend concessions or other obligations under the DSU in retaliation for alleged U.S. failure to implement the DSB recommendations and rulings, to which the United States objected.⁴¹

The Article 21.5 panel issued its report on August 1, 2005, finding U.S. measures still in part inconsistent with U.S. obligations under the WTO agreements.⁴² The report subsequently was appealed to the Appellate Body by the United States. On December 22, 2005, the DSB adopted the panel report, as amended by the Appellate Body report.⁴³

WTO Threat of Material Injury Determination

This case concerns Canada's challenge under the WTO dispute settlement process of the Commission's affirmative determination that a U.S. industry is threatened with material injury by reason of imports of Canadian softwood lumber that Commerce determined are being subsidized as well as sold in the United States at less than fair value. Canada requested WTO dispute settlement consultations with the United States in December 2002,⁴⁴ and when the consultations did not resolve the dispute, requested establishment of a panel. A panel was established and it issued a report;⁴⁵ the DSB adopted the report on April 26, 2004.⁴⁶ On October 1, 2004, Canada and the United States notified the DSB that they had reached agreement on the reasonable period of time for implementation, by January 26, 2005.⁴⁷

On January 25, 2005, the United States reported to the DSB that it had implemented the DSB's recommendations and rulings.⁴⁸ Canada requested establishment of a panel under

⁴¹ WTO, "United States—Final Countervailing Duty Determination with Respect to Certain Softwood Lumber from Canada—Recourse by Canada to Article 21.5 of the DSU—Constitution of the Panel—Note by the Secretariat," WT/DS257/19, Feb. 14, 2005.

⁴² WTO, "United States—Final Countervailing Duty Determination with Respect to Certain Softwood Lumber from Canada—Recourse by Canada to Article 21.5 (DS257)—Report of the Panel," WT/DS257/RW, Aug. 1, 2005.

⁴³ WTO, "United States—Final Countervailing Duty Determination With Respect to Certain Softwood Lumber from Canada—Appellate Body Report and Panel Report pursuant to Article 21.5 of the DSU—Action by the Dispute Settlement Body," WT/DS257/25, Dec. 22, 2005.

⁴⁴ WTO, "United States—Investigation of the International Trade Commission in Softwood Lumber from Canada—Request for Consultations by Canada," WT/DS277/1, G/L/598, G/ADP/D45/1, G/SCM/D51/1, Jan. 7, 2003.

⁴⁵ WTO, "United States—Investigation of the International Trade Commission in Softwood Lumber from Canada—Report of the Panel," WT/DS277/R, Mar. 22, 2004.

⁴⁶ The panel found that the threat of material injury determination regarding imports of softwood lumber from Canada was not consistent with U.S. obligations under the WTO agreements. WTO, "United States—Investigation of the International Trade Commission in Softwood Lumber from Canada—Panel Report—Action by the Dispute Settlement Body," WT/DS277/5, Apr. 28, 2004.

⁴⁷ WTO, "United States—Investigation of the International Trade Commission in Softwood Lumber from Canada—Agreement under Article 21.3(b) of the DSU," WT/DS277/7, Oct. 4, 2004.

⁴⁸ Following the DSB's adoption of the original panel report, the United States came into compliance with its obligations under the covered agreements through a new proceeding by the Commission (known as the "section 129 proceeding"). After conducting its analysis in this proceeding, the Commission, on Nov. 24, 2004, issued its Section 129 Determination, which found that an industry in the United States is threatened with

(continued...)

Article 21.5 to examine U.S. implementation of the DSB's recommendations and rulings,⁴⁹ and requested authorization to suspend concessions or other obligations to the United States in retaliation.⁵⁰ On November 15, 2005, the Article 21.5 panel issued its report,⁵¹ which affirmed that the United States had brought its measure into compliance with its obligations. The panel report was appealed by Canada to the Appellate Body in January 2006.

NAFTA Antidumping Determination

This case concerns a challenge brought under the NAFTA binational dispute mechanism of Commerce's affirmative antidumping duty determination. Canadian parties sought the NAFTA panel review in 2002. The panel reviewing Commerce's antidumping duty determination and subsequent remand determinations issued a series of decisions in 2003 and 2004 affirming in part and remanding in part each Commerce determination.⁵²

The binational panel issued its third decision in the proceeding on June 9, 2005.⁵³ Commerce issued its third remand redetermination of the binational panel review on July 11, 2005.⁵⁴ A panel decision on Commerce's third remand determination is pending.

⁴⁸ (...continued)

material injury by reason of dumped and subsidized imports of softwood lumber from Canada.

⁴⁹ WTO, "United States—Investigation of the International Trade Commission in Softwood Lumber from Canada—Recourse to Article 21.5 of the DSU by Canada—Request for the Establishment of a Panel," WT/DS277/8, Feb. 15, 2005.

⁵⁰ WTO, "United States—Investigation of the International Trade Commission in Softwood Lumber from Canada—Recourse to Article 22.2 of the DSU by Canada," WT/DS277/9, Feb. 15, 2005.

⁵¹ WTO, "United States—Investigation of the International Trade Commission in Softwood Lumber from Canada—Recourse to Article 21.5 of the DSU by Canada—Report of the Panel," WT/DS277/RW, Nov. 15, 2005. On Jan. 13, 2006, Canada notified its appeal of the panel's report. See WTO, "United States—Investigation of the International Trade Commission in Softwood Lumber from Canada—Recourse to Article 21.5 of the DSU by Canada—Notification of an Appeal by Canada under Article 16.4 and Article 17 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), and under Rule 20(1) of the Working Procedures for Appellate Review," WT/DS277/16, Jan. 17, 2006. On Apr. 13, 2006, the Appellate Body issued its report. See WTO, "United States—Investigation of the International Trade Commission in Softwood Lumber from Canada Recourse to Article 21.5 of the DSU by Canada—Report of the Appellate Body," WT/DS277/AB/RW, Apr. 13, 2006.

⁵² NAFTA Secretariat, "Article 1904 Binational Panel Review Pursuant to the North American Free Trade Agreement in the Matter of Certain Softwood Lumber Products from Canada—Final Affirmative Antidumping Determination—Decision of the Panel," USA-CDA-2002-1904-02, July 17, 2003. U.S. Department of Commerce, ITA, Import Administration, "Remand Redeterminations," "Remand Redetermination in the Matter of Sales at Less Than Fair Value of Certain Softwood Lumber from Canada," Sec. file USA-CDA-2002-1904-02, NAFTA Binational Panel Review, Oct. 16, 2003. NAFTA Secretariat, "Article 1904 Binational Panel Review Pursuant to the North American Free Trade Agreement in the Matter of Certain Softwood Lumber Products from Canada—Final Affirmative Antidumping Determination—Decision of the Panel Respecting Remand Redetermination," USA-CDA-2002-1904-02, Mar. 5, 2004. U.S. Department of Commerce, ITA, Import Administration website, "Remand Redeterminations," "Remand Redetermination in the Matter of Sales at Less Than Fair Value of Certain Softwood Lumber from Canada." Sec. file USA-CDA-2002-1904-02, NAFTA Binational Panel Review, Apr. 21, 2004.

⁵³ NAFTA Secretariat, "Article 1904 Binational Panel Review Pursuant to the North American Free Trade Agreement in the Matter of Certain Softwood Lumber Products from Canada—Final Affirmative Antidumping Determination—Decision of the Panel Following Remand," USA-CDA-2002-1904-02, June 9, 2005.

⁵⁴ Commerce recalculated the antidumping duty margins for all companies as well as the "all others" rate, yielding weighted-average percentage dumping margins for the period Apr. 1, 2000, through Mar. 31, 2001, ranging from 3.19 to 17.59 percent. U.S. Department of Commerce, ITA, Import Administration, "Remand Redeterminations," "Remand Redetermination in the Matter of Sales at Less Than Fair Value of Certain Softwood Lumber from Canada," USA-CDA-2002-1904-02, NAFTA Binational Panel Review, July 11, 2005.

NAFTA Countervailing Duty Determination

This case concerns a challenge brought under the NAFTA binational dispute mechanism of Commerce's affirmative countervailing duty determination. Canadian parties sought the review in 2002. The panel reviewing Commerce's CVD determination and subsequent remand determinations issued a series of decisions in 2003 and 2004, affirming in part and remanding in part each Commerce determination.⁵⁵

The binational panel issued its third decision in this proceeding on December 1, 2004.⁵⁶ In response, Commerce filed its third remand determination with the panel on January 24, 2005.⁵⁷ During 2005, the panel reviewed and remanded in part each of Commerce's third and fourth remand determinations.⁵⁸ Commerce filed its fifth remand determination with the panel on November 22, 2005, implementing the panel's instructions with respect to log seller profit.⁵⁹

⁵⁵ NAFTA Secretariat, "Article 1904 Binational Panel Review Under the North American Free Trade Agreement in the Matter of Certain Softwood Lumber Products from Canada—Final Affirmative Countervailing Duty Determination—Decision of the Panel," USA-CDA-2002-1904-03, Aug. 13, 2003. U.S. Department of Commerce, ITA, "Remand Redeterminations," "Remand Determination in the Matter of Certain Softwood Lumber from Canada—Final Affirmative Countervailing Duty Determination," file no. USA-CDA-2002-1904-03, NAFTA Binational Panel Review, Jan. 12, 2004. NAFTA Secretariat, "Article 1904 Binational Panel Review under the North American Free Trade Agreement in the Matter of Certain Softwood Lumber Products from Canada—Final Affirmative Countervailing Duty Determination—Decision of the Panel," file USA-CDA-2002-1904-03, June 7, 2004. U.S. Department of Commerce, ITA, Import Administration website, "Remand Redeterminations," "Second Remand Determination in the Matter of Certain Softwood Lumber from Canada—Final Affirmative Countervailing Duty Determination," USA-CDA-2002-1904-03, NAFTA Binational Panel Review, July 30, 2004.

⁵⁶ NAFTA Secretariat, "Article 1904 Binational Panel Review Under the North American Free Trade Agreement in the Matter of Certain Softwood Lumber Products from Canada—Final Affirmative Countervailing Duty Determination—Decision of the Panel on Second Remand," file USA-CDA-2002-1904-03, Dec. 1, 2004.

⁵⁷ U.S. Department of Commerce, ITA, Import Administration, "Remand Redeterminations," "Third Remand Determination in the Matter of Certain Softwood Lumber from Canada—Final Affirmative Countervailing Duty Determination," Sec. file no. USA-CDA-2002-1904-03, NAFTA Binational Panel Review, Jan. 24, 2005.

⁵⁸ NAFTA Secretariat, "Article 1904 Binational Panel Review Under the North American Free Trade Agreement in the Matter of Certain Softwood Lumber Products from Canada—Final Affirmative Countervailing Duty Determination—Decision of the Panel on Third Remand," file USA-CDA-2002-1904-03, May 23, 2005. U.S. Department of Commerce, ITA, Import Administration, "Remand Redeterminations," "Fourth Remand Determination in the Matter of Certain Softwood Lumber from Canada—Final Affirmative Countervailing Duty Determination," Sec. file no. USA-CDA-2002-1904-03, NAFTA Binational Panel Review, July 7, 2005. NAFTA Secretariat, "Article 1904 Binational Panel Review Under the North American Free Trade Agreement in the Matter of Certain Softwood Lumber Products from Canada—Final Affirmative Countervailing Duty Determination—Decision of the Panel on the Fourth Remand Determination," file USA-CDA-2002-1904-03, Oct. 5, 2005.

⁵⁹ In its filing, Commerce calculated a *de minimis* subsidy rate of 0.80 percent countrywide. U.S. Department of Commerce, "U.S. Response to NAFTA Panel Decision: Fifth Remand Determination Countervailing Duty Investigation on Softwood Lumber from Canada," Nov. 22, 2005. On Mar. 17, 2006, the binational panel reviewing Commerce's countervailing duty determination issued its decision on the fifth remand determination unanimously affirming Commerce's fifth determination on remand. See NAFTA Secretariat, "Article 1904 Binational Panel Review Under the North American Free Trade Agreement in the Matter of Certain Softwood Lumber Products from Canada—Final Affirmative Countervailing Duty Determination—Decision of the Panel on the Fifth Remand Determination," file USA-CDA-2002-1904-03, Mar. 17, 2006.

NAFTA Threat of Material Injury Determination

This case concerns challenges under the NAFTA binational dispute mechanism of the Commission's original threat of material injury determination in 2002. Canadian parties sought the review in 2002. In 2003 and 2004, the panel affirmed in part and remanded in part the Commission's original affirmative determination and subsequent first remand determination.⁶⁰ In response to the panel's second decision, on June 10, 2004, the Commission issued a second remand determination, again making an affirmative threat of material injury determination.⁶¹

In its August 31, 2004, decision, the panel remanded the case to the Commission "for the Commission to make a determination consistent with the decision of this Panel that the evidence on the record does not support a finding of threat of material injury."⁶² On September 10, 2004, the Commission majority, recognizing that the "Panel's Decision and Order can only be seen as a reversal of the Commission's affirmative determination of threat of material injury," issued "a determination, consistent with the Panel's decision, that the U.S. softwood lumber industry is not threatened with material injury by reason of subject imports from Canada."⁶³ The panel upheld the Commission's third remand determination and issued notice of final panel action in October 2004.⁶⁴

The United States requested an Extraordinary Challenge Committee (ECC) on November 24, 2004, pursuant to Article 1904.13 and Annex 1904.13 of NAFTA to review issues raised by the Chapter 19 binational panel in this proceeding.⁶⁵ On August 10, 2005, the ECC unanimously affirmed the decision of the binational panel.⁶⁶

⁶⁰ NAFTA Secretariat, "Article 1904 Binational Panel Review Pursuant to the North American Free Trade Agreement in the Matter of Certain Softwood Lumber Products from Canada—Final Affirmative Threat of Material Injury Determination—Decision of the Panel," Sec. file USA-CDA-2002-1904-07, Sept. 5, 2003. See *Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), publication 3658, Dec. 2003. NAFTA Secretariat, "Article 1904 Binational Panel Review Pursuant to the North American Free Trade Agreement in the Matter of Certain Softwood Lumber Products from Canada—Final Affirmative Threat of Injury Determination—Remand Decision of the Panel," Sec. file USA-CDA-2002-1904-07, Apr. 19, 2004 (issued April 29, 2004).

⁶¹ USITC, *Softwood Lumber From Canada (Views on Remand) (Second Remand)*, Inv. Nos. 701-TA-414 and 731-TA-928 (Final), publication 3715, June 2004.

⁶² NAFTA Secretariat, "Article 1904 Binational Panel Review Pursuant to the North American Free Trade Agreement in the Matter of Certain Softwood Lumber Products from Canada—Final Affirmative Threat of Injury Determination—Second Remand Decision of the Panel," Sec. file USA-CDA-2002-1904-07, Aug. 31, 2004.

⁶³ USITC, *Softwood Lumber From Canada (Views on Remand) (Third Remand)* [sic], Inv. Nos. 701-TA-414 and 731-TA-928 (Final), publication 3815, September 2004. Chairman Koplán dissented from the majority determination and reaffirmed his prior affirmative threat determination. See Dissenting Views of Chairman Koplán.

⁶⁴ NAFTA Secretariat, "Status Report of Panel Proceedings—Completed NAFTA Panel Reviews," USA-CDA-2002-1904-07, "Certain Softwood Lumber Products from Canada—USITC Final Injury Determination."

⁶⁵ See Active Extraordinary Challenge Committee Proceedings, NAFTA Secretariat, http://www.nafta-sec-alena.org/DefaultSite/index_e.aspx?DetailID=11#ecc200401.

⁶⁶ NAFTA Secretariat, "Article 1904 Extraordinary Challenge Pursuant to the North American Free Trade Agreement in the Matter of Certain Softwood Lumber Products from Canada—Opinion and Order of the Extraordinary Challenge Committee," Sec. file ECC-2004-1904-01USA, Aug. 10, 2005.

Grains

WTO Dispute over Canadian Wheat Board and Treatment of Imported Grain

The Canadian Wheat Board (CWB) operates as a state trading enterprise with government-sanctioned authorities that the United States believes restricts competition.⁶⁷ In 2003, the United States requested a WTO dispute settlement panel to examine Canadian measures relating to exports of wheat and the treatment of imported grain as handled by the CWB, including claims related to access for U.S. exports of grain to Canada's rail transportation system.⁶⁸

In April 2004, the WTO panel issued its report which found that the United States failed to establish a number of its claims but that related Canadian legislation was also inconsistent with its WTO obligations.⁶⁹ In June 2004, the United States notified the WTO that it would appeal certain issues of law and legal interpretation in the panel report. The WTO Appellate Body issued its report in August 2004, upholding the panel report conclusions.⁷⁰ The panel report, as amended by the Appellate Body, was adopted in September 2004. In November 2004, the United States and Canada agreed on a time period in which to bring into compliance those regulations found to be inconsistent with Canada's WTO obligations.⁷¹ In August 2005, Canada reported to the WTO that new legislation effective on August 1, 2005 brought Canada into compliance with its WTO obligations.⁷²

Canadian Complaint Regarding Imports of Unprocessed U.S. Grain Corn

On September 16, 2005, the Canadian International Trade Tribunal (CITT) and the Canada Border Services Agency (CBSA) instituted an investigation into alleged dumping and subsidization of U.S. grain corn exports to Canada, following a petition filed by the Canadian Corn Growers.⁷³ On November 15, 2005, the CITT made a preliminary injury finding that imports of unprocessed U.S. grain corn are injuring Canadian growers.⁷⁴ The CITT preliminary finding authorized provisional antidumping duties of US\$0.58 per bushel

⁶⁷ U.S. Department of State telegram, "2004 National Trade Estimate Report—Canada," message reference No. 3698, prepared by the U.S. Embassy, Ottawa, Dec. 24, 2003.

⁶⁸ For further detail, see USITC, *The Year in Trade 2001: OTAP*, publication 3510, May 2002, pp. 4-14 to 4-15.

⁶⁹ WTO, "WT/DS276—Canada—Measures Relating to Exports of Wheat and Treatment of Imported Grain Complaint by the United States," Update of WTO Dispute Settlement Cases, WT/DS/OV/22, Oct. 14, 2004. For further detail, see USITC, *The Year in Trade, 2001*, p. 5-11.

⁷⁰ WTO, "WT/DS276—Canada—Measures Relating to Exports of Wheat and Treatment of Imported Grain Complaint by the United States," Update of WTO Dispute Settlement Cases, WT/DS/OV/22, Oct. 14, 2004. For further detail, see USITC, *The Year in Trade, 2001*, p. 5-11.

⁷¹ USTR, *2006 Trade Policy Agenda and 2005 Annual Report*.

⁷² On May 19, 2005, Canada passed "An Act to Amend the Canada Grain Act and The Canada Transportation Act," which amends the Canada Transportation Act to extend the railway revenue cap to imported grain; changes the Canada Grain Regulations to remove the requirement that elevator operators must seek Canadian Grain Commission permission to mix grain; and substitutes a new regulation that requires elevator operators to notify the Canadian Grain Commission of the origin of all grain. This legislation and associated regulatory changes entered into force on Aug. 1, 2005. See WTO, "Canada—Measures Relating to Exports of Wheat and Treatment of Imported Grain—Status Report by Canada—Addendum," WT/DS276/20/Add.3, Aug. 19, 2005.

⁷³ USTR, *2006 Trade Policy Agenda and 2005 Annual Report*.

⁷⁴ CBSA announced its final determination on Mar. 15, 2006 that final combined duties of 44 percent will be imposed should CITT make an affirmative final injury determination in April 2006. CITT, "Inquiries (Section 42)—Findings and Reasons—Unprocessed Grain Corn," Inquiry No. NQ-2005-001, Apr. 18, 2006.

and provisional countervailing duties of US\$1.07 per bushel from December 15, 2005.⁷⁵ The CITT issued a negative final injury determination on April 18, 2006.⁷⁶

NAFTA Panel Review of U.S. Determinations Concerning Hard Red Spring Wheat

This case concerns challenges under the NAFTA Chapter 19 binational dispute mechanism of U.S. antidumping duty and countervailing duty orders issued by Commerce in October 2003 on imports of hard red spring wheat from Canada and the Commission's related injury determination.⁷⁷ Canada separately challenged before NAFTA panels (1) Commerce's antidumping finding, (2) Commerce's subsidy finding, and (3) the Commission's injury determination.

On March 10, 2005, a binational panel issued its decision concerning a review of Commerce's final affirmative countervailing duty determination in the matter of certain hard red spring wheat from Canada. The panel upheld Commerce's findings and determinations regarding the provision of government-owned and leased railcars, but remanded to Commerce its findings and determinations regarding the financial risk coverage program.⁷⁸

The binational panel reviewing the Commission's injury determination heard oral arguments on March 9, 2005 and, on June 7, 2005, issued a decision remanding the Commission's original affirmative injury determination. On October 5, 2005, the Commission issued a determination that the domestic industry was not injured by reason of the subject imports. The binational panel issued its decision on December 12, 2005, affirming the Commission's remand determination.⁷⁹

⁷⁵ USTR, "United States Requests WTO Consultations with Canada Over Duties on Grain Corn," Mar. 17, 2006, press release.

⁷⁶ CITT found that imports of unprocessed U.S. grain corn had not caused and were not threatening to cause injury to the domestic Canadian industry. CITT, "Inquiries (Section 42)—Findings and Reasons—Unprocessed Grain Corn," Inquiry No. NQ-2005-001, Apr. 18, 2006.

⁷⁷ In June 2004, Canada also requested the WTO Dispute Settlement Body to establish a dispute panel to examine aspects of the U.S. investigation and determination regarding hard red spring wheat from Canada. The United States responded to the DSB that Canada's claims lacked merit and the DSB agreed to take up the matter at its next meeting. In July 2004, Canada requested the DSB to withdraw the request for the establishment of a panel but reserved its right to make a second request at a future time. See WTO, DSB, "United States—Determination of the International Trade Commission in Hard Red Spring Wheat from Canada—Request for the Establishment of a Panel by Canada," WT/DS310/2, June 11, 2004; WTO, DSB, "Removal of Panel Request from the Agenda," *WTO News: 2004 News Items—Dispute Settlement Body*, July 20, 2004.

⁷⁸ NAFTA Secretariat, "Article 1904 Binational Panel Review under the North American Free Trade Agreement in the Matter of Certain Durum Wheat and Hard Red Spring Wheat from Canada, Final Affirmative Countervailing Duty Determinations—Decision of the Panel Reviewing the Final Determinations of the ITA, U.S. Department of Commerce," USA-CDA-2003-1904-05, Mar. 10, 2005.

⁷⁹ NAFTA Secretariat, "Article 1904 Binational Panel Review Pursuant to the North American Free Trade Agreement in the Matter of Hard Red Spring Wheat from Canada—Decision of the Panel on the Remand Determination of the U.S. International Trade Commission," USA-CDA-2003-1904-06, Dec. 12, 2005. Subsequently, the panel reviews involving Commerce's antidumping findings and subsidy findings were terminated.

China

China ranked as the second largest single U.S. trading partner in 2005 (based on two-way trade of exports plus imports) behind Canada and, for the first time, ahead of Mexico. In 2005, total U.S.-China merchandise trade totaled \$281.5 billion, an increase of 23 percent from 2004. U.S. exports of goods to China in 2005 were valued at \$38.9 billion, a 19.2 percent increase from 2004, ranking China as the fourth-largest goods export market for the United States—after Canada, Mexico, and Japan. U.S. imports of goods from China were valued at \$242.6 billion in 2005, an increase of 23.7 percent from 2004, making China the second-largest U.S. import supplier behind Canada. Leading U.S. exports to China during 2005 included aircraft, soybeans, integrated circuits, cotton, waste and scrap, raw hides and skins, and fertilizer. Leading U.S. imports from China included computer parts and accessories; portable automatic data processing machines; transmission apparatus; sound and video recording or reproducing equipment; footwear; and wooden furniture. U.S.-China merchandise trade data are shown in appendix tables A-28 through A-30.

China's compliance with its WTO commitments remained a major focus of the U.S.-China trade relationship in 2005. Many of these issues were addressed during the July 2005 meeting of the U.S.-China Joint Commission on Commerce and Trade (JCCT), a government-to-government consultative mechanism established in 1983 to address bilateral trade issues. Also during 2005, U.S. and Chinese officials held bilateral discussions throughout the year to address global trade imbalances and China's exchange rate regime. These issues are discussed in more detail below. The U.S.-China textile agreement, reached on November 8, 2005, is discussed in chapter 2 of this report in the section "Textile and Apparel Developments in 2005."

U.S. Assessment of China's WTO Compliance in 2005

The year 2005 was the first year following the deadline for China to fully phase in its WTO market access commitments.⁸⁰ USTR is required to report annually to Congress on China's compliance with its WTO commitments. In its 2005 report, USTR reported that China had made important progress in adhering to its WTO obligations, although "there are still serious problems in some important areas."⁸¹ USTR reported that China's policies with respect to IPR enforcement, agriculture, trading rights, services, industrial policies, and transparency were major areas of U.S. concerns.⁸² These topics are discussed below.

Intellectual Property Rights

According to USTR, China's framework of laws, regulations, and implementing rules governing IPR remained "largely satisfactory" during 2005,⁸³ but with some improvements still needed in such areas as internet copyright protection. However, the report stated that counterfeiting and piracy remain very high in China and cause serious economic harm to

⁸⁰ China became the 143rd member of the WTO in November 2001. Most of the key tariff and market access commitments China made as part of its WTO accession were scheduled to be fully phased in by Dec. 11, 2004.

⁸¹ USTR, *2005 Report to Congress on China's WTO Compliance*, Dec. 11, 2005, pp. 3-4.

⁸² *Ibid.*, pp. 5-8.

⁸³ *Ibid.*, p. 63.

U.S. businesses in virtually every sector of the economy.⁸⁴ The report found that IPR enforcement in China “remained largely ineffective in 2005,”⁸⁵ and attributed this to “local protectionism and corruption, institutional deficiencies, weak administrative enforcement, high thresholds for criminal prosecution, and lack of training and weak punishments.”⁸⁶ A U.S. State Department report identified IPR enforcement in China as the main trade-related complaint of U.S. companies doing business in China.⁸⁷ Similarly, a 2005 white paper issued jointly by the American Chamber of Commerce in China and the American Chamber of Commerce in Shanghai reported that 80 percent of 331 American companies surveyed described China’s IPR protection as “ineffective” or “totally ineffective.”⁸⁸ One U.S. private sector report estimated U.S. trade losses due to copyright piracy in China at \$2.4 billion in 2005.⁸⁹

On April 29, 2005, USTR announced the results of an out-of-cycle review of China’s IPR policies under the 2005 annual special 301 provisions of U.S. trade law. That review found that piracy and counterfeiting rates remained at very high levels because of ineffective IPR enforcement in China. As a result, USTR elevated China to the special 301 priority watch list.⁹⁰

During the July 2005 Joint Commission meeting, China agreed to undertake a number of specific actions to improve IPR enforcement, including—

- increase criminal prosecutions of IPR violators;
- improve enforcement at the border to reduce exports of infringing goods;
- improve national policy coordination of all IPR criminal enforcement;
- work with the United States to establish a bilateral IPR law enforcement working group;
- address piracy of movies and audio-visual products;
- ensure use of legal software in the state-owned sector, and fight software end-use piracy;
- rid trade fairs of counterfeit products;
- promise to join global internet treaties in 2006; and
- establish IPR ombudsman at China’s embassy in Washington, D.C. to assist small- and medium-sized U.S. companies experiencing IPR problems in China.⁹¹

In its 2005 Report to Congress, USTR reported that China had taken several steps to implement these commitments,⁹² but also stated that “lack of transparency on IPR

⁸⁴ Ibid., p. 5.

⁸⁵ Ibid.

⁸⁶ Ibid., p. 70.

⁸⁷ U.S. Department of State telegram, “U.S.-China JCCT IPR Working Group Meetings (November 2005),” message reference No. 003240, prepared by U.S. Embassy, Beijing, Feb. 23, 2006.

⁸⁸ “Remarks by Deputy U.S. Trade Representative Karan K. Bhatia at U.S.-China Business Council Forecast 2006 Conference,” Washington, DC, Jan. 25, 2006.

⁸⁹ International Intellectual Property Alliance, *2006 Special 301 Report: People’s Republic of China (PRC)*, p. 112, <http://www.iipa.com/rbc/2006/2006SPEC301PRC.pdf>.

⁹⁰ Developments with respect to special 301 and the results of the USTR 2005 out-of-cycle review for China are discussed in chapter 2 of this report.

⁹¹ USTR, “Fact Sheet: The U.S.-China Joint Commission on Commerce and Trade (JCCT) Outcomes on Major U.S. Trade Concerns,” July 11, 2005; and U.S. Department of State telegram, “Joint Commission on Commerce and Trade (JCCT): Opening Plenary Session,” message reference No. 011315, prepared by U.S. Embassy, Beijing, July 13, 2005.

⁹² USTR, *2005 Report to Congress on China’s WTO Compliance*, p. 66.

infringement levels and enforcement activities in China has hampered the United States' ability to assess the effectiveness of China's efforts to improve IPR enforcement."⁹³ In October 2005, the United States submitted an information request to China under Article 63.3 of the TRIPS Agreement⁹⁴ seeking detailed data from China on its IPR enforcement efforts over the last four years.⁹⁵

Agriculture

In its 2005 report to Congress, USTR reported that "very limited progress was achieved in 2005" in the agriculture sector. The report also stated that the United States "was less successful" in resolving issues related to nontariff barriers through bilateral negotiations during 2005 than in prior years,⁹⁶ and that selective intervention in the market by China's regulatory authorities remained a key U.S. concern.⁹⁷

U.S. and Chinese regulatory officials reached an agreement to facilitate cooperation on animal and plant health safety issues at the July 2005 JCCT meeting.⁹⁸ According to USTR, China began to apply internationally-accepted guidelines with respect to imports of U.S. poultry during 2005.⁹⁹ Nevertheless, a variety of nontariff barriers continued to impede access for U.S. agricultural exports,¹⁰⁰ such as China's ban on U.S. beef imports because of concerns about BSE.¹⁰¹ During 2005, U.S. officials worked to encourage China to lift its ban of U.S. beef imports.¹⁰² USTR raised U.S. concerns about beef market access at a meeting with Chinese officials in Beijing in early November 2005,¹⁰³ as did President Bush during a summit meeting with China's President Hu in late November 2005.¹⁰⁴ In December 2005, Chinese government officials reported that further consultations on market access for U.S. beef were necessary, and agreed with USDA to create a joint animal and plant health working group to further address Chinese concerns about U.S. beef safety.¹⁰⁵

⁹³ USTR, *U.S.-China Trade Relations: Entering a New Phase of Greater Accountability and Enforcement, Top-to-Bottom Review*, February 2006, p. 14.

⁹⁴ The TRIPS Agreement requires China to implement effective enforcement procedures and to provide civil and criminal remedies that have a deterrent effect. USTR, *2005 Report to Congress on China's WTO Compliance*, p. 70.

⁹⁵ WTO, "Council for Trade-Related Aspects of Intellectual Property Rights—Request for Information Pursuant to Article 63.3 of the TRIPS Agreement—Communication from the United States," Nov. 14, 2005, IP/C/W/461.

⁹⁶ USTR, *2005 Report to Congress on China's WTO Compliance*, p. 54.

⁹⁷ *Ibid.*, p. 7.

⁹⁸ USTR, "Fact Sheet: The U.S.-China Joint Commission on Commerce and Trade (JCCT) Outcomes on Major U.S. Trade Concerns," July 11, 2005.

⁹⁹ *Ibid.*

¹⁰⁰ USTR, *2005 Report to Congress on China's WTO Compliance*, p. 55.

¹⁰¹ China was one of several countries that banned imports of U.S. beef and beef products in December 2003 after a cow of Canadian origin, found in a U.S. herd, was determined to be infected with BSE. The impact of BSE on U.S. trade with selected partners is discussed in chapter 1 of this report.

¹⁰² U.S. Department of State telegram, "U.S.-China Animal Health Bilateral Meeting," message reference No. 018410, prepared by U.S. Embassy, Beijing, Nov. 9, 2005.

¹⁰³ U.S. Department of State telegram, "USTR Portman's Meeting with Commerce Minister Bo," message reference No. 018743, prepared by U.S. Embassy Beijing, Nov. 14, 2005.

¹⁰⁴ George W. Bush, "President's Remarks to the Travel Pool in China," Beijing, China, Nov. 20, 2005.

¹⁰⁵ U.S. Department of State, "MOA Minister Du Qinling Meets USDA Secretary Mike Johanns at WTO Ministerial in Hong Kong," message reference No. 000615, prepared by U.S. Embassy, Beijing, Jan. 11, 2006. At the 17th annual senior-level meeting of JCCT in April 2006, China conditionally agreed to resume imports of U.S. beef. USTR, "United States Welcomes Chinese Action on Key Trade Issues," press release, April 11, 2006.

Trading Rights and Distribution Services

According to USTR, one of the key U.S. trade policy goals in 2005 was to ensure that China fully implemented its WTO commitments on trading rights (i.e., the right to import and export) and distribution services, including wholesaling services, commission agents' services, retail services, and franchising services.¹⁰⁶ U.S. companies reported few problems with the new trading rights registration process China implemented in July 2004.¹⁰⁷ However, China did not implement its trading rights commitment with respect to imports of pharmaceuticals, books, newspapers, and magazines during the year.¹⁰⁸ In addition, USTR reported that "having the right to trade—and, in particular, the right to import—is only meaningful when coupled with the right to distribute goods within China, an area in which China's implementation progress has been slower."¹⁰⁹ USTR also reported concerns with respect to China's implementation of commitments to allow foreign participation in such areas as joint ventures with minority foreign ownership in retailing services; retail level gasoline sales; cross-border supply of franchising services; and sales away from a fixed location ("direct selling").¹¹⁰

In response to U.S. requests, China took steps during the year to clear a backlog of distribution license applications, and prepared a guide for foreign businesses seeking to acquire distribution rights. At the July 2005 JCCT meeting, China confirmed that all enterprises in China could acquire distribution licenses, and committed to improve the transparency of the application and approval process.¹¹¹ In September 2005, China's Ministry of Commerce issued guidelines to make the distribution license application and approval process more transparent.¹¹² China also implemented several measures governing the distribution of automobiles by foreign enterprises in 2005.¹¹³

Services

According to the U.S. State Department, "while China continued to keep pace nominally" with its WTO market access commitment on services in 2005, China also undertook measures to discourage or prevent foreign suppliers from gaining market access.¹¹⁴ In its 2005 report to Congress, USTR found restrictions imposed by China in sectors such as insurance and legal services to "call into question commitments made by China in its [WTO] Services Schedule."¹¹⁵

In 2005, USTR reported that China took steps to open health, group, and pension/annuity insurance to foreign participation. China also reportedly lifted some geographic restrictions

¹⁰⁶ USTR, *2005 Report to Congress on China's WTO Compliance*, pp. 16-21.

¹⁰⁷ *Ibid.*, pp. 12-13.

¹⁰⁸ *Ibid.*

¹⁰⁹ *Ibid.*, p. 13.

¹¹⁰ *Ibid.*, pp. 20-21.

¹¹¹ USTR, "Fact Sheet: The U.S.-China Joint Commission on Commerce and Trade (JCCT) Outcomes on Major U.S. Trade Concerns," July 11, 2005.

¹¹² USTR, *2005 Report to Congress on China's WTO Compliance*, p. 17.

¹¹³ *Ibid.*, p. 18.

¹¹⁴ U.S. Department of State telegram, "WTO Service Negotiations: China," message reference No. 016559, prepared by U.S. Embassy, Beijing, Oct. 16, 2005.

¹¹⁵ USTR, *2005 Report to Congress on China's WTO Compliance*, pp. 74-75.

in the banking sector on or ahead of schedule.¹¹⁶ USTR reported that China fulfilled commitments made at the April 2004 and July 2005 JCCT meetings by resuming a dialogue on insurance issues,¹¹⁷ and also made progress with a promised dialogue on telecommunications issues.¹¹⁸ However, USTR reported that during 2005 China continued to impede market access for U.S. providers of insurance, telecommunications, financial information, express delivery, construction, and engineering services through the use of regulatory processes, licensing and operating requirements, and other means.¹¹⁹

Industrial Policies

According to USTR, China increasingly has used an array of industrial policies to limit market access by non-Chinese origin goods or use government resources to support exports. Such policies, according to USTR, support the development of higher-value Chinese industries and protect less competitive domestic industries.¹²⁰ Examples of such policies during 2005 cited by USTR include regulations on auto parts tariffs that prolong prohibited local content requirements;¹²¹ interference by telecommunications regulators in commercial negotiations over royalty payments to IPR holders; the pursuit of unique national standards in many areas of high technology that could lead to the extraction of technology or intellectual property from foreign rights-holders; draft government procurement regulations mandating purchases of Chinese-produced software; a new steel industrial development policy that calls for the government management of nearly every major aspect of China's steel industry; and excessive government subsidization benefitting a range of domestic industries in China.¹²² At the July 2005 JCCT meeting, the United States and China made progress in resolving U.S. concerns regarding the draft software procurement regulations, but disagreements remained over a number of other industrial policies.¹²³

Transparency

According to USTR, China has made efforts to improve transparency across a wide range of national and provincial authorities since its WTO accession. However, USTR reported that many of China's government agencies have not implemented changes required by China's WTO obligations and, as a result, China's regulatory regime remained non-transparent during 2005.¹²⁴ For example, China did not provide opportunities for public comments on major trade-related laws and regulations, such as the new regulations on auto parts tariffs.¹²⁵ China also did not establish or designate an official journal dedicated to the publication of all laws, regulations, and other measures affecting trade and trade-related

¹¹⁶ In early December 2005, the China announced the opening of seven more cities to foreign banks. As a result, foreign banks are now able to conduct domestic currency business in 25 Chinese cities. *Ibid.*, p. 76.

¹¹⁷ *Ibid.*, p. 79.

¹¹⁸ *Ibid.*, p. 84.

¹¹⁹ *Ibid.*, pp. 77–88.

¹²⁰ *Ibid.*, p. 6.

¹²¹ On March 30, 2006, the United States requested WTO dispute settlement consultations with China because of alleged unfair treatment of U.S. auto parts in the Chinese market. USTR, "United States Files WTO Case Against China Over Treatment of U.S. Auto Parts," press release, March 30, 2006.

¹²² *Ibid.*

¹²³ USTR, "Fact Sheet: The U.S.-China Joint Commission on Commerce and Trade (JCCT) Outcomes on Major U.S. Trade Concerns," July 11, 2005.

¹²⁴ *Ibid.*, p. 8.

¹²⁵ *Ibid.*, p. 89.

matters as it committed to in its WTO accession agreement.¹²⁶ In addition, USTR reported that China did not provide the WTO a detailed accounting of its subsidies, which is a key requirement of the WTO Subsidies Agreement.¹²⁷

Global Trade Imbalances and China's Exchange Rate Regime

The U.S. merchandise trade deficit with China grew from \$163.5 billion in 2004 to \$203.8 billion in 2005, which accounted for 23.7 percent of the total U.S. trade deficit in 2005. The growing U.S. trade deficit with China, increasing imbalances in the global economy, and the impact of China's currency valuation policies that limit exchange rate flexibility, were subjects of concern for U.S. and foreign policymakers during 2005.¹²⁸ According to the IMF, greater exchange rate flexibility would allow the yuan¹²⁹ to better respond to market forces and help mitigate China's large global surplus position.¹³⁰ The IMF reported, "greater exchange rate flexibility in China and some other countries" is necessary to allow global markets to adjust to produce "rebalancing of demand across countries."¹³¹

On April 20, 2005, USTR received a petition requesting it to initiate an investigation with respect to China's currency valuation policy of maintaining a fixed exchange rate vis-à-vis the U.S. dollar.¹³² USTR determined not to initiate an investigation with respect to the petition.¹³³ U.S. and Chinese officials held meetings and consultations at various levels during the year, including meetings hosted by the U.S. Department of the Treasury between U.S. banking and securities regulators and their Chinese counterparts during the year to discuss a variety of regulatory and safeguard issues related to China's exchange rate regime.¹³⁴

On July 21, 2005, China implemented a 2 percent revaluation of its currency and announced that the Chinese yuan would no longer be pegged to the U.S. dollar but, instead, would be adjusted based on a basket of currencies and given an allowable daily fluctuation rate of 0.3 percentage point against the U.S. dollar.¹³⁵ U.S. officials welcomed this action as an important initial step to help address global imbalances, but stated that "[w]hat is important now is that China allows the new exchange rate mechanism to move more closely into alignment with underlying market forces."¹³⁶ In a joint statement issued at the end of the 17th session of the China-U.S. Joint Economic Committee held in Beijing in October 2005, Chinese officials committed to enhance the flexibility and to strengthen the role of market

¹²⁶ *Ibid.*, p. 90.

¹²⁷ *Ibid.*, p. 38. China submitted its long overdue first subsidies notification to the WTO on April 13, 2006. USTR, "Trade Policy Review of China, Statement by Ambassador Peter Allgeier," Geneva, April 19, 2006.

¹²⁸ The global environment for U.S. trade in 2005 is described in chapter 1 of this report. For a discussion of global imbalances during 2005, see IMF, *World Economic Outlook*, April 2006, p. 28.

¹²⁹ China's currency also is referred to as the renminbi.

¹³⁰ For a more detailed discussion of the role of China's currency in global imbalances, see IMF, *World Economic Outlook*, April 2006, p. 37.

¹³¹ *Ibid.*, pp. 11 and 14.

¹³² For further information on the petition, see the section in chapter 2 of this report entitled "Laws Against Unfair Trade Practices—Section 301 Investigations."

¹³³ USTR, "Statement from USTR Spokesperson Richard Mills Regarding a Section 301 Petition on China's Currency Regime," Washington, D.C., May 27, 2005.

¹³⁴ U.S. Department of the Treasury, "Remarks of Under Secretary of the Treasury Timothy D. Adams before the U.S.-China Business Council," Washington, D.C., Sept. 15, 2005.

¹³⁵ IMF, *World Economic Outlook*, September 2005, p. 34.

¹³⁶ U.S. Department of the Treasury, "Remarks of Under Secretary of the Treasury Timothy D. Adams before the U.S.-China Business Council," Washington, D.C., Sept. 15, 2005.

forces in China's managed floating exchange rate regime.¹³⁷ However, in early 2006 the IMF reported that China's currency "continues to move closely with the U.S. dollar, and the additional flexibility the reform permits needs to be used more aggressively" to allow the yuan to respond to market forces and appreciate.¹³⁸

Mexico

In 2005, Mexico's long-held position as the second largest single U.S. trading partner (based on two-way trade) slipped to third place after Canada and China. This was the first year that China outranked Mexico as a U.S. trading partner. U.S. merchandise exports to Mexico were valued at \$102 billion in 2005, an increase from \$93 billion in 2004 (by 9.3 percent), and from \$83 billion in 2003. U.S. merchandise imports from Mexico amounted to \$169 billion in 2005, an increase from \$155 billion in 2004 (by 9.2 percent) and from \$137 billion in 2003. The U.S. merchandise trade deficit with Mexico amounted to \$67.5 billion in 2005, widening once again, from \$61.9 billion in 2004 and \$54.0 billion in 2003.

Machinery and transportation equipment continued to be the largest product group in bilateral trade, of which automotive trade was an important component in both directions. U.S. exports to Mexico were up in all major SITC product categories in 2005, except animal and vegetable oils, fats, and waxes. U.S. imports from Mexico also increased in all SITC product categories, especially mineral fuels (by approximately one-third), as a result of sharply higher petroleum prices during the year.¹³⁹ U.S.-Mexican trade data are shown in tables A-31 through A-33.

U.S.-Mexican trade relations are governed in large part by NAFTA, which provides duty-free status for substantially all bilaterally traded goods originating in the United States and Mexico, and underlying WTO obligations.¹⁴⁰ Major trade-related issues in 2005 between the United States and Mexico included a number of trade disputes that were the subject of WTO and NAFTA dispute settlement proceedings. The more procedural developments in each of these cases are listed in tables A-20 and A-21. Recent developments in three cases are summarized below—Mexican antidumping duties on U.S. long-grain white rice, U.S. antidumping duties on Mexican cement, and Mexican taxes on soft drinks and beverages that contain high-fructose corn syrup (HFCS).

Mexican Antidumping Duties on U.S. Long-Grain White Rice

This dispute concerns a U.S. challenge under the WTO dispute settlement process of antidumping duties imposed by Mexico in 2000 and 2002 on imports of U.S. long-grain white rice. Following a U.S. request, a WTO dispute settlement panel was established in

¹³⁷ U.S. Treasury, "Joint Statement, 17th Session of the China-U.S. Joint Economic Committee," press release, Oct. 17, 2005.

¹³⁸ IMF, *World Economic Outlook*, April 2006, box 1.4, p. 30.

¹³⁹ The increase in imports from Mexico of the leading crude oil import in this category—HTS 2709.00.10—was attributable to a 31-percent rise in the average unit values of imports.

¹⁴⁰ NAFTA is discussed in more detail in chapter 4 of this report. Bilateral U.S. trade relations with Canada, the third NAFTA partner, are discussed above.

November 2003 to review the U.S. complaint that the Mexican action was inconsistent with Mexico's WTO obligations.¹⁴¹

On June 6, 2005, the WTO panel issued a report upholding virtually all of the U.S. claims concerning Mexico's affirmative antidumping determination, finding Mexico's injury determination to be inconsistent with the WTO Antidumping Agreement. Specifically, the panel found that Mexico, without reasonable explanation, based its injury analysis on other information and failed to examine much of the injury data collected. The panel also agreed with the United States that Mexico improperly applied its antidumping measure to two U.S. exporters who had been found not to be dumping. The panel also found several provisions of Mexico's antidumping and countervailing duty law to be inconsistent with Mexico's obligations under the WTO Antidumping Agreement and the WTO Agreement on Subsidies and Countervailing Measures.¹⁴²

Mexico appealed most of the panel's findings, and the WTO Appellate Body affirmed those findings, with one exception, in a report issued on November 29, 2005.¹⁴³ The panel and Appellate Body reports were formally adopted by the DSB on December 20, 2005.¹⁴⁴

U.S. Antidumping Duties on Mexican Cement

U.S. antidumping orders on Mexican gray portland cement and cement clinker ("cement") were the subject of a number of ongoing dispute settlement cases during 2005, under the WTO dispute settlement process and the NAFTA Chapter 19 binational dispute mechanism. Commerce issued the orders in 1990 after it found that imports of cement from Mexico were sold at less than fair value and the Commission made an affirmative injury determination.¹⁴⁵ These orders have been the subject of a number of administrative reviews by Commerce and were continued in 2000 after Commerce and the Commission both made affirmative five-year review determinations regarding subject imports of cement from Mexico.¹⁴⁶ Mexican parties challenged both before WTO and NAFTA panels (1) Commerce's five-year review findings, (2) the Commission's affirmative five-year review determination, and (3) Commerce's administrative review findings.

¹⁴¹ The U.S. request questioned various procedures and methodologies Mexican authorities used in the rice investigation, including the methodology for determining whether Mexican industries were injured by reason of dumped imports; the failure to terminate the investigation when no dumping or injury was found; calculations of the dumping duty rates applied to imports from the United States; and the non-transparent nature of the determinations. The U.S. request also challenged certain requirements of the Mexican legislation. WTO, "Mexico—Definitive Anti-Dumping Measures on Beef and Rice, Complaint with Respect to Rice," Appellate Body Report, WT/DS295/AB-R, Nov. 29, 2005; and USTR, "United States Wins WTO Challenge," press release, Nov. 29, 2005.

¹⁴² WTO, "Mexico—Definitive Anti-Dumping Measures on Beef and Rice, Complaint with Respect to Rice," Dispute Panel Report, WT/DS/295, June 6, 2005, and USTR, "United States Wins WTO Challenge Against Mexican Rice Duties," press release, June 7, 2005.

¹⁴³ WTO, "Mexico—Definitive Anti-Dumping Measures on Beef and Rice," Appellate Body Report, WT/DS295/AB/R, Nov. 29, 2005, AB-2005-6.

¹⁴⁴ WT/DS295/AB-R, and USTR, "United States Wins WTO Challenge," press release, Nov. 29, 2005.

¹⁴⁵ USITC, *Gray Portland Cement and Cement Clinker from Mexico*, Inv. No. 731-TA-451 (Final), publication 2305, August 1990.

¹⁴⁶ USITC, *Gray Portland Cement and Cement Clinker from Mexico*, Inv. No. 731-TA-451 (Review), publication 3361, October 2000.

Mexico challenged under the WTO dispute settlement process the Commission's and Commerce's five-year review determinations, Commerce's fifth through eleventh administrative reviews, and the Commission's dismissal of a request for changed circumstances review.¹⁴⁷ The panel was expected to complete its work in the beginning of 2006, but the proceeding was suspended until further notice at the request of Mexico on the basis that the United States and Mexico were entering into a settlement agreement.¹⁴⁸

Mexican parties challenged in separate actions under the NAFTA binational dispute mechanism Commerce's administrative review findings (fifth through fourteenth), Commerce's five-year review findings, the Commission's affirmative five-year review determination, and the Commission's dismissal of the request for changed circumstances review. On June 24, 2005, the NAFTA panel reviewing the Commission's five-year review determination remanded the case to the Commission.¹⁴⁹ On September 22, 2005, the Commission issued its remand determination, again making an affirmative five-year review determination. This proceeding has since been stayed in response to a consent motion filed by the parties resulting from the settlement agreement between the United States and Mexico.¹⁵⁰

In addition, during 2005 the NAFTA panel reviewing Commerce's sixth administrative review of the original antidumping duty orders issued a decision on May 26, 2005, affirming in part and remanding in part Commerce's findings.¹⁵¹ In response, Commerce filed its remand determination with the panel on July 25, 2005. The panel issued a decision on November 3, 2005, again affirming in part and remanding in part Commerce's first remand determination.¹⁵² This proceeding, subsequently, was terminated in response to a consent motion filed by the parties resulting from the settlement agreement between the United States and Mexico. The NAFTA binational panel proceeding involving dismissal of a request for changed circumstances review was likewise terminated by consent.¹⁵³

Mexican Taxes on Certain Beverages

This case concerns a U.S. challenge under the WTO dispute settlement process of a beverage tax imposed by Mexico in 2002 on soft drinks and other beverages—as well as on syrups and other products that can be diluted to produce such drinks and beverages—containing sweeteners other than cane sugar.¹⁵⁴ The United States was the largest supplier of non-sugar

¹⁴⁷ WTO, "United States—Anti-Dumping Measures on Cement from Mexico—Request for the Establishment of a Panel by Mexico," WT/DS281/2, Aug. 8, 2003.

¹⁴⁸ WTO, "United States—Anti-Dumping Measures on Cement from Mexico—Communication from the Chairman of the Panel," WT/DS281/6, Jan. 17, 2006.

¹⁴⁹ NAFTA Secretariat, "Article 1904 Binational Panel Review Under the North American Free Trade Agreement in the Matter of Gray Portland Cement and Clinker from Mexico (Five-Year Review)—Decision of the Panel," USA-MEX-2000-1904-10, June 24, 2005.

¹⁵⁰ See 71 FR 13082.

¹⁵¹ NAFTA Secretariat, "Article 1904 Binational Panel Review Under the North American Free Trade Agreement in the Matter of Gray Portland Cement and Clinker from Mexico—Final Results of the Sixth Antidumping Administrative Review—Opinion and Order of the Panel," USA-98-1904-02, May 26, 2005.

¹⁵² NAFTA Secretariat, "Article 1904 Binational Panel Review Under the North American Free Trade Agreement in the Matter of Gray Portland Cement and Clinker from Mexico—Final Results of the Sixth Antidumping Administrative Review—Opinion and Order of the Panel Concerning the Final Results of the First Redetermination by the Department of Commerce," USA-98-1904-02, Nov. 3, 2005.

¹⁵³ See 71 FR 13082.

¹⁵⁴ The tax is also imposed on the commissioning, mediation, agency, representation, brokerage, consignment, and distribution of soft drinks and beverages using sweeteners other than cane sugar. The
(continued...)

sweeteners used by the Mexican beverage industry. Efforts by the United States and Mexico to find a negotiated resolution of this issue were not successful. The United States requested WTO dispute consultations with Mexico in March 2004, and subsequently requested establishment of a WTO dispute panel; the panel was established in July 2004.¹⁵⁵

On October 7, 2005, the panel found Mexico's beverage tax to be inconsistent with Mexico's WTO national treatment obligations prohibiting a member from imposing higher taxes on an imported product than on the directly competitive domestic product—in this case beverages that contain HFCS, as opposed to beverages that contain sugar.¹⁵⁶ Despite the WTO ruling, the Mexican legislature approved a one-year extension of the beverage tax in November 2005.¹⁵⁷

Mexico appealed the panel findings to the Appellate Body; the Appellate Body affirmed the panel on most points,¹⁵⁸ and the panel's findings, as amended by the Appellate Body, were adopted on March 24, 2006.¹⁵⁹

Japan

U.S. merchandise exports to Japan amounted to \$51.5 billion in 2005, a 2.0 percent increase from \$50.5 billion in 2004. U.S. merchandise imports from Japan totaled \$137.8 billion in 2005, a 6.4 percent increase from \$129.5 billion in 2004. The U.S. merchandise trade deficit with Japan amounted to \$86.3 billion in 2005, which was \$7.3 billion larger than the year before. Leading U.S. exports to Japan during the year included airplanes and other aircraft; parts of airplanes or helicopters; corn; repairs or alterations of previously imported articles; and cigarettes containing tobacco. Leading U.S. imports from Japan included passenger motor vehicles; computer parts and accessories; still image video cameras and other video recorders; motor vehicle parts and accessories; as well as gear boxes for motor vehicles. U.S.-Japan trade data are shown in appendix tables A-34 through A-36.

¹⁵⁴ (...continued)

imposition of the tax was preceded by lengthy Mexican antidumping action against the imports of HFCS from the United States. In 1997, the United States challenged in the WTO Mexican antidumping duties on imported HFCS. The WTO adopted the findings of the dispute-settlement panel and the Appellate Body that Mexico's antidumping duties were inconsistent with the WTO Antidumping Agreement. In 2002, a NAFTA binational panel ruled against Mexico's antidumping duties on U.S. HFCS. Mexico removed the duties in May 2002. The Mexican government subsequently imposed the beverage tax. USTR, "U.S. Wins Mexico Beverage Tax Dispute" press release, Mar. 6, 2006, and "U.S. Requests WTO Panel against Mexico Over Beverage Tax," press release, June 22, 2004.

¹⁵⁵ USTR, "United States Files WTO Case Against Mexico Over Two Discriminatory Beverage Taxes," press release, Mar. 16, 2004; WTO, "Mexico—Tax Measures on Soft Drinks and Other Beverages—Request for Consultations by the United States," WT/DS308/1, June 2004; and WTO "Mexico—Tax Measures on Soft Drinks and Other Beverages—Report of the Panel," WT/DS308/R, Oct. 7, 2005.

¹⁵⁶ The WTO panel ruled that the discriminatory nature of the Mexican tax violated the national treatment provisions of Article III:2 and III:4 of the GATT. WTO, "Mexico—Tax Measures on Soft Drinks and Other Beverages—Report of the Panel," WT/DS308/R, Oct. 7, 2005; and USTR, "U.S. Wins Mexico Beverage Tax Dispute" press release, Oct. 7, 2005.

¹⁵⁷ "Mexico Renews HFCS Tax for One Year After Defeat of Wider Exemption," *Inside U.S. Trade*, Nov. 18, 2005.

¹⁵⁸ WTO, "Mexico—Tax Measures on Soft Drinks and Other Beverages—Report of the Appellate Body," WT/DS308/AB/R, Mar. 6, 2006.

¹⁵⁹ WTO, "Dispute Settlement, Dispute DS308: Mexico—Tax Measures on Soft Drinks and Other Beverages—Summary of the Dispute to Date,"

http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds308_e.htm (accessed June 30, 2006).

The U.S.-Japan Economic Partnership for Growth (Partnership) has served as the primary forum for trade and economic dialogue between the two countries since its establishment in 2001.¹⁶⁰ In 2005, discussions under this framework focused on reopening the beef markets of both countries to bilateral trade, as well as on deregulation within Japan's economy.

Beef

The United States and Japan restricted beef imports from one another throughout most of 2005. However, both countries reopened their markets to bilateral beef trade by December 2005. The reopening of Japan's beef market to U.S. exports was particularly noteworthy, as Japan was the single-largest market for U.S. beef in 2003 prior to its closure. U.S. exports of beef and beef products to Japan amounted to \$1.3 billion in 2003, or 38 percent of total U.S. beef exports.¹⁶¹

Liberalization of Japanese Import Restrictions on U.S. Beef

During 2005, the United States undertook two major initiatives to end Japan's comprehensive ban on U.S. beef imports that was imposed in 2003.¹⁶² In March 2005, the United States brought its concerns to the attention of the WTO Sanitary and Phytosanitary Committee, stating that Japan should reopen its market to U.S. beef as the United States had addressed all internationally accepted scientific concerns about its safety.¹⁶³ In April 2005, a U.S. delegation visited Japan to explain the safety, quality, and production system of U.S. beef with respect to BSE.¹⁶⁴ Bilateral consultations continued despite a second confirmed U.S. BSE case.¹⁶⁵

Japan lifted its ban on imports of certain U.S. beef products on December 13, 2005, making more than 90 percent of total U.S. beef and beef products eligible for importation into Japan.¹⁶⁶ However, the new Japanese provisions excluded imports of U.S. beef and beef products that, among other things, were shipped in boxes that also contained beef products deemed at risk for BSE by Japanese standards. Japan re-imposed a ban on certain beef imports from the United States on January 20, 2006, after the discovery of three boxes of imported U.S. beef that were shipped together with cattle backbone.¹⁶⁷ While shipping such products together was permitted in the United States, it was not permissible in Japan and, consequently, the shipment failed to meet the terms of Japan's December 2005 commitment

¹⁶⁰ For background information on the U.S.-Japan Economic Partnership for Growth, see USITC, *The Year in Trade, 2002*, pp.5-20 to 5-51.

¹⁶¹ USTR, *2006 Trade Policy Agenda, and 2005 Annual Report*, and USITC Data Web.

¹⁶² Japan was one of several countries that banned imports of U.S. beef and beef products in December 2003 after a cow of Canadian origin, found in a U.S. herd, was determined to be infected with BSE. The impact of BSE on U.S. trade during 2005 is discussed in chapter 1 of this report.

¹⁶³ U.S. Embassy, Tokyo, "U.S. Statement at WTO on Japan's Beef Import Ban," press release, Mar. 9, 2005.

¹⁶⁴ U.S. Embassy, Tokyo, "U.S. Delegation on Beef Ends Japan Visit with Media Briefing," press release, Apr. 27, 2005.

¹⁶⁵ On June 24, 2005, USDA announced that a cow in the United States that had conflicting BSE test results in 2004 was confirmed as BSE-positive. USDA "USDA Announces BSE Test Results and New BSE Confirmation Testing Protocol," press release No. 0232.05, June 24, 2005.

¹⁶⁶ U.S. Department of State, "Japan Reopens Market to Imports of U.S. Beef," press release, Dec. 13, 2005.

¹⁶⁷ U.S. Embassy, Tokyo, "United States Acts Quickly to Address Japan's Concerns about Beef," press release, Jan. 23, 2006.

to allow U.S. beef imports. The two countries initiated bilateral dialogue in early 2006 to prevent the latest Japanese beef import restrictions from jeopardizing the progress made in the previous two years.¹⁶⁸

Liberalization of U.S. Import Restrictions on Japanese Beef

In 2005, the U.S.-Japan bilateral negotiations on the liberalization of their respective beef markets also led to the amendment of U.S. practices with respect to imports of whole cuts of boneless beef from Japan.¹⁶⁹ The United States prohibited beef and beef product imports from Japan in September 2001 following a confirmed case of a BSE-infected cow in Japan.¹⁷⁰ In late 2005, the Japanese government requested the United States to reconsider its ban on beef imports from Japan in light of international guidelines provided by the World Organization for Animal Health on the safe trade of animal products with countries that had confirmed cases of BSE. On December 12, 2005, the United States announced it that would allow whole cuts of beef imports from Japan provided that certain conditions, such as the implementation of the U.S. standard for removing specified-risk materials, were met.¹⁷¹

Deregulation

During 2005, bilateral dialogue on the deregulation of Japan's economy continued under a component of the Partnership known as the Regulatory Reform and Competition Policy Initiative ("Regulatory Reform Initiative"). Discussions focused on Japan's 2005 deregulation initiatives and U.S. recommendations for subsequent reform.¹⁷²

The Japanese government undertook a series of cross-sectoral reform initiatives in 2005 in response to U.S. concerns about competitive conditions for U.S. businesses operating in Japan. Among those initiatives were corporate law reforms to increase incentives for foreign investors;¹⁷³ amendments to the antimonopoly law to increase fines and whistle-blowing incentives associated with cartels and bid-rigging activities;¹⁷⁴ and new procedures to create a more transparent and accountable regulatory system for foreign businesses operating in Japan.¹⁷⁵ The Japanese government also authorized an increase in the number of special zones, or deregulated environments, from which foreign firms can operate.¹⁷⁶

¹⁶⁸ An investigation by the USDA Food Safety and Inspection Service completed in February 2006 determined that the incident was the result of inadequate familiarity on the part of the exporter and USDA inspector with the specific products that were eligible for shipment to Japan. USDA subsequently announced the introduction of 12 action steps to prevent such actions from reoccurring. USDA, "USDA Report on Beef Exports to Japan," Feb. 17, 2006.

¹⁶⁹ USDA, "USDA Amends Regulations Governing the Importation of Whole Cuts of Boneless Beef From Japan," press release 0546.05, Dec.12, 2005.

¹⁷⁰ Ibid.

¹⁷¹ Ibid.

¹⁷² USTR, "Fourth Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative," Fact Sheet, Nov. 2, 2005, and USTR, "Annual Reform Recommendations from the Government of the United States to the Government of Japan Under the U.S.-Japan Regulatory Reform and Competition Policy Initiative," Dec. 7, 2005.

¹⁷³ U.S. Department of State, Bureau of East Asian and Pacific Affairs, "U.S.-Japan Economic Partnership for Growth: U.S.-Japan Investment Initiative 2005 Report," July 7, 2005.

¹⁷⁴ Ibid.

¹⁷⁵ USTR, "Fourth Report to the Leaders on the U.S.-Japan Regulatory Reform."

¹⁷⁶ Ibid.

In 2005, Japan also initiated several sector-specific reforms to promote competition. The privatization of Japan Post, for example, was designed to open Japan's banking, insurance, and express delivery sectors to domestic and foreign competition by terminating all special advantages previously afforded to the state-owned corporation.¹⁷⁷ Other sectoral reforms included market-opening initiatives in the oligopolistic mobile telecommunications sector to give foreign market entrants priority in the allocation of new spectrum licenses,¹⁷⁸ and incentives for foreign energy companies to produce, sell, and trade electricity and gas-related products and services in the future.¹⁷⁹

The United States submitted its annual deregulation reform recommendations to the Government of Japan on December 7, 2005, outlining steps Japan can take to further open and expand its market.¹⁸⁰ The recommendations focused on the telecommunications, information technology, pharmaceutical, and financial services sectors, as well as cross-sectoral issues such as competition policy, commercial law, transparency, and privatization. The recommendations emphasized the importance of strengthening Japan's antimonopoly enforcement; securing competitive banking, insurance, and express delivery service markets in the wake of the Japan Post privatization; reforming Japan's healthcare pricing policies in the medical devices and pharmaceutical sector to better reward innovation; establishing a competitive telecommunications market; and creating a more efficient distribution system that will allow traded goods to move efficiently and inexpensively through Japanese customs.¹⁸¹

Taiwan

In 2005, Taiwan was the eighth largest U.S. trading partner, with bilateral two-way merchandise trade totaling \$55.1 billion. The value of U.S. trade with Taiwan in 2005 was almost unchanged from 2004. In 2005, U.S. merchandise exports to Taiwan totaled \$20.5 billion, U.S. merchandise imports from Taiwan totaled \$34.6 billion, and the United States recorded a \$14.0 billion merchandise trade deficit with Taiwan. Leading U.S. exports to Taiwan in 2005 included integrated circuits, aircraft, machines and mechanical appliances having individual functions (mostly semiconductor production machinery), corn, soybeans, and machine tools for dry etching patterns on semiconductor materials. Leading U.S. imports from Taiwan included integrated circuits, parts and accessories of computers, magnetic media, and unfinished color reception apparatus for televisions. U.S.-Taiwan merchandise trade statistics are listed in appendix tables A-37 through A-39.

The U.S.-Taiwan trade relationship during 2005 continued to focus on improving IPR protection in Taiwan, enhancing market access for U.S. rice and beef, and addressing U.S. pharmaceutical sector's concerns regarding Taiwan's reimbursement policies on domestic pharmaceutical products.

¹⁷⁷ USTR, "Annual Reform Recommendations."

¹⁷⁸ USTR, "Fourth Report to the Leaders on the U.S.-Japan Regulatory Reform."

¹⁷⁹ Ibid.

¹⁸⁰ USTR, "Annual Reform Recommendations."

¹⁸¹ USTR, "United States Presents Japan with Comprehensive Regulatory Reform Recommendations, Also Convenes Bilateral Trade Forum," press release, Dec. 7, 2005.

Intellectual Property Rights

In January 2005, USTR announced that it had removed Taiwan from the special 301 priority watch list to the watch list after determining that Taiwan had made sufficient progress in addressing long-standing U.S. concerns on piracy and counterfeiting of U.S. intellectual property and products.¹⁸² During 2005, Taiwan continued its efforts to improve IPR enforcement by intensifying actions against manufacturers and retailers engaged in counterfeiting and piracy. As a result, seizures of pirated goods increased, and offenders received longer and stiffer sentences.¹⁸³

As traditional counterfeit and infringement activities declined because of the increased strength of IPR enforcement in Taiwan, piracy of copyrighted works, illegal peer-to-peer downloading, and sales of counterfeit merchandise over the Internet have emerged as the major forms of IPR violation in 2005.¹⁸⁴ U.S. officials urged Taiwan to take further actions against the increasingly widespread piracy via the internet¹⁸⁵ and to maintain positive momentum on IPR issues, including continued aggressive enforcement and establishment of the promised IPR court.¹⁸⁶

To deter internet piracy, in 2005 the Taiwan Intellectual Property Office (TIPO) established two new work programs to enhance computer software protection and to strengthen preventive measures against Internet infringement.¹⁸⁷ TIPO also created a joint Internet infringement inspection special task force, and undertook efforts to strengthen cooperation with enforcement agencies in other countries. However, USTR reported that Taiwan's efforts to use the legal system to shut down Internet infringement activities met with mixed results.¹⁸⁸ Other major steps to improve IPR protection during the year was the approval of a bill by Taiwan's legislature to prevent unfair commercial use of pharmaceutical test data—a TRIPS commitment.¹⁸⁹

Agriculture

Taiwan remained an important market for U.S. agriculture, importing more than \$2.3 billion of U.S. agricultural products in 2005. Taiwan's continued ban on U.S. beef imports and Taiwan's rice import system were major U.S. concerns during 2005.

¹⁸² USTR, "United States Announces Results of IPR Out-of-Cycle Reviews for Poland and Taiwan," press release Jan. 18, 2005.

¹⁸³ American Institute in Taiwan (AIT), "Remarks by Douglas H. Paal, Director, American Institute in Taiwan, to the annual general meeting of the American Chamber of Commerce in Taipei," Nov. 22, 2005.

¹⁸⁴ International Intellectual Property Alliance, *2006 Special 301 Report: Taiwan*, <http://www.iipa.com/rbc/2006/2006SPEC301TAIWAN.pdf>.

¹⁸⁵ AIT, "Remarks by Douglas H. Paal."

¹⁸⁶ U.S. Department of State, "Abolition of Taiwan's Anti-Counterfeiting Committee" message reference No. 206883, prepared by U.S. Department of State, Washington, DC, Nov. 10, 2005.

¹⁸⁷ Intellectual Property Office, Ministry of Economic Affairs, Republic of China "April-June, 2005 Quarterly Report on Taiwan's Intellectual Property Rights protection." Taipei, June 2005, p. 1.

¹⁸⁸ USTR, *2006 Trade Policy Agenda and 2005 Annual Report*, p. 192.

¹⁸⁹ U.S. Department of State telegram, "Taiwan DOH Promises Data Exclusivity Regulations," message reference No. 003807, prepared by American Institute in Taiwan, Taipei, Sep. 14, 2005; and American Institute in Taiwan, "Remarks by Douglas H. Paal, Director, American Institute in Taiwan to the 2005 Hsieh Nien Fan of American Chamber of Commerce in Taipei," AIT official text BG-0502E, March 10, 2005.

Beef

Taiwan reopened its market to U.S. beef imports on April 16, 2005,¹⁹⁰ but re-imposed restrictions on U.S. beef imports on June 25, 2005, after the announcement that a cow in the United States had tested positive for BSE.¹⁹¹ U.S. and Taiwanese officials consulted during the year to re-open Taiwan's market to U.S. beef. After providing Taiwan technical information on the safety of U.S. beef, products,¹⁹² U.S. officials announced on January 25, 2006 that Taiwan had again agreed to lift its ban on U.S. boneless beef and beef products.¹⁹³ Taiwan agreed to lift the ban under four conditions. The imported beef:

- must be from calves less than 30 months and slaughtered after April 16, 2005;
- must have the bones, nerves and spinal cord removed;¹⁹⁴
- must come from USDA-approved butcher and packing houses; and
- must carry safety certificates issued by USDA.¹⁹⁵

Rice

On January 1, 2005, in line with its WTO commitments, Taiwan eliminated TRQs on a number of agricultural products, including chicken meat, pork bellies and offal, and poultry offal.¹⁹⁶ However, implementation of Taiwan's rice import regime remained problematic with respect to country-specific quotas for the public sector portion of Taiwan's overall rice import quota.¹⁹⁷ The United States and Taiwan made substantial progress during the year in resolving this last outstanding difference on Taiwan's rice procurement arrangements. However, Taiwan's other main rice suppliers did not agree to the proposed modifications to Taiwan's rice import system during 2005.¹⁹⁸ As a result, Taiwan maintained its rice import regime pending final resolution of the issue.¹⁹⁹

¹⁹⁰ Taiwan was one of several countries that banned imports of U.S. beef and beef products in December 2003 after a cow of Canadian origin, found in a U.S. herd, was determined to be infected with BSE. The impact of BSE on U.S. trade with selected partners is discussed in chapter 1 of this report.

¹⁹¹ On June 24, 2005, USDA announced that a cow in the United States that had conflicting BSE test results in 2004 was confirmed as BSE-positive. USDA, "USDA Announces BSE Test Results and New BSE Confirmation Testing Protocol," press release No. 023205, June 24, 2005.

¹⁹² AIT, "Remarks by Douglas H. Paal."

¹⁹³ AIT, "AIT Welcome Return of U.S. Beef to Taiwan Market," press release, Jan. 25, 2006.

¹⁹⁴ Parts like brains, spinal cords, and bones remained banned because Taiwan considered them to carry a higher infection risk. USTR, *2006 Trade Policy Agenda and 2005 Annual Report*, March 1, 2006, p. 191.

¹⁹⁵ Official Announcement by Department of Health, Executive Yuan, Republic of China, Taipei, Taiwan, Jan. 25, 2005. No complete English translation exists, but it was summarized in English by USDA, FAS, "Taiwan Livestock and Products, Semi-Annual 2006," *Gain Report* No. TW6004, Jan. 27, 2006.

¹⁹⁶ USTR, the *2006 National Trade Estimate Report on Foreign Trade Barriers*, p. 624.

¹⁹⁷ Before Taiwan acceded to the WTO, it prohibited all imports of rice. Taiwan's change to a TRQ system for rice was submitted to the WTO in October 2002. In December 2002, Taiwan passed enabling legislation without prior consultation with WTO members, triggering a formal objection from the United States, Australia, and Thailand in the WTO. Among other things, the objections were based on Taiwan's lack of consultation and the high out-of-quota duty. USDA, *Taiwan: Grain and Feed, Annual 2004*, Apr. 30, 2004, *GAIN Report* No. TW4017. See also U.S. Department of State telegram, "Taiwan and Country-Specific Quotas for Rice," message reference No. 04108, prepared by American Institute in Taiwan, Taipei, Oct. 12, 2005.

¹⁹⁸ They are Australia, Thailand, and Egypt (not a party to the original WTO objection).

¹⁹⁹ USTR, *2006 Trade Policy Agenda and 2005 Annual Report*, p. 191.

Pharmaceuticals

A continuing U.S. concern during 2005 was Taiwan's reimbursement policy for domestic pharmaceutical products. Hospitals and doctors in Taiwan buy domestically-manufactured generic drugs at discounted prices, and are later reimbursed by the Taiwanese government at a fixed rate higher than the purchase price.²⁰⁰ According to USTR, such practices benefit Taiwanese generic manufacturers at the expense of foreign producers.²⁰¹

In July 2002, in an effort to lower health care costs at selected locations, Taiwan introduced a new medical reimbursement system (the "global budget" program) that caps hospital reimbursements for medical supplies such as pharmaceutical products. In practice, this program has led to increased pressure on pharmaceutical suppliers to provide discounted products. Taiwan announced plans to extend this reimbursement program to all hospitals and medical centers in 2006.²⁰² U.S. pharmaceutical companies have expressed the concern that this program would encourage medical centers to switch to lower-cost generic drugs at the expense of imported patented products and unfairly disadvantage U.S. pharmaceutical manufacturers.²⁰³ To address this concern, Taiwan-based representatives of U.S. pharmaceutical companies met with representatives of Taiwanese health care authorities in Taipei on December 14, 2005 to discuss the details of the reimbursement program available at that time. Taiwan promised to give U.S. companies time to review the details of the proposal, but did not provide any specific date by which the details of the program would be finalized.²⁰⁴

Korea

U.S. two-way trade with Korea totaled \$69.4 billion in 2005. U.S. merchandise exports to Korea grew 4.9 percent to \$26.2 billion in 2005, after rising 11.0 percent in 2004. U.S. merchandise imports fell 4.2 percent to \$43.2 billion, after rising 22.0 percent in 2004. The United States recorded a \$16.9 billion merchandise trade deficit with Korea in 2005. Leading U.S. exports to Korea during the year included computer chips, aircraft, and machines and mechanical appliances having individual functions (mostly semiconductor production machinery). Leading U.S. imports from Korea include automobiles, transmission apparatus incorporating reception apparatus (mostly cellular phones), computer chips, and computer parts and accessories (mainly memory modules). U.S.-Korea trade data are shown in appendix tables A-40 through A-42.

The U.S.-Korean trade relations during 2005 focused on improving Korea's IPR protection, Korea's remaining restrictions on U.S. beef imports, and the initiation of U.S.-Korea FTA negotiations.

²⁰⁰ *Ibid.*, p. 192.

²⁰¹ *Ibid.*

²⁰² *Ibid.*

²⁰³ USTR, the 2006 *National Trade Estimate Report on Foreign Trade Barriers*, p. 629.

²⁰⁴ U.S. Department of State, "Taiwan's Plan to Cut Health Costs Worries Pharma," message reference No. 04882, prepared by AIT, Taipei, Dec. 14, 2005. AIT assisted U.S. pharmaceutical manufacturers in establishing regular bimonthly consultations with Taiwanese authorities in 2006. In addition, in bilateral trade and investment framework agreement talks between the United States and Taiwan that took place in Taipei during May 25-26, 2006, the two sides agreed on further cooperation to ensure a transparent, accurate and fair process in pharmaceutical pricing. U.S. Department of State, "Taipei Economic Brief for May," message reference No. 01918, prepared by AIT, Taipei, June 5, 2006.

Intellectual Property Rights

Korea increased IPR enforcement on several fronts during 2005. USTR reported that meaningful improvements made by Korea included the introduction of legislation to establish protection for sound recordings transmitted over the Internet using both peer-to-peer and web-casting services; the implementation of regulations that restore the ability of the Korea Media Rating Board to take necessary steps to stop film piracy; and increased enforcement activities by the Standing Inspection Team against institutions using illegal software.²⁰⁵ Korea was subsequently moved from the special 301 priority watch list to the watch list in April 2005 as a result of improvements in IPR legislation, regulations, and enforcement activities.²⁰⁶

Korea has one of the most sophisticated digital infrastructures in the world, but poor legal protection for IPR had led to high rates of Internet piracy for sound recordings of U.S., Korean, and other artists. Illegal free downloads of music from the Internet had become rampant in Korea. Korea's copyright laws had been inadequate to stop illegal downloads, leading the United States to call for their strengthening.²⁰⁷

On October 16, 2004, the Korean National Assembly passed amendments to the Copyright Act that granted exclusive interactive transmission rights to performers and sound recording producers, effective January 17, 2005. Under these amendments, only performers and phonogram (sound recording) producers themselves can transmit their performances or phonograms through such means as posting copies on websites for downloading on demand. Others who want to transmit phonograms over the internet must seek prior permission from the right holder.²⁰⁸ These amendments did not cover all of the transmission rights called for in the 2003 special 301 report. Amendments to provide transmission rights for non-interactive transmissions, such as webcasting, streaming, and digital broadcasting, were introduced in 2005, but have not yet been passed.²⁰⁹ Part of the motivation for strengthening its IPR regime stems from increased production of intellectual property in Korea, such as the "Korean wave" of popular music, TV dramas, and movies that is currently popular in much of Asia.²¹⁰ While expressing satisfaction in the improvement of Korea's IPR regime, the United States has noted a number of areas for further action to protect the rights of owners of intellectual property.²¹¹

²⁰⁵ USTR, "Korea," *2006 National Trade Estimate Report on Foreign Trade Barriers*, p. 403.

²⁰⁶ USTR, *2005 Special 301 Report*, Apr. 29, 2005. USTR has moved Korea between the watch list and the priority watch list several times in the recent past because of deficiencies and improvements in its IPR protection regime. It was elevated to the priority watch list in 2000, moved to the watch list in 2002, and elevated to the priority watch list in early 2004 as a result of an out-of-cycle review. For a recent history, see *The Year in Trade, 2004*, pp. 5-29 to 5-30.

²⁰⁷ USTR, "Korea," *2006 National Trade Estimate Report on Foreign Trade Barriers*, pp. 403-405, and *2006 Special 301 Report*.

²⁰⁸ USTR, "Korea," *2005 National Trade Estimate Report on Foreign Trade Barriers*, p. 374, and U.S. Department of State telegram, "IPR: Greater Aggression by Government and Courts Brings Sound Recording Protection into the Public Eye," message reference No. 931, prepared by U.S. Embassy, Seoul, Feb. 25, 2005.

²⁰⁹ U.S. Department of State telegram, "National Assembly Sub-committee Discusses Copyright Amendment Proposals," message reference No. 5083, prepared by U.S. Embassy, Seoul, Nov. 28, 2005.

²¹⁰ U.S. Department of State telegrams, "IPR: Greater Aggression by Government and Courts Brings Sound Recording Protection into the Public Eye," message reference No. 931, prepared by U.S. Embassy, Seoul, Feb. 25, 2005; "Korea's IPR Master Plan: and Update," message reference No. 4551, prepared by U.S. Embassy, Seoul, Oct. 17, 2005; and "National Assembly Sub-committee Discusses Copyright Amendment Proposals," message reference No. 5083, prepared by U.S. Embassy, Seoul, Nov. 28, 2005.

²¹¹ USTR, *2005 Special 301 Report*, Apr. 29, 2005; USTR, *2006 Trade Policy Agenda and 2005*, p. 169; USTR, *2006 National Trade Estimate Report on Foreign Trade Barriers*, p. 403; and U.S. Department of (continued...)

Beef

During 2005, the United States continued to press the Korean Government to reopen its market to U.S. beef imports.²¹² Efforts to lift the ban were further delayed as a result of the June 2005 announcement that another BSE-infected cow had been confirmed in the United States.²¹³ The United States supplied epidemiological data related to that cow to the Korean Animal Health Committee, which recommended in December 2005 that imports of U.S. beef could be resumed. Talks between the United States and Korea on the specific conditions for resuming imports began shortly thereafter, but the ban was still in place at year-end.²¹⁴

U.S.-Korea FTA Negotiations

In 2004, Korea proposed that the United States and Korea initiate FTA negotiations,²¹⁵ and in early 2005, Korea and the United States began a six-month process to explore the logistics, benefits, and risks of an FTA. The United States sought to resolve several outstanding issues before the start of formal FTA negotiations, most notably those involving the Korean ban on imports of U.S. beef noted above and Korean movie screen quotas. Since the 1960s, Korea has required local movie theaters to show Korean movies at least 146 days a year in order to bolster the Korean film industry. For a number of years, the United States has encouraged Korea to reduce the screen quota, and Korean refusal to do so reportedly was the major reason that bilateral investment treaty negotiations were suspended in 1999.²¹⁶

²¹¹ (...continued)

State telegram, "Korea: 2005 Special 301 Notification (Intellectual Property)," message reference No. 79052, prepared by U.S. Department of State, Washington, DC, Apr. 28, 2005.

²¹² Korea was one of several countries that banned imports of U.S. beef and beef products in December 2003 after a cow of Canadian origin, found in a U.S. herd, was determined to be infected with BSE. The impact of BSE on U.S. trade with selected partners is discussed in chapter 1 of this report. USTR, "Korea," *2005 National Trade Estimate Report on Foreign Trade Barriers*, Mar. 30, 2005, p. 364, and USTR, *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005, p. 202.

²¹³ On June 24, 2005, USDA announced that a cow in the United States that had conflicting BSE test results in 2004 was confirmed as BSE-positive. USDA, "USDA Announces BSE Test Results and New BSE Confirmation Testing Protocol," press release No. 0232.05, June 24, 2005.

²¹⁴ USTR, "Korea," *2006 National Trade Estimate Report on Foreign Trade Barriers*, Mar. 31, 2006, p. 397. On Jan. 13, 2006, U.S. officials announced that the United States and Korea had agreed on an initial import protocol, which would allow Korean imports of U.S. boneless beef from cattle less than 30 months old. USTR, "Johanns and Portman Welcome Progress to Reopen Korean Market to U.S. Beef," USTR press release, Jan. 13, 2006. Reopening of the market was originally anticipated for late March. Two incidents since the signing of the protocol have delayed implementation at least until July 2006.

²¹⁵ There was earlier interest in a potential U.S.-Korea FTA in some quarters in the United States. The Senate Finance Committee asked the Commission to produce a report estimating the economic impact of a U.S.-Korea FTA in December 2000. See USITC, *U.S.-Korea FTA: The Economic Impact of Establishing a Free Trade Agreement (FTA) Between the United States and the Republic of Korea*, publication 3452, Sept. 2001.

²¹⁶ Mark E. Manyin, "South Korea-U.S. Economic Relations: Cooperation, Friction, and Prospects for a Free Trade Agreement (FTA)," CRS Report for Congress, Order Code RL30566, Feb. 9, 2006; U.S. Department of State telegram, "Press Bulletin—June, 27, 2005," message reference No. 3071, prepared by U.S. Embassy, Seoul, June 27, 2005; U.S. Department of State telegram, "U.S.-ROK Quarterly Trade Meeting," message reference No. 200757, prepared by U.S. Department of State, Washington, DC, Oct. 31, 2005. Korea made concessions on beef and screen quotas in early 2006 and the United States and Korea announced their intention to negotiate an FTA on Feb. 2, 2006. USTR, "Secretary Johanns and USTR Portman Welcome Progress to Reopen Korean Market to U.S. Beef," USTR press release, Jan. 13, 2006; USTR, "USTR Portman Welcomes Korea's Action to Reduce Movie Restrictions: Benefits U.S. Film Industry," USTR press release, Jan. 26, 2006; and USTR, "United States, South Korea Announce Intention to Negotiate Free Trade Agreement," USTR press release, Feb. 2, 2006.

India

U.S. merchandise exports to India totaled approximately \$7.0 billion in 2005, a 32 percent increase from \$5.3 billion in 2004. U.S. merchandise imports from India grew by approximately 21 percent from \$15.5 billion in 2004 to \$18.7 billion in 2005. The U.S. merchandise trade deficit with India totaled \$11.7 billion in 2005, up from \$10.2 billion in 2004. India is currently the 22nd largest export market for U.S. goods and the United States continued to be India's leading trading partner in 2005. Leading U.S. exports to India during the year included aircraft, fertilizers, automatic data processing machines, ferrous waste and scrap, telecommunications equipment, and coal briquettes. Leading U.S. imports from India during 2005 included diamonds, jewelry, textiles and apparel, and petroleum. U.S.-India merchandise trade data are shown in appendix tables A-43 through A-45.

Trade Dialogue

The U.S.-India trade relationship during 2005 focused on developing a mutually beneficial long-term trade relationship through the establishment of the United States-India Trade Policy Forum (TPF).²¹⁷ The TPF, launched in July 2005, was founded as a new mechanism to discuss bilateral trade and related issues.²¹⁸ The inaugural session of the TPF was held in New Delhi on November 12, 2005, and the agenda included discussions on tariff and nontariff trade barriers; services; investment; subsidies; customs procedures; IPR; sanitary and phytosanitary (SPS) measures; India's continued eligibility for benefits under the U.S. GSP program; and government procurement.²¹⁹ U.S. and Indian officials met in New Delhi again on March 1, 2006, to further discuss multilateral and bilateral trade issues.²²⁰ They agreed to continue to meet biannually, and to hold frequent bilateral meetings at the deputy trade minister level.²²¹

Intellectual Property Rights

On December 27, 2004, the Government of India issued a new patent ordinance just ahead of India's January 1, 2005 WTO TRIPS Agreement deadline to enact product patent protection for pharmaceuticals and agricultural chemicals. The regulations implementing the ordinance entered into force on January 1, 2005.²²² According to USTR, India's patent law has other outstanding problems, including problems associated with ambiguities within the scope of patentable inventions, a large backlog in pending patent applications, and inadequate protection against unfair commercial use of test data.²²³ On January 30, 2006, Indian officials expressed interest in commencing regular dialogue with the U.S. government and academic officials to receive IPR training to build Indian IPR expertise and improve mechanisms and methodologies for providing IPR technical assistance in India. The United

²¹⁷ USTR, "US-India Policy Forum," factsheet, July 18, 2005.

²¹⁸ USTR, "USTR to Participate in Inaugural U.S.-India Trade Policy Forum," press release, Nov. 11, 2005.

²¹⁹ USTR, *2006 Trade Policy Agenda and 2005 Annual Report*, p. 170.

²²⁰ U.S. Department of State, "USTR Portman's Meeting With India's Commerce Minister Kamal Nath: Part I, Bilateral Issues," message reference No. 1607, prepared by U.S. Embassy, New Delhi, March 8, 2006.

²²¹ *Ibid.*

²²² USTR, "India," *2006 National Trade Estimate Report on Foreign Trade Barriers*, p. 305.

²²³ *Ibid.*

States agreed to fund IPR training programs for India in 2006 to strengthen enforcement and patent examination.²²⁴

Agriculture

The United States and India addressed a number of SPS issues under the TPF, including the signature of a bilateral agreement that, upon completion of various steps, is to eventually permit India to export mangoes to the United States, thus ending a 17-year U.S. ban on imports of Indian mangoes.²²⁵

Russia

U.S. merchandise exports to Russia totaled \$3.7 billion in 2005, a 32.8 percent increase from \$2.8 billion in 2004. U.S. merchandise imports from Russia totaled \$15.4 billion in 2005, a 31.9 percent increase from \$11.6 billion in 2004. The U.S. merchandise trade deficit with Russia totaled \$11.8 billion in 2005, up from \$8.8 billion in 2004. Leading U.S. exports to Russia during the year were frozen chicken parts, drilling equipment, and passenger motor vehicles. Leading U.S. imports from Russia were petroleum products and metals, including aluminum and uranium. U.S.-Russia merchandise trade data are shown in appendix tables A-46 through A-48.

The United States accords Russia conditional normal trade relations (NTR) tariff treatment²²⁶ pursuant to the provisions of Title IV of the Trade Act of 1974, as amended, which includes the “freedom-of-emigration” requirements of the Jackson-Vanik amendment.²²⁷ President Bush stated in 2001 that his administration would work with the Congress to grant Russia

²²⁴ The White House, “Fact Sheet: United States and India: Strategic Partnership,” March 2, 2006.

²²⁵ The United States banned imports of Indian mangoes because India had not taken adequate steps to ensure compliance with U.S. SPS standards regarding potential pests and diseases. Under the new agreement, the two countries established a framework outlining fundamental requirements for bilateral trade of commodities treated by irradiation as a quarantine treatment. The agreement is to allow Indian mangoes to be sold in the United States during second half of 2007. USTR, “U.S. and India Issue Joint Statement on Trade,” press release, Mar. 2, 2006, and USDA, “United States Agrees to Import Mangoes From India,” press release 0063.06, Mar. 2, 2006.

²²⁶ The United States and Russia ratified a bilateral trade agreement and the United States extended NTR treatment to Russia under the Presidential waiver authority beginning in June 1992. Russia has received NTR status under the full compliance provision since September 1994. William H. Cooper, CRS, *Permanent Normal Trade Relations (PNTR) Status for Russia and U.S.-Russian Economic Ties*” CRS Report for Congress, Jan. 28, 2002, RS21123.

²²⁷ Public Law 93-618, as amended (19 U.S.C. 2431 et seq.). Sec. 401 of the Trade Act of 1974 requires the President to deny NTR tariff treatment to any country that was not eligible for such treatment as of Jan. 3, 1975. Sec. 402 of the amendment, the so-called Jackson-Vanik amendment (the amendment is named for its major Congressional co-sponsors) requires the President to continue to deny NTR to those countries as well as prohibit their access to U.S. government credit facilities, such as the Export-Import Bank, as long as the country denies its citizens the right of freedom-of-emigration. For further information, see Vladimir N. Pregelj, CRS, *Country Applicability of the U.S. Normal Trade Relations (Most-Favored-Nation) Status*, CRS Report for Congress, March 24, 2005, 96-463E; and William H. Cooper, CRS, *Permanent Normal Trade Relations (PNTR) Status for Russia and U.S.-Russian Economic Ties*, CRS Report for Congress, Jan. 28, 2002, RS21123.

permanent NTR status.²²⁸ Congress considered legislation to grant Russia permanent NTR in recent years,²²⁹ but such legislation was not introduced in 2005.

Russia continued its bilateral negotiations with the United States and other trading partners during 2005 as part of Russia's efforts to complete its WTO accession package.²³⁰ Key areas of interest for U.S. negotiators with respect to Russia's tariff and market access commitments included: market access for agricultural products, aircraft, and financial services, as well as Russia's application of unscientifically based sanitary and phytosanitary standards and agricultural price supports.²³¹ Other longstanding U.S. concerns with Russia's trade regime, discussed in more detail below, include market access for U.S. poultry, pork, and beef, and IPR protection in Russia.

Poultry, Pork, and Beef Import Restrictions

On June 15, 2005, the United States and Russia signed an agreement that effectively preserves or expands U.S. market shares for U.S. poultry, beef, and pork exports to Russia.²³² The agreement reflected the terms of an agreement that the two governments had reached in principle on U.S. market access parameters on poultry, beef, and pork in September 2003. The market access parameters of the agreement have been effectively applied by Russia since 2004.²³³ The negotiations leading to the agreement followed Russian implementation of a system of quotas for all imports of poultry and TRQs for all imports of pork and beef in 2003.²³⁴ The agreement also included rules with respect to the allocation and distribution

²²⁸ William H. Cooper, CRS, *Permanent Normal Trade Relations (PNTR) Status for Russia and U.S.-Russian Economic Ties* CRS Report for Congress, Jan. 28, 2002, RS21123.

²²⁹ Such legislation was last introduced in 2003. *A bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Russia*, S. 580, 108th Cong., 1st sess., *Congressional Record* (March 10, 2003): S3410; and *A bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Russia*, H.R. 1224, 108th Cong., 1st sess., *Congressional Record* (March 12, 2003 (Extensions)), E446.

²³⁰ Russia tabled its initial goods and services market access offers in February 1998 and October 1999, respectively (those offers were subsequently revised). For information on the status of Russia's WTO accession, see WTO, "Accessions: Russian Federation, http://www.wto.org/english/thewto_e/acc_e/a1_russie_e.htm.

²³¹ U.S. Department of State telegram, "Russian WTO Accession: Readout of Trilateral/Bilateral Meetings, March 30-April 8, 2005," message reference No. 69320, prepared by U.S. Department of State, April 14, 2005, and U.S. Department of State telegram, "Russia—2005 National Trade Estimate," message reference No. 15190, prepared by U.S. Embassy, Moscow, Dec. 13, 2005.

²³² USTR, "U.S.-Russia Reach Agreement on Poultry, Pork and Beef Market Access," press release, Sept. 28, 2003.

²³³ In November 2003, Russia announced quota allocations for U.S. poultry, beef, and poultry for 2004, based on historical U.S. export levels, as provided for in the September 2003 agreement. USTR, "Russia," *2004 National Trade Estimate Report on Foreign Trade Barriers*, pp. 406–407 and "United States and Russia Sign Agreement on Meat Market," press release, June 15, 2005.

²³⁴ The decision to implement import quotas for poultry and TRQs for beef and pork was announced on Jan. 23, 2003. The quotas for poultry became effective in April 2003, and TRQs for beef and pork became effective in May 2003. The poultry quota applies to HTS 0207 (fresh, chilled, or frozen poultry); the TRQ for beef applies to HTS 0202 (frozen beef); and the TRQ for pork applies to HTS 0203 (fresh, chilled, or frozen pork). The poultry quota is to be in effect for a period of 3 years, and the beef and pork TRQs are to be in effect until 2010. Quotas and TRQs did not apply to Russia's imports from countries that were a part of the former Soviet Union. USDA, Economic Research Service, "Implications of Russia's New Poultry Import Quotas," *Livestock, Dairy, & Poultry Outlook*, April 16, 2003; and USDA, FAS, "Russia Adopts Measures to Restrict Meat Imports Starting in 2003," *FAS Online*.

of import licenses and veterinary permits, and established a consultative mechanism to address trade-related matters, including sanitary issues.²³⁵

U.S. exports of poultry (HS 0207) to Russia were valued at \$652 million in 2005, making Russia the world's largest market for U.S. poultry—significantly larger than U.S. exports to the EU-25 market (\$79 million in 2005) and to NAFTA partners (\$114 million in 2005). Russia ranked as the 5th largest market for U.S. pork (HTS 0203), with U.S. exports valued at \$53 million in 2005, and the 32nd largest market for U.S. beef (HTS 0202), with U.S. exports valued at \$473,000 in 2005.

Intellectual Property Rights

Russia has been on the special 301 priority watch list since 1997 based on longstanding U.S. concerns about deteriorating IPR conditions in Russia.²³⁶ In its 2005 special 301 report, USTR noted that Russia remained on the priority watch list due to serious and continuing concerns with Russia's IPR regime, including weak IPR enforcement, rampant production of pirated optical media products, absence of TRIPs-consistent data protection, and increasing Internet piracy of copyrighted works. USTR acknowledged that Russia had taken steps to strengthen its IPR regime in recent years, but reported that further legislative changes and enforcement improvements remain necessary to combat piracy that costs U.S. industry estimated losses of \$1.7 billion in 2004.²³⁷ USTR reported that it would continue to monitor Russia's progress in bringing its IPR regime in line with international standards, and that it would conduct an out-of-cycle review to monitor Russia's progress on IPR issues and to evaluate whether actions taken by Russia have resulted in substantial reductions in the levels of piracy and counterfeiting.²³⁸

In addition to the special 301 priority watch list and in response to petitions from the U.S. copyright industry, USTR continued a review in 2005 to determine Russia's eligibility to continue to receive benefits under the U.S. GSP program.²³⁹ IPR also was a key issue of discussion in Russia's WTO accession negotiations with the United States during 2005.

²³⁵ According to USTR the agreement was supported by several major U.S. industry trade associations, including the National Chicken Council, National Turkey Federation, USA Poultry and Egg Export Council, National Cattlemen's Beef Association, National Pork Producers Council, American Meat Institute, and U.S. Meat Export Federation. USTR, "United States and Russia Sign Agreement on Meat Market," press release, June 15, 2005.

²³⁶ Developments with respect to special 301 are discussed in chapter 2 of this report.

²³⁷ USTR, "Priority Watch List—Russia," *2005 Special 301 Report*, April 2005, p. 32.

²³⁸ *Ibid.*

²³⁹ 70 FR 54435. Russia has been the subject of annual reviews for continued eligibility for U.S. GSP benefits since 2001 because of its IPR practices based on petitions filed by the International Intellectual Property Alliance and accepted by USTR. The U.S. GSP program is discussed in chapter 2 of this report.

APPENDIX TABLES

Table A-1 U.S. merchandise trade with world, by SITC codes (revision 3), 2003-05*(1,000 dollars)*

SITC Code No.	Description	2003	2004	2005	Percent change 2004-05
0	Food and live animals	41,588,059	43,566,552	46,380,671	6.5
1	Beverages and tobacco	4,634,564	4,657,019	4,331,104	-7.0
2	Crude materials, inedible, except fuels	32,392,743	35,646,475	39,789,276	11.6
3	Mineral fuels, lubricants and related materials	13,691,208	18,513,944	26,240,185	41.7
4	Animal and vegetable oils, fats and waxes	1,976,584	1,953,508	1,765,636	-9.6
5	Chemicals and related products, n.e.s.	91,417,551	109,324,174	119,335,083	9.2
6	Manufactured goods classified chiefly by material	58,756,976	67,497,529	77,250,974	14.5
7	Machinery and transport equipment	305,681,044	334,476,712	367,483,265	9.9
8	Miscellaneous manufactured articles	74,497,677	82,830,678	88,932,842	7.4
9	Commodities and transactions not classified elsewhere in the SITC	26,787,567	28,716,747	32,482,853	13.1
	Total all exports commodities	651,423,973	727,183,338	803,991,890	10.6
0	Food and live animals	42,804,404	46,870,676	51,343,623	9.5
1	Beverages and tobacco	11,672,200	12,335,842	13,484,002	9.3
2	Crude materials, inedible, except fuels	21,054,527	27,694,787	30,387,825	9.7
3	Mineral fuels, lubricants and related materials	145,028,811	193,990,088	271,244,015	39.8
4	Animal and vegetable oils, fats and waxes	1,567,714	2,279,432	2,399,720	5.3
5	Chemicals and related products, n.e.s.	103,791,765	117,212,878	134,377,408	14.6
6	Manufactured goods classified chiefly by material	132,838,076	170,239,394	190,489,644	11.9
7	Machinery and transport equipment	522,085,355	593,960,602	649,335,925	9.3
8	Miscellaneous manufactured articles	217,924,433	240,365,616	258,808,951	7.7
9	Commodities and transactions not classified elsewhere in the SITC	51,329,502	55,211,147	60,508,556	9.6
	Total all imports commodities	1,250,096,785	1,460,160,460	1,662,379,669	13.8

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

Table A-2 Leading exports to the world, by Schedule B subheading, 2003-05

(1,000 dollars)

Schedule B subheading	Description	2003	2004	2005	Percent change 2004-05
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	21,135,208	20,497,678	24,918,549	21.6
8542.21	Electronic monolithic digital integrated circuits	24,991,056	22,556,313	22,154,045	-1.8
9880.00	Low value export shipments (non-Canadian)	15,710,789	18,161,505	20,443,326	12.6
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	11,828,184	12,858,453	14,702,468	14.3
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	9,606,466	10,550,638	12,620,744	19.6
8473.30	Parts and accessories for automated data processing machines and units	12,215,155	11,309,784	12,171,725	7.6
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	8,987,449	10,211,030	10,194,759	-0.2
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	7,331,812	9,158,147	9,879,554	7.9
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	9,459,077	8,440,792	9,803,812	16.1
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	4,435,159	6,244,558	9,653,155	54.6
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	8,049,472	8,174,852	8,604,166	5.3
8411.91	Parts for turbojets or turbopropellers	5,996,225	7,184,526	7,846,312	9.2
1201.00	Soybeans, whether or not broken	7,935,151	6,684,380	6,314,528	-5.5
8542.29	Electronic monolithic integrated circuits, other than digital	5,094,305	6,349,947	6,177,008	-2.7
8431.43	Parts for boring or sinking machinery, n.e.s.o.i.	4,086,626	4,568,019	5,680,194	24.3
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	2,612,473	3,453,208	4,976,674	44.1
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	4,004,688	4,547,656	4,966,751	9.2
1005.90	Corn (maize), other than seed	4,804,505	5,817,595	4,860,457	-16.5
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	4,063,647	4,524,999	4,662,661	3.0
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder	4,129,930	3,464,941	4,635,601	33.8
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	3,606,520	5,163,748	4,626,314	-10.4
8411.12	Turbojets of a thrust exceeding 25 kN	3,372,365	3,924,757	4,520,942	15.2
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	1,522,401	3,549,572	4,517,727	27.3
1001.90	Wheat and meslin, excluding durum wheat	3,737,657	5,007,737	4,206,085	-16.0
3002.10	Antisera and other blood fractions, and modified immunological products	2,622,672	3,360,657	4,123,323	22.7
	Total of items shown	191,338,991	205,765,495	227,260,881	10.4
	All other	460,084,983	521,417,843	576,731,009	10.6
	Total of all commodities	651,423,973	727,183,338	803,991,890	10.6

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

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

Table A-3 Leading U.S. imports from the world, by HTS subheading, 2003-05*(1,000 dollars)*

HTS subheading	Description	2003	2004	2005	Percent change 2004-05
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	73,526,856	100,337,587	137,330,950	36.9
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	64,265,683	72,732,506	74,059,712	1.8
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	48,155,104	46,085,812	46,646,402	1.2
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	18,917,131	25,652,668	39,422,007	53.7
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	31,665,256	32,205,473	34,862,777	8.3
8473.30	Parts and accessories for automated data processing machines and units	22,643,984	26,834,882	27,581,638	2.8
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	12,161,253	17,312,561	27,423,542	58.4
2711.21	Natural gas, gaseous state	18,401,150	19,674,288	27,134,511	37.9
8525.20	Transmission apparatus incorporating reception apparatus	15,518,410	20,959,691	24,912,967	18.9
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	19,575,914	22,158,753	24,005,920	8.3
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	13,185,104	16,034,861	19,421,324	21.1
9999.95	Estimated "low valued" shipments	14,067,192	16,193,577	18,226,139	12.6
8471.60	Input or output units for automated data processing machines	15,877,835	18,720,207	17,701,985	-5.4
8528.12	Incomplete or unfinished color reception apparatus for televisions	9,170,564	12,321,956	16,336,936	32.6
7102.39	Nonindustrial diamonds, n.e.s.o.i.	12,161,383	13,871,661	15,374,539	10.8
8542.21	Electronic monolithic digital integrated circuits	15,656,040	16,058,744	15,353,135	-4.4
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	11,516,474	13,401,701	15,044,656	12.3
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	11,615,411	10,321,430	10,849,797	5.1
8471.70	Automatic data processing storage units	11,208,265	10,738,387	10,604,829	-1.2
8517.90	Parts of telephonic or telegraphic apparatus	4,722,782	5,512,769	8,585,599	55.7
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	7,144,556	7,513,225	8,377,614	11.5
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of thickness exceeding 6 mm	5,499,581	8,164,288	8,266,862	1.3
6110.20	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of cotton	6,746,184	7,084,341	7,592,959	7.2
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	7,034,221	7,226,536	7,567,498	4.7
8517.50	Other apparatus for carrier-current line systems or for digital line systems	4,109,573	5,435,488	7,508,296	38.1
	Total of items shown	474,545,907	552,553,391	650,192,596	17.7
	All other	775,550,878	907,607,069	1,012,187,073	11.5
	Total of all commodities	1,250,096,785	1,460,160,460	1,662,379,669	13.8

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

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

Table A-4 Antidumping cases active in 2005, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	Country of origin	Date of institution	USITC prelim	ITA ^a prelim	ITA final	USITC final	Date of final action ^b
731-TA-1063	Warmwater shrimp and prawns	Brazil	12/31/03	A	A	A	A	01/19/05
731-TA-1064	Warmwater shrimp and prawns	China	12/31/03	A	A	A	A	01/19/05
731-TA-1065	Warmwater shrimp and prawns	Ecuador	12/31/03	A	A	A	A	01/19/05
731-TA-1066	Warmwater shrimp and prawns	India	12/31/03	A	A	A	A	01/19/05
731-TA-1067	Warmwater shrimp and prawns	Thailand	12/31/03	A	A	A	A	01/19/05
731-TA-1068	Warmwater shrimp and prawns	Vietnam	12/31/03	A	A	A	A	01/19/05
731-TA-1069	Outboard engines	Japan	01/08/04	A	A	A	N	02/17/05
731-TA-1070A	Certain crepe paper products	China	02/17/04	A	A	A	A	01/18/05
731-TA-1070B	Certain tissue paper products	China	02/17/04	A	A	A	A	03/21/05
731-TA-1071	Magnesium	China	02/27/04	A	A	A	A	04/11/05
731-TA-1072	Magnesium	Russia	02/27/04	A	A	A	A	04/11/05
731-TA-1074	Certain circular welded carbon quality line pipe	Korea	03/03/04	A	N	^(c)	^(d)	02/17/05
731-TA-1075	Certain circular welded carbon quality line pipe	Mexico	03/03/04	A	A	^(c)	^(d)	02/17/05
731-TA-1076	Live swine	Canada	03/05/04	A	A	A	N	04/25/05
731-TA-1077	Polyethylene terephthalate resin	India	03/24/04	A	A	A	N	05/03/05
731-TA-1078	Polyethylene terephthalate resin	Indonesia	03/24/04	A	A	A	N	05/03/05
731-TA-1079	Polyethylene terephthalate resin	Taiwan	03/24/04	A	N	N	^(d)	03/21/05
731-TA-1080	Polyethylene terephthalate resin	Thailand	03/24/04	A	A	A	N	05/03/05
731-TA-1082	Chlorinated isocyanurates	China	05/14/04	A	A	A	A	06/17/05
731-TA-1083	Chlorinated isocyanurates	Spain	05/14/04	A	A	A	A	06/17/05
731-TA-1084	Purified carboxymethylcellulose	Finland	06/09/04	A	A	A	A	06/30/05
731-TA-1085	Purified carboxymethylcellulose	Mexico	06/09/04	A	A	A	A	06/30/05
731-TA-1086	Purified carboxymethylcellulose	Netherlands	06/09/04	A	A	A	A	06/30/05
731-TA-1087	Purified carboxymethylcellulose	Sweden	06/09/04	A	A	A	A	06/30/05
731-TA-1089	Certain orange juice	Brazil	12/27/04	A	A	^(e)	^(e)	^(e)
731-TA-1090	Superalloy degassed chromium	Japan	03/04/05	A	A	A	A	12/15/05
731-TA-1091	Artists' canvas	China	04/01/05	A	A	^(e)	^(e)	^(e)
731-TA-1092	Diamond sawblades	China	05/03/05	A	A	^(e)	^(e)	^(e)
731-TA-1093	Diamond sawblades	Korea	05/03/05	A	A	^(e)	^(e)	^(e)
731-TA-1094	Metal calendar slides	Japan	06/29/05	A	^(e)	^(e)	^(e)	^(e)
731-TA-1095	Lined paper school supplies	China	09/09/05	A	^(e)	^(e)	^(e)	^(e)
731-TA-1096	Lined paper school supplies	India	09/09/05	A	^(e)	^(e)	^(e)	^(e)
731-TA-1097	Lined paper school supplies	Indonesia	09/09/05	A	^(e)	^(e)	^(e)	^(e)
731-TA-1098	Liquid sulfur dioxide	Canada	09/30/05	N	^(d)	^(d)	^(d)	12/12/05
731-TA-1099	Carbon and certain alloy steel wire rod	China	11/10/05	N	^(d)	^(d)	^(d)	12/27/05
731-TA-1100	Carbon and certain alloy steel wire rod	Germany	11/10/05	N	^(d)	^(d)	^(d)	12/27/05
731-TA-1101	Carbon and certain alloy steel wire rod	Turkey	11/10/05	N	^(d)	^(d)	^(d)	12/27/05

Source: U.S. International Trade Commission.

^a International Trade Administration, U.S. Department of Commerce.

^b For cases in which the final action was taken by the ITA, the date shown is the *Federal Register* notice date of that action. For cases in which the final action was taken by USITC, the date of the USITC notification of Commerce is shown.

^c The investigation was terminated or discontinued following withdrawal of the petition.

^d Not applicable.

^e Pending as of Dec. 31, 2005.

Table A-5 Antidumping duty orders in effect as of December 31, 2005

Country and commodity	Effective date of original action
Argentina:	
Honey	Dec. 10, 2001
Hot-rolled carbon steel flat products	Sept. 19, 2001
Oil country tubular goods	Aug. 11, 1995
Seamless pipe	Aug. 3, 1995
Light-walled rectangular tube	May 26, 1989
Barbed wire and barbless wire strand	Nov. 13, 1985
Australia:	
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Belarus:	
Steel concrete reinforcing bars	Sept. 7, 2001
Belgium:	
Stainless steel plate in coils	May 21, 1999
Carbon steel plate	Aug. 19, 1993
Brazil:	
Frozen or canned warmwater shrimp and prawns	Feb. 1, 2005
Prestressed concrete steel wire strand	Jan. 28, 2004
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Hot-rolled carbon steel flat products	July 6, 1999
Seamless pipe	Aug. 3, 1995
Stainless steel bar	Feb. 21, 1995
Silicomanganese	Dec. 22, 1994
Stainless steel wire rod	Jan. 28, 1994
Carbon steel plate	Aug. 19, 1993
Circular welded non-alloy steel pipe	Nov. 2, 1992
Silicon metal	July 31, 1991
Brass sheet and strip	Jan. 12, 1987
Carbon steel butt-weld pipe fittings	Dec. 17, 1986
Iron construction castings	May 9, 1986
Canada:	
Hard red spring wheat	Oct. 23, 2003
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Softwood lumber	May 22, 2002
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Brass sheet and strip	Jan. 12, 1987
Iron construction castings	Mar. 5, 1986
Chile:	
Individually quick frozen red raspberries	July 9, 2002
Preserved mushrooms	Dec. 2, 1998
China:	
Chlorinated isocyanurates	June 24, 2005
Magnesium	April 15, 2005
Tissue paper	Mar. 30, 2005
Frozen or canned warmwater shrimp and prawns	Feb. 1, 2005
Crepe paper	Jan. 25, 2005
Wooden bedroom furniture	Jan. 4, 2005
Carbazole violet pigment 23	Dec. 29, 2004
Hand trucks	Dec. 2, 2004
Polyethylene retail carrier bags	Aug. 9, 2004
Ironing tables	Aug. 6, 2004
Tetrahydrofurfuryl alcohol	Aug. 6, 2004
Color television receivers	June 3, 2004
Malleable iron pipe fittings	Dec. 12, 2003
Refined brown aluminum oxide	Nov. 19, 2003
Barium carbonate	Oct. 1, 2003
Polyvinyl alcohol	Oct. 1, 2003
Saccharin	July 9, 2003

Table A-5 Antidumping duty orders in effect as of December 31, 2005—*Continued*

Country and commodity	Effective date of original action
<i>China—Continued</i>	
Lawn and garden steel fence posts	June 12, 2003
Non-malleable cast iron pipe fittings	Apr. 7, 2003
Ferrovandium	Jan. 28, 2003
Folding metal tables and chairs	June 27, 2002
Automotive replacement glass windshields	Apr. 4, 2002
Folding gift boxes	Jan. 8, 2002
Honey	Dec. 10, 2001
Hot-rolled carbon steel flat products	Nov. 29, 2001
Pure magnesium (granular)	Nov. 19, 2001
Foundry coke	Sept. 17, 2001
Steel concrete reinforcing bars	Sept. 7, 2001
Synthetic indigo	June 19, 2000
Non-frozen apple juice concentrate	June 5, 2000
Preserved mushrooms	Feb. 19, 1999
Carbon steel plate	Oct. 24, 1997
Crawfish tail meat	Sept. 15, 1997
Persulfates	July 7, 1997
Brake rotors	Apr. 17, 1997
Furfuryl alcohol	June 21, 1995
Pure magnesium (ingot)	May 12, 1995
Glycine	Mar. 29, 1995
Cased pencils	Dec. 28, 1994
Silicomanganese	Dec. 22, 1994
Paper clips	Nov. 25, 1994
Fresh garlic	Nov. 16, 1994
Helical spring lock washers	Oct. 19, 1993
Sulfanilic acid	Aug. 19, 1992
Carbon steel butt-weld pipe fittings	July 6, 1992
Sparklers	June 18, 1991
Silicon metal	June 10, 1991
Axes and adzes	Feb. 19, 1991
Bars and wedges	Feb. 19, 1991
Hammers and sledges	Feb. 19, 1991
Picks and mattocks	Feb. 19, 1991
Tapered roller bearings	June 15, 1987
Porcelain-on-steel cooking ware	Dec. 2, 1986
Petroleum wax candles	Aug. 28, 1986
Iron construction castings	May 9, 1986
Natural bristle paint brushes	Feb. 14, 1986
Barium chloride	Oct. 17, 1984
Chloropicrin	Mar. 22, 1984
Potassium permanganate	Jan. 31, 1984
Greige polyester cotton printcloth	Sept. 16, 1983
<i>Czech Republic:</i>	
Small diameter seamless pipe	Aug. 14, 2000
<i>Ecuador:</i>	
Frozen or canned warmwater shrimp and prawns	Feb. 1, 2005
<i>Finland:</i>	
Carboxymethylcellulose	July 11, 2005
Carbon steel plate	Aug. 19, 1993
<i>France:</i>	
Stainless steel bar	Mar. 7, 2002
Low enriched uranium	Feb. 13, 2002
Stainless steel wire rod	Jan. 28, 1994
Corrosion-resistant carbon steel flat products	Aug. 19, 1993

Table A-5 Antidumping duty orders in effect as of December 31, 2005—*Continued*

Country and commodity	Effective date of original action
France— <i>Continued</i> :	
Ball bearings	May 15, 1989
Spherical plain bearings	May 15, 1989
Brass sheet and strip	Mar. 6, 1987
Sorbitol	Apr. 9, 1982
Germany:	
Stainless steel bar	Mar. 7, 2002
Stainless steel sheet and strip	July 27, 1999
Seamless pipe	Aug. 3, 1995
Carbon steel plate	Aug. 19, 1993
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Ball bearings	May 15, 1989
Brass sheet and strip	Mar. 6, 1987
Hungary:	
Sulfanilic acid	Nov. 8, 2002
India:	
Frozen or canned warmwater shrimp and prawns	Feb. 1, 2005
Carbazole violet pigment 23	Dec. 29, 2004
Prestressed concrete steel wire strand	Jan. 28, 2004
Polyethylene terephthalate (PET) film	July 1, 2002
Silicomanganese	May 23, 2002
Hot-rolled carbon steel products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Preserved mushrooms	Feb. 19, 1999
Stainless steel bar	Feb. 21, 1995
Forged stainless steel flanges	Feb. 9, 1994
Stainless steel wire rod	Dec. 1, 1993
Sulfanilic acid	Mar. 2, 1993
Welded carbon steel pipe	May 12, 1986
Indonesia:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Hot-rolled carbon steel flat products	Dec. 3, 2001
Steel concrete reinforcing bars	Sept. 7, 2001
Carbon steel plate	Feb. 10, 2000
Preserved mushrooms	Feb. 19, 1999
Iran:	
Raw in-shell pistachios	July 17, 1986
Italy:	
Stainless steel bar	Mar. 7, 2002
Stainless steel butt-weld pipe fittings	Feb. 23, 2001
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Pasta	July 24, 1996
Oil country tubular goods	Aug. 11, 1995
Grain-oriented silicon electrical steel	Aug. 12, 1994
Ball bearings	May 15, 1989
Granular polytetrafluoroethylene resin	Aug. 30, 1988
Brass sheet and strip	Mar. 6, 1987
Pressure sensitive plastic tape	Oct. 21, 1977
Japan:	
Superalloy degassed chromium	Dec. 22, 2005
Ceramic station post insulators	Dec. 30, 2003
Polyvinyl alcohol	July 2, 2003
Welded large diameter line pipe	Dec. 6, 2001

Table A-5 Antidumping duty orders in effect as of December 31, 2005—*Continued*

Country and commodity	Effective date of original action
Japan— <i>Continued</i> :	
Stainless steel angle	May 18, 2001
Tin mill products	Aug. 28, 2000
Large diameter seamless pipe	June 26, 2000
Small diameter seamless pipe	June 26, 2000
Structural steel beams	June 19, 2000
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Hot-rolled carbon steel flat products	June 29, 1999
Stainless steel wire rod	Sept. 15, 1998
Clad steel plate	July 2, 1996
Oil country tubular goods	Aug. 11, 1995
Stainless steel bar	Feb. 21, 1995
Grain-oriented silicon electrical steel	June 10, 1994
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Gray portland cement and clinker	May 10, 1991
Ball bearings	May 15, 1989
Granular polytetrafluoroethylene resin	Aug. 24, 1988
Brass sheet and strip	Aug. 12, 1988
Internal combustion industrial forklift trucks	June 7, 1988
Stainless steel butt-weld pipe fittings	Mar. 25, 1988
Carbon steel butt-weld pipe fittings	Feb. 10, 1987
Prestressed concrete steel wire strand	Dec. 8, 1978
Polychloroprene rubber	Dec. 6, 1973
Kazakhstan:	
Silicomanganese	May 23, 2002
Hot-rolled carbon steel flat products	Nov. 21, 2001
Korea:	
Prestressed concrete steel wire strand	Jan. 28, 2004
Polyvinyl alcohol	Oct. 1, 2003
Stainless steel bar	Mar. 7, 2002
Steel concrete reinforcing bars	Sept. 7, 2001
Stainless steel angle	May 18, 2001
Structural steel beams	Aug. 18, 2000
Polyester staple fiber	May 25, 2000
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Oil country tubular goods	Aug. 11, 1995
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Stainless steel butt-weld pipe fittings	Feb. 23, 1993
Welded ASTM A-312 stainless steel pipe	Dec. 30, 1992
Circular welded non-alloy steel pipe	Nov. 2, 1992
Polyethylene terephthalate (PET) film	June 5, 1991
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Latvia:	
Steel concrete reinforcing bars	Sept. 7, 2001
Malaysia:	
Polyethylene retail carrier bags	Aug. 9, 2004
Stainless steel butt-weld pipe fittings	Feb. 23, 2001
Extruded rubber thread	Oct. 7, 1992
Steel concrete reinforcing bars	Sept. 7, 2001

Table A-5 Antidumping duty orders in effect as of December 31, 2005—*Continued*

Country and commodity	Effective date of original action
Mexico:	
Carboxymethylcellulose	July 11, 2005
Prestressed concrete steel wire strand	Jan. 28, 2004
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Welded large diameter line pipe	Feb. 27, 2002
Large diameter seamless pipe	Aug. 11, 2000
Stainless steel sheet and strip	July 27, 1999
Fresh tomatoes (suspended)	Nov. 1, 1996
Oil country tubular goods	Aug. 11, 1995
Carbon steel plate	Aug. 19, 1993
Circular welded non-alloy steel pipe	Nov. 2, 1992
Gray portland cement and clinker	Aug. 30, 1990
Moldova:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Netherlands:	
Carboxymethylcellulose	July 11, 2005
Hot-rolled carbon steel flat products	Nov. 29, 2001
Norway:	
Fresh and chilled Atlantic salmon	Apr. 12, 1991
Philippines:	
Stainless steel butt-weld pipe fittings	Feb. 23, 2001
Poland:	
Steel concrete reinforcing bars	Sept. 7, 2001
Carbon steel plate	Aug. 19, 1993
Portugal:	
Sulfanilic acid	Nov. 8, 2002
Romania:	
Hot-rolled carbon steel flat products	Nov. 29, 2001
Small diameter seamless pipe	Aug. 10, 2000
Carbon steel plate	Aug. 19, 1993
Russia:	
Magnesium	April 15, 2005
Silicon metal	Mar. 26, 2003
Ammonium nitrate (suspended)	May 19, 2000
Hot-rolled carbon steel flat products (suspended)	July 12, 1999
Carbon steel plate (suspended)	Oct. 24, 1997
Ferrovandium and nitrated vanadium	July 10, 1995
Uranium (suspended)	Oct. 16, 1992
Solid urea	July 14, 1987
Singapore:	
Ball bearings	May 15, 1989
South Africa:	
Ferrovandium	Jan. 28, 2003
Hot-rolled carbon steel flat products	Sept. 19, 2001
Small diameter seamless pipe	June 26, 2000
Stainless steel plate in coils	May 21, 1999
Spain:	
Chlorinated isocyanurates	June 24, 2005
Stainless steel angle	May 18, 2001
Stainless steel wire rod	Sept. 15, 1998
Stainless steel bar	Mar. 2, 1995
Carbon steel plate	Aug. 19, 1993
Sweden:	
Carboxymethylcellulose	July 11, 2005
Stainless steel wire rod	Sept. 15, 1998
Carbon steel plate	Aug. 19, 1993

Table A-5 Antidumping duty orders in effect as of December 31, 2005—*Continued*

Country and commodity	Effective date of original action
Taiwan:	
Polyethylene terephthalate (PET) film	July 1, 2002
Hot-rolled carbon steel flat products	Nov. 29, 2001
Polyester staple fiber	May 25, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Forged stainless steel flanges	Feb. 9, 1994
Helical spring lockwashers	June 28, 1993
Stainless steel butt-weld pipe fittings	June 16, 1993
Welded ASTM A-312 stainless steel pipe	Dec. 30, 1992
Circular welded non-alloy steel pipe	Nov. 2, 1992
Light-walled rectangular tube	Mar. 27, 1989
Carbon steel butt-weld pipe fittings	Dec. 17, 1986
Porcelain-on-steel cooking ware	Dec. 2, 1986
Small diameter carbon steel pipe	May 7, 1984
Carbon steel plate	June 13, 1979
Thailand:	
Frozen or canned warmwater shrimp and prawns	Feb. 1, 2005
Polyethylene retail carrier bags	Aug. 9, 2004
Prestressed concrete steel wire strand	Jan. 28, 2004
Hot-rolled carbon steel flat products	Nov. 29, 2001
Furfuryl alcohol	July 25, 1995
Canned pineapple	July 18, 1995
Carbon steel butt-weld pipe fittings	July 6, 1992
Welded carbon steel pipe	Mar. 11, 1986
Trinidad and Tobago:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Turkey:	
Steel concrete reinforcing bars	Apr. 17, 1997
Pasta	July 24, 1996
Welded carbon steel pipe	May 15, 1986
Ukraine:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Hot-rolled carbon steel flat products	Nov. 29, 2001
Ammonium nitrate	Sept. 12, 2001
Steel concrete reinforcing bars	Sept. 7, 2001
Carbon steel plate (suspended)	Oct. 24, 1997
Silicomanganese	Oct. 31, 1994
Solid urea	July 14, 1987
United Kingdom:	
Stainless steel bar	Mar. 7, 2002
Carbon steel plate	Aug. 19, 1993
Ball bearings	May 15, 1989
Venezuela:	
Silicomanganese	May 23, 2002
Vietnam:	
Frozen or canned warmwater shrimp and prawns	Feb. 1, 2005
Frozen fish fillets	Aug. 12, 2003

Source: U.S. International Trade Commission.

Table A-6 Countervailing duty cases active in 2005, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	Country of origin	Date of institution	USITC prelim	ITA ^a prelim	ITA final	USITC final	Date of final action ^b
701-TA-438	Live swine	Canada	03/05/04	A	N	N	^c)	03/11/05
701-TA-439	Polyethylene terephthalate resin	India	03/24/04	A	A	A	N	05/03/05
701-TA-440	Polyethylene terephthalate resin	Thailand	03/24/04	A	N	N	^c)	03/21/05
701-TA-442	Lined paper school supplies	India	09/09/05	A	(^d)	(^d)	(^d)	(^d)
701-TA-443	Lined paper school supplies	Indonesia	09/09/05	A	(^d)	(^d)	(^d)	(^d)

Source: U.S. International Trade Commission.

^a International Trade Administration, U.S. Department of Commerce.

^b For cases in which the final action was taken by the ITA, the date shown is the *Federal Register* notice date of that action. For cases in which the final action was taken by USITC, the date of the USITC notification of Commerce is shown.

^c Not applicable.

^d Pending as of Dec. 31, 2005.

Table A-7 Countervailing duty orders in effect as of December 31, 2005

Country and commodity	Effective date of original action
Argentina:	
Honey	Dec. 10, 2001
Hot-rolled carbon steel flat products	Sept. 11, 2001
Belgium:	
Stainless steel plate in coils	May 11, 1999
Carbon steel plate	Aug. 17, 1993
Brazil:	
Carbon and certain alloy steel wire rod	Oct. 22, 2002
Hot-rolled carbon steel flat products	July 6, 1999
Carbon steel plate	Aug. 17, 1993
Brass sheet and strip	Jan. 8, 1987
Heavy iron construction castings	May 15, 1986
Canada:	
Hard red spring wheat	Oct. 23, 2003
Softwood lumber	May 22, 2002
Alloy magnesium	Aug. 31, 1992
Pure magnesium	Aug. 31, 1992
France:	
Low enriched uranium	Feb. 13, 2002
Corrosion-resistant carbon steel flat products	Aug. 17, 1993
Brass sheet and strip	Mar. 6, 1987
Germany:	
Low enriched uranium	Feb. 13, 2002
Hungary:	
Sulfanilic acid	Nov. 8, 2002
India:	
Carbazole violet pigment 23	Dec. 29, 2004
Prestressed concrete steel wire strand	Feb. 4, 2004
Polyethylene terephthalate (PET) film	July 1, 2002
Hot-rolled carbon steel flat products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Sulfanilic acid	Mar. 2, 1993
Indonesia:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Iran:	
Roasted in-shell pistachios	Oct. 7, 1986
Raw in-shell pistachios	Mar. 11, 1986
Italy:	
Stainless steel bar	Mar. 8, 2002
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	Aug. 6, 1999
Stainless steel plate in coils	May 11, 1999
Pasta	July 24, 1996
Oil country tubular goods	Aug. 10, 1995
Grain-oriented silicon electrical steel	June 7, 1994

Table A-7 Countervailing duty orders in effect as of December 31, 2005—*Continued*

Country and commodity	Effective date of original action
Korea:	
DRAMs and DRAM modules	Aug. 11, 2003
Structural steel beams	Aug. 14, 2000
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	Aug. 6, 1999
Corrosion-resistant carbon steel flat products	Aug. 17, 1993
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Mexico:	
Carbon steel plate	Aug. 17, 1993
Netherlands:	
Low enriched uranium	Feb. 13, 2002
Norway:	
Fresh and chilled Atlantic salmon	Apr. 12, 1991
South Africa:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Stainless steel plate in coils	May 11, 1999
Spain:	
Carbon steel plate	Aug. 17, 1993
Sweden:	
Carbon steel plate	Aug. 17, 1993
Thailand:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Turkey:	
Pasta	July 24, 1996
Welded carbon steel pipe	Mar. 7, 1986
United Kingdom:	
Low enriched uranium	Feb. 13, 2002
Carbon steel plate	Aug. 17, 1993

Source: U.S. International Trade Commission.

Table A-8 Changed circumstances investigations completed in 2005

Investigation number	Product	Country of origin	Completion date ^a	Action
751-TA-28	Frozen warmwater shrimp and prawns	India	11/21/05	Continued
751-TA-29	Frozen warmwater shrimp and prawns	Thailand	11/21/05	Continued

Source: U.S. International Trade Commission.

^a The completion date shown is the date of the USITC notification of Commerce.

Table A-9 Reviews of existing antidumping and countervailing duty orders and suspension agreements completed in 2005, by date of completion

USITC investigation number	Product	Country of origin	Completion date ^a	Action
731-TA-326	Frozen concentrated orange juice	Brazil	03/28/05	Revoked
701-TA-384	Hot-rolled carbon steel flat products	Brazil	04/28/05	Continued
731-TA-806	Hot-rolled carbon steel flat products	Brazil	04/28/05	Continued
731-TA-807	Hot-rolled carbon steel flat products	Japan	04/28/05	Continued
731-TA-808	Hot-rolled carbon steel flat products	Russia	04/28/05	Continued
731-TA-653	Sebacic acid	China	05/11/05	Revoked
731-TA-101	Greige polyester cotton printcloth	China	05/25/05	Continued
731-TA-125	Potassium permanganate	China	05/26/05	Continued
701-TA-249	Heavy iron construction castings	Brazil	06/07/05	Continued
731-TA-262	Iron construction castings	Brazil	06/07/05	Continued
731-TA-263	Iron construction castings	Canada	06/07/05	Continued
731-TA-265	Iron construction castings	China	06/07/05	Continued
AA1921-129	Polychloroprene rubber	Japan	06/27/05	Continued
701-TA-376	Stainless steel plate in coils	Belgium	06/27/05	Continued
701-TA-377	Stainless steel plate in coils	Italy	06/27/05	Continued
701-TA-379	Stainless steel plate in coils	South Africa	06/27/05	Continued
731-TA-788	Stainless steel plate in coils	Belgium	06/27/05	Continued
731-TA-789	Stainless steel plate in coils	Canada	06/27/05	Revoked
731-TA-790	Stainless steel plate in coils	Italy	06/27/05	Continued
731-TA-791	Stainless steel plate in coils	Korea	06/27/05	Continued
731-TA-792	Stainless steel plate in coils	South Africa	06/27/05	Continued
731-TA-793	Stainless steel plate in coils	Taiwan	06/27/05	Continued
701-TA-381	Stainless steel sheet and strip	Italy	07/12/05	Continued
701-TA-382	Stainless steel sheet and strip	Korea	07/12/05	Continued
731-TA-797	Stainless steel sheet and strip	France	07/12/05	Revoked
731-TA-798	Stainless steel sheet and strip	Germany	07/12/05	Continued
731-TA-799	Stainless steel sheet and strip	Italy	07/12/05	Continued
731-TA-800	Stainless steel sheet and strip	Japan	07/12/05	Continued
731-TA-801	Stainless steel sheet and strip	Korea	07/12/05	Continued
731-TA-802	Stainless steel sheet and strip	Mexico	07/12/05	Continued
731-TA-803	Stainless steel sheet and strip	Taiwan	07/12/05	Continued
731-TA-804	Stainless steel sheet and strip	United Kingdom	07/12/05	Revoked
731-TA-282	Petroleum wax candles	China	07/28/05	Continued
104-TAA-7	Sugar	European Union	08/29/05	Revoked
AA1921-198	Sugar	Belgium	08/29/05	Revoked
AA1921-199	Sugar	France	08/29/05	Revoked
AA1921-200	Sugar	Germany	08/29/05	Revoked
731-TA-841	Non-frozen apple juice concentrate	China	09/28/05	Continued
731-TA-376	Stainless steel butt-weld pipe fittings	Japan	09/29/05	Continued
731-TA-459	Polyethylene terephthalate (PET) film	Korea	09/29/05	Continued
731-TA-563	Stainless steel butt-weld pipe fittings	Korea	09/29/05	Continued
731-TA-564	Stainless steel butt-weld pipe fittings	Taiwan	09/29/05	Continued
701-TA-267	Top-of-the-stove stainless steel cooking ware	Korea	10/27/05	Continued
701-TA-268	Top-of-the-stove stainless steel cooking ware	Taiwan	10/27/05	Revoked
731-TA-298	Porcelain-on-steel cooking ware	China	10/27/05	Continued
731-TA-299	Porcelain-on-steel cooking ware	Taiwan	10/27/05	Continued
731-TA-304	Top-of-the-stove stainless steel cooking ware	Korea	10/27/05	Continued
731-TA-305	Top-of-the-stove stainless steel cooking ware	Taiwan	10/27/05	Revoked
731-TA-308	Carbon steel butt-weld pipe fittings	Brazil	10/31/05	Continued
731-TA-309	Carbon steel butt-weld pipe fittings	Japan	10/31/05	Continued
731-TA-310	Carbon steel butt-weld pipe fittings	Taiwan	10/31/05	Continued
731-TA-520	Carbon steel butt-weld pipe fittings	China	10/31/05	Continued
731-TA-521	Carbon steel butt-weld pipe fittings	Thailand	10/31/05	Continued
731-TA-718	Glycine	China	10/31/05	Continued
731-TA-464	Sparklers	China	11/15/05	Continued
701-TA-388	Cut-to-length carbon steel plate	India	11/21/05	Continued
701-TA-389	Cut-to-length carbon steel plate	Indonesia	11/21/05	Continued
701-TA-390	Cut-to-length carbon steel plate	Italy	11/21/05	Continued

Table A-9 Reviews of existing antidumping and countervailing duty orders and suspension agreements completed in 2005, by date of completion—*Continued*

USITC				
investigation number	Product	Country of origin	Completion date ^a	Action
701-TA-391	Cut-to-length carbon steel plate	Korea	11/21/05	Continued
731-TA-816	Cut-to-length carbon steel plate	France	11/21/05	Revoked
731-TA-817	Cut-to-length carbon steel plate	India	11/21/05	Continued
731-TA-818	Cut-to-length carbon steel plate	Indonesia	11/21/05	Continued
731-TA-819	Cut-to-length carbon steel plate	Italy	11/21/05	Continued
731-TA-820	Cut-to-length carbon steel plate	Japan	11/21/05	Continued
731-TA-821	Cut-to-length carbon steel plate	Korea	11/21/05	Continued
731-TA-669	Cased pencils	China	11/30/05	Continued
731-TA-340-E	Solid urea	Russia	12/13/05	Continued
731-TA-340-H	Solid urea	Ukraine	12/13/05	Continued
731-TA-385	Granular polytetrafluoroethylene resin	Italy	12/13/05	Continued
731-TA-386	Granular polytetrafluoroethylene resin	Japan	12/13/05	Continued
731-TA-287	Raw in-shell pistachios	Iran	12/15/05	Continued
731-TA-639	Forged stainless steel flanges	India	12/16/05	Continued
731-TA-640	Forged stainless steel flanges	Taiwan	12/16/05	Continued

Source: U.S. International Trade Commission.

^a The completion date shown is the date of the USITC notification of Commerce.

Table A-10 Section 337 investigations and related proceedings completed by the U.S. International Trade Commission during 2005 and those pending on December 31, 2005

Status of Investigation	Article	Country ^a	Commission determination
Completed:			
337-TA-406	Certain Lens-Fitted Film Packages	China, Hong Kong, Korea	Two related (ancillary) proceedings completed: (1) Enforcement Proceeding II (Comm'n issued civil penalties); and (2) Commission Remand of enforcement and advisory proceedings; terminated without altering existing remedy.
337-TA-454	Certain Set-Top Boxes and Components Thereof	Japan, Mexico	Remand from CAFC; Terminated based on a settlement agreement.
337-TA-486	Certain Agriculture Tractors, Lawn Tractors, Riding Lawnmowers, and Components Thereof	China	Enforcement proceeding; terminated without implementing any enforcement measures.
337-TA-494	Certain Automotive Measuring Devices, Products Containing Same, and Bezels for Such Devices	Taiwan	Issued a limited exclusion order and a cease and desist order; issued a corrected consent order.
337-TA-499	Certain Audio Digital-to-Analog Converters and Products Containing Same	United Kingdom	Issued a limited exclusion order, which was subsequently rescinded based on a settlement agreement.
337-TA-503	Certain Automated Mechanical Transmission Systems for Medium-Duty and Heavy-Duty Trucks, and Components Thereof	Germany	Issued a limited exclusion order and a cease and desist order.
337-TA-505	Certain Gun Barrels Used in Firearms Training Systems	Switzerland, Netherlands	Issued a limited exclusion order and a cease and desist order.
337-TA-506	Certain Optical Disk Controller Chips and Chipsets and Products Containing Same, Including DVD Players and PC Optical Storage Devices	Taiwan, Singapore, China, Hong Kong, Japan	Issued a limited exclusion order and seven cease and desist orders; motion for bond forfeiture filed.
337-TA-510	Certain Systems for Detecting and Removing Viruses or Worms, Components Thereof, and Products Containing Same	Taiwan, Japan	Issued a limited exclusion order and a cease and desist order; subsequently enforcement proceeding and advisory opinion proceeding were instituted.
337-TA-511	Certain Pet Food Treats	China, Brazil	Issued a limited exclusion order.
337-TA-514	Certain Plastic Food Containers	China	Issued a general exclusion order.
337-TA-515	Certain Injectable Implant Compositions	Sweden	Terminated based on withdrawal of the complaint.
337-TA-516	Certain Disc Drives, Components Thereof, and Products Containing Same	China	Terminated based on a settlement agreement.

See footnotes at end of table

Table A–10 Section 337 investigations and related proceedings completed by the U.S. International Trade Commission during 2005 and those pending on December 31, 2005—*Continued*

Status of Investigation	Article	Country ^a	Commission determination
337-TA-517	Certain Shirts with Pucker-Free Seams and Methods of Producing Same	Hong Kong	Terminated based on withdrawal of the complaint.
337-TA-521	Certain Voltage Regulator Circuits, Components Thereof and Products Containing Same	Malaysia, China	Terminated based on a consent order and a settlement agreement.
337-TA-522	Certain Ink Markers and Packaging Thereof	China, India, Indonesia, Korea	Issued general exclusion order and a cease and desist order.
337-TA-524 ^b	Certain Point of Sale Terminals and Components Thereof	France, Israel, Korea, Ireland	Terminated based on withdrawal of the complaint.
337-TA-525	Certain Semiconductor Devices and Products Containing Same	China	Terminated based on a settlement agreement.
337-TA-526	Certain NAND Flash Memory Circuits and Products Containing Same	Singapore	Terminated based on a finding of no violation.
337-TA-527	Certain Digital Image Storage and Retrieval Devices	Taiwan, Japan	Terminated based on withdrawal of the complaint.
337-TA-528	Certain Foam Masking Tape	Spain, Netherlands, Portugal, Canada, France, Germany	Issued a general exclusion.
337-TA-529	Certain Digital Processors, Digital Processing Systems, Components Thereof, and Products Containing Same	Japan	Terminated based on a settlement agreement.
337-TA-531	Certain Network Controllers and Products Containing Same	Taiwan	Terminated based on a settlement agreement.
337-TA-532	Certain Automated Fuel Caps and Components Thereof	Germany, Belgium	Terminated based on withdrawal of the complaint.
337-TA-535	Certain Network Communications Systems for Optical Networks and Components Thereof	Canada, Singapore, Mauritius	Terminated based on withdrawal of the complaint.
337-TA-536	Certain Pool Cues with Self-Aligning Joint Assemblies and Components Thereof	Taiwan, China	Terminated based on a finding of no violation.
337-TA-537	Certain Weather Stations and Components Thereof	Hong Kong	Terminated based on withdrawal of the complaint.
337-TA-540	Certain Automotive Grilles	Taiwan	Terminated based on withdrawal of the complaint.
337-TA-544	Certain Hand-Held Mobile Computing Devices, Components Thereof and Cradles Thereof	Mexico	Terminated based on withdrawal of the complaint.

See footnotes at end of table.

Table A–10 Section 337 investigations and related proceedings completed by the U.S. International Trade Commission during 2005 and those pending on December 31, 2005—*Continued*

Status of Investigation	Article	Country ^a	Commission determination
Pending:			
337-TA-501	Certain Encapsulated Integrated Circuit Devices and Products Containing Same	Malaysia	Pending before the Commission.
337-TA-503 ^b	Certain Automated Mechanical Transmission Systems for Medium-Duty and Heavy-Duty Trucks, and Components Thereof	Germany	Consolidated enforcement and advisory opinion proceedings pending before the Commission.
337-TA-509	Certain Personal Computers, Server Computers, and Components Thereof	Taiwan, China	Pending before the ALJ.
337-TA-512	Certain Light-Emitting Diodes and Products Containing Same	Malaysia	Pending before the Commission.
337-TA-519	Certain Personal Computers, Monitors, and Components Thereof	Mexico, China	Pending before the ALJ.
337-TA-523	Certain Optical Disk Controller Chips and Chipsets and Products Containing the Same, Including DVD Players and PC Optical Storage Devices II	Taiwan	Pending before the Commission.
337-TA-524 ^b	Certain Point of Sale Terminals and Components Thereof	France, Israel, Korea, Ireland	Ancillary sanctions proceeding pending before the Commission.
337-TA-530	Certain Electric Robots and Component Parts Thereof	Germany, Japan	Pending before the Commission.
337-TA-533	Certain Rubber Antidegradants, Components Thereof, and Products Containing Same	China, Korea	Pending before the ALJ.
337-TA-534	Certain Color Television Receivers and Color Display Monitors, and Components Thereof	Taiwan	Pending before the Commission.
337-TA-538	Certain Audio Processing Integrated Circuits, and Products Containing Same	China	Pending before the ALJ.
337-TA-539	Certain Tadalafil or Any Salt or Solvate Thereof, and Products Containing Same	India, Panama, Haiti, Nicaragua, Mexico, Australia	Pending before the Commission.
337-TA-541	Certain Power Supply Controllers and Products Containing Same	Taiwan	Pending before the ALJ.
337-TA-542	Certain DVD/CD Players and Recorders, Color Television Receivers and Monitors, and Components Thereof	Mexico, China	Pending before the ALJ.

See footnotes at end of table.

Table A–10 Section 337 investigations and related proceedings completed by the U.S. International Trade Commission during 2005 and those pending on December 31, 2005—*Continued*

Status of Investigation	Article	Country ^a	Commission determination
337-TA-543	Certain Baseband Processor Chips and Chipsets, Transmitter and Receiver (Radio) Chips, Power Control Chips, and Products Containing Same, Including Cellular Telephone Handsets	China, Korea	Pending before the ALJ.
337-TA-545	Certain Laminated Floor Panels	Netherlands, Ireland, China, Canada, Malaysia	Pending before the ALJ.
337-TA-546	Certain Male Prophylactic Devices	India	Pending before the ALJ.
337-TA-547	Certain Personal Computers, Monitors and Components Thereof	China, Mexico	Pending before the ALJ.
337-TA-548	Certain Tissue Converting Machinery, Including Rewinders, Tail Sealers, Trim Removers, And Components Thereof	Taiwan	Pending before the ALJ.
337-TA-549	Certain Ink Sticks for Solid Ink Printers	Korea	Pending before the ALJ.
337-TA-550	Certain Modified Vaccinia Ankara ("MVA") Viruses and Vaccines and Pharmaceutical Compositions Based Thereon	United Kingdom	Pending before the ALJ.
337-TA-551	Certain Laser Bar Code Scanners and Scan Engines, Components Thereof And Products Containing Same	China	Pending before the ALJ.
337-TA-552	Certain Flash Memory Devices and Components Thereof, and Products Containing Such Devices and Components	Korea	Pending before the ALJ.
337-TA-553	Certain NAND Flash Memory Devices and Products Containing Same	Japan	Pending before the ALJ.
337-TA-554	Certain Axle Bearing Assemblies, Components Thereof, and Products Containing Same	Korea	Pending before the ALJ.
337-TA-555	Certain Devices for Determining Organ Positions and Certain Subassemblies Thereof	Canada	Pending before the ALJ.
337-TA-556	Certain High-Brightness Light Emitting Diodes and Products Containing Same	Taiwan	Pending before the ALJ.

Source: U.S. International Trade Commission.

^a This column lists the countries of the foreign respondents named in the investigation.

^b Inv. No. 337-TA-503 was terminated on April 7, 2005; consolidated enforcement and advisory proceedings pending. Inv. No. 337-TA-524 was terminated on July 8, 2005; sanctions proceeding pending.

Table A-11 Outstanding Section 337 exclusion orders as of December 31, 2005

Investigation No.	Article	Country ^a	Date patent expires ^b
337-TA-55	Certain Novelty Glasses	Hong Kong	Nonpatent
337-TA-69	Certain Airtight Cast-Iron Stoves	Taiwan, Korea	Nonpatent
337-TA-87	Certain Coin-Operated Audio-Visual Games and Components Thereof	Japan, Taiwan	Nonpatent
337-TA-105	Certain Coin-Operated Audio-Visual Games and Components Thereof	Japan, Taiwan	Nonpatent
337-TA-112	Certain Cube Puzzles	Taiwan, Japan, Canada	Nonpatent
337-TA-114	Certain Miniature Plug-In Blade Fuses	Taiwan	Nonpatent
337-TA-118	Certain Sneakers With Fabric Uppers and Rubber Soles	Korea	Nonpatent
337-TA-137	Certain Heavy-Duty Staple Gun Tackers	Taiwan, Hong Kong, Korea	Nonpatent
337-TA-152	Certain Plastic Food Storage Containers	Hong Kong, Taiwan	Nonpatent
337-TA-167	Certain Single Handle Faucets	Taiwan	Nonpatent
337-TA-174	Certain Woodworking Machines	Taiwan, South Africa	Nonpatent
337-TA-195	Certain Cloisonne Jewelry	Taiwan	Nonpatent
337-TA-197	Certain Compound Action Metal Cutting Snips and Components Thereof	Taiwan	Nonpatent
337-TA-229	Certain Nut Jewelry and Parts Thereof	Philippines, Taiwan	Nonpatent
337-TA-231	Certain Soft Sculpture Dolls, Popularly Known as "Cabbage Patch Kids," Related Literature, and Packaging Therefore	No foreign respondents	Nonpatent
337-TA-266	Certain Reclosable Plastic Bags and Tubing	Singapore, Taiwan, Korea, Thailand, Hong Kong	Nonpatent
337-TA-279	Certain Plastic Light Duty Screw Anchors	Taiwan	Nonpatent
337-TA-285	Certain Chemiluminescent Compositions and Components Thereof and Methods of Using, and Products Incorporating, the Same	France	Nonpatent
337-TA-287	Certain Strip Lights	Taiwan	Nonpatent
337-TA-295	Certain Novelty Teleidoscopes	Hong Kong, Taiwan	Nonpatent
337-TA-314	Certain Battery-Powered Ride-On Toy Vehicles and Components Thereof	Taiwan	Sept. 22, 2006 ^c
337-TA-319	Certain Automotive Fuel Caps and Radiator Caps and Related Packaging and Promotional Materials	Taiwan	Nonpatent June 22, 2006 ^c July 22, 2006 ^c

See footnotes at end of table.

Table A-11 Outstanding Section 337 exclusion orders as of December 31, 2005—*Continued*

Investigation No.	Article	Country ^a	Date patent expires ^b
337-TA-321	Certain Soft Drinks and Their Containers	Colombia	Nonpatent
337-TA-324	Certain Acid-Washed Denim Garments and Accessories	Hong Kong, Taiwan, Brazil, Chile	Oct. 22, 2006 ^c
337-TA-333	Certain Woodworking Accessories	Taiwan	Mar. 2, 2008 ^c
337-TA-360	Certain Devices For Connecting Computers Via Telephone Lines	Taiwan	Feb. 13, 2007
337-TA-365	Certain Audible Alarm Devices For Divers	Taiwan	Aug. 21, 2007 ^c Oct. 12, 2008 ^c
337-TA-374	Certain Electrical Connectors and Products Containing Same	Taiwan	Jan. 22, 2008
337-TA-376	Certain Variable Speed Wind Turbines and Components Thereof	Germany	Feb. 1, 2011 ^c
337-TA-378	Certain Asian-Style Kamaboko Fish Cakes	Japan	Nonpatent
337-TA-380	Certain Agricultural Tractors Under 50 Power Take-Off Horsepower	Japan	Nonpatent
337-TA-383	Certain Hardware Logic Emulation Systems and Components Thereof	France	Oct. 5, 2008 Oct. 5, 2008 Oct. 5, 2008 Apr. 28, 2009 Apr. 28, 2009
337-TA-391	Certain Toothbrushes and the Packaging Thereof	China, Taiwan	Aug. 4, 2006
337-TA-406	Certain Lens-Fitted Film Packages	China, Hong Kong, Korea	May 23, 2006 Aug. 8, 2006 Nov. 28, 2006 Sept. 4, 2007 Sept. 4, 2007 Nov. 27, 2007 Apr. 5, 2008 Nov. 5, 2008 Mar. 7, 2009 Aug. 10, 2010 Aug. 13, 2010 Nov. 1, 2011 Jan. 10, 2012 Apr. 18, 2012 July 25, 2012
337-TA-413	Certain Rare-Earth Magnets and Magnetic Material and Articles Containing Same	China, Taiwan	Feb. 7, 2006 July 25, 2006 June 7, 2015
337-TA-416	Certain Compact Multipurpose Tools	China, Taiwan	July 1, 2011 Oct. 21, 2011 Oct. 21, 2011 Oct. 21, 2011
337-TA-422	Certain Two-Handle Centerset Faucets and Escutcheons, and Components Thereof	Taiwan, China	May 31, 2008

See footnotes at end.

Table A-11 Outstanding Section 337 exclusion orders as of December 31, 2005—*Continued*

Investigation No.	Article	Country ^a	Date patent expires ^b
337-TA-424	Certain Cigarettes and Packaging Thereof	No foreign respondents	Nonpatent
337-TA-440	Certain 4-Androstenediol	China	July 13, 2018
337-TA-446	Certain Ink Jet Cartridges and Components Thereof	Taiwan	Nov. 3, 2007 Dec. 22, 2008 Apr. 25, 2012
337-TA-448	Certain Oscillating Sprinklers, Sprinkler Components, and Nozzles	Taiwan, Israel, Germany	July 8, 2014 July 8, 2014
337-TA-473	Certain Video Game Systems, Accessories, and Components Thereof	No foreign respondents	Dec. 18, 2015 Dec. 25, 2015
337-TA-481/491	Certain Display Controllers with Upscaling Functionality and Products Containing Same; and Certain Display Controllers and Products Containing Same	Taiwan	Feb. 24, 2017
337-TA-482	Certain Compact Disc and DVD Holders	Denmark, Hong Kong, Taiwan	May 1, 2015
337-TA-486	Certain Agricultural Tractors, Lawn Tractors, Riding Lawnmowers, and Components Thereof	China	Nonpatent
337-TA-487	Certain Agricultural Vehicles and Components Thereof	China, Netherlands, France, Germany, and Canada	Nonpatent
337-TA-489	Certain Sildenafil or Any Pharmaceutically Acceptable Salt Thereof, Such as Sildenafil Citrate, and Products Containing Same	Belize, Israel, Nicaragua, Syria, United Kingdom, India, China	June 18, 2011
337-TA-492	Certain Plastic Grocery and Retail Bags	Thailand, China, Singapore, Hong Kong	Dec. 6, 2010
337-TA-494	Certain Automotive Measuring Devices, Products Containing Same, and Bezels for Such Devices	Taiwan	Nonpatent
337-TA-498	Certain Insect Traps	China	Jan. 30, 2018
337-TA-500	Certain Purple Protective Gloves	Malaysia, China	Nonpatent
337-TA-503	Certain Automated Mechanical Transmission Systems for Medium-Duty and Heavy-Duty Trucks, and Components Thereof	Germany	Feb. 6, 2007
337-TA-505	Certain Gun Barrels Used in Firearms	Switzerland, Netherlands	Sept. 25, 2015 Aug. 25, 2017
337-TA-510	Certain Systems for Detecting Viruses or Worms, Components Thereof, and Products Containing Same	Japan, Taiwan	Sept. 26, 2015
337-TA-511	Certain Pet Food Treats	China, Brazil	Sept. 23, 2011
337-TA-512	Certain Light-Emitting Diodes And Products Containing Same	Malaysia	July 27, 2018 July 27, 2018 July 27, 2018 Jan. 18, 2015

See footnotes at end.

Table A-11 Outstanding Section 337 exclusion orders as of December 31, 2005—*Continued*

Investigation No.	Article	Country ^a	Date patent expires ^b
337-TA-514	Certain Plastic Food Containers	China	Oct. 19, 2013 Dec. 23, 2017 Dec. 23, 2017
337-TA-518	Certain Ear Protection Devices	China, Taiwan	June 2, 2015
337-TA-522	Certain Ink Markers and Packaging Thereof	China, India, Indonesia, Korea	Nonpatent
337-TA-528	Certain Foam Masking Tape	Spain, Netherlands, Portugal, Canada, France, Germany	May 10, 2011

Source: U.S. International Trade Commission.

^a This column lists the countries of the foreign respondents named in the investigation.

^b Multiple dates indicate the expiration dates of separate patents within the investigation.

^c Patent term extended pursuant to 35 U.S.C. 154©).

Table A-12 U.S. imports for consumption of leading GSP duty-free imports, 2005

(1,000 dollars)

HTS Rank	HTS No.	Description	Total imports	GSP eligible	GSP duty free
1	2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	80,646,484	9,339,748	5,489,547
2	7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	5,782,627	3,214,236	2,768,014
3	7606.12.30	Aluminum alloy plates, sheets, and strip, of a thickness exceeding 0.2 mm, rectangular (including square), not clad	1,957,446	557,940	553,542
4	2905.11.20	Methanol (methyl alcohol), n.e.s.o.i.	1,355,753	1,176,266	463,126
5	7113.19.29	Gold necklaces and neck chains, other than rope or mixed link	933,531	452,695	375,458
6	7408.11.60	Refined copper wire, with a max cross-sectional dimension over 6 but not over 9.5 mm	1,369,513	496,266	315,345
7	7202.41.00	Ferrocromium containing more than 3 percent of carbon	303,317	303,013	302,505
8	8708.39.50	Brakes and servo-brakes and parts thereof, n.e.s.o.i., excluding mounted brake linings, for motor vehicles not agricultural tractors	3,362,674	309,697	286,384
9	8544.30.00	Ignition wiring sets, other wiring sets of a kind used in vehicles, aircraft or ships	5,782,030	789,971	278,922
10	3907.60.00	Polyethylene terephthalate in primary forms	1,065,883	215,460	204,346
11	3923.21.00	Sacks and bags, including cones, for the conveyance or packing of goods, of polymers of ethylene	1,262,418	219,745	204,019
12	1701.11.10	Raw sugar not containing added flavoring or coloring	540,448	481,005	196,643
13	2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	48,435,154	1,464,628	187,197
14	8708.99.80	Parts and accessories n.e.s.o.i., of motor vehicles, n.e.s.o.i.	6,236,165	243,239	186,334
15	7113.11.50	Articles of jewelry and parts thereof, of silver, n.e.s.o.i., valued over \$18 per dozen pieces or parts	869,498	287,109	176,014
16	8708.70.45	Road wheels for motor vehicles	1,891,913	178,492	172,407
17	8528.12.28	Non-high definition color television reception apparatus, nonprojection, video display diagonal over 35.56 cm, incorporating a VCR or player	476,838	189,732	170,286
18	8503.00.95	Other parts, n.e.s.o.i., suitable for use solely or principally with electric motors, generators, generating sets, and rotary converters	1,019,421	185,205	163,574
19	4418.20.80	Doors and their frames and thresholds, of wood, other than French doors	635,444	185,530	153,492
20	4107.11.50	Full grain unsplit upholstery leather of bovines n.e.s.o.i. and equines, no hair on, prepared after tanning or crusting, not of HTS 4114	247,477	159,260	152,879
		Total of items shown	164,174,031	20,449,237	12,800,032
		All other	1,489,179,267	22,767,814	13,945,507
		Total	1,653,353,298	43,217,051	26,745,539

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

Note: Statistics do not include imports from the U.S. Virgin Islands. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

Table A-13 U.S. imports for consumption and imports eligible for GSP treatment, by import categories under the Harmonized Tariff Schedule, 2005

(Million dollars)

HTS section	Description	Total imports	GSP eligible	GSP duty free
I	Live animals; animal products	18,649	106	95
II	Vegetable products	17,950	1,194	316
III	Animal and vegetable fats, oils, and waxes	2,344	141	134
IV	Prepared foodstuffs; beverages, spirits; tobacco	32,414	2,268	1,281
V	Mineral products	269,762	11,515	5,887
VI	Chemical products	119,907	3,054	1,661
VII	Plastics and rubber	47,363	2,751	1,970
VIII	Raw hides and skins, leather, furskins; saddlery; handbags	9,930	592	522
IX	Wood; charcoal; cork ; straw and other plaiting materials	24,443	1,375	966
X	Wood pulp; paper and paperboard	25,542	0	0
XI	Textiles and textile articles	92,550	365	235
XII	Footwear, headgear, umbrellas; artificial flowers	21,005	40	33
XIII	Stone, plaster, cement, asbestos, ceramic and glass articles	15,957	1,812	935
XIV	Pearls, precious or semi-precious stones; imitation jewelry	37,090	4,350	3,592
XV	Base metals and articles of base metal	89,278	4,605	3,438
XVI	Machinery and appliances; electrical equipment	427,787	5,834	3,293
XVII	Vehicles, aircraft, vessels, transport equipment	221,459	1,788	1,452
XVIII	Optical, photographic, medical, and musical instruments; clocks	52,007	824	450
XIX	Arms and ammunition; parts and accessories thereof	1,444	66	61
XX	Miscellaneous manufactured articles	64,984	534	424
XXI	Works of art, collectors' pieces and antiques	5,477	0	0
XXII	Special classification provisions	56,011	0	0
	Total	1,653,353	43,217	26,746

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

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

Table A-14 U.S. imports for consumption under AGOA provisions, by source, 2003-05
(1,000 dollars)

Rank	Source				Percent change
		2003	2004	2005	2004-05
1	Nigeria	9,353,914	15,415,913	22,460,052	45.7
2	Angola	0	1,249,211	4,216,469	237.5
3	Gabon	1,177,431	1,919,407	2,487,326	29.6
4	Chad	14,438	293,801	1,028,954	250.2
5	Republic of the Congo	337,899	0	571,419	N/A
6	South Africa	998,420	0	455,316	N/A
7	Lesotho	372,544	447,622	388,344	-13.2
8	Madagascar	186,187	314,842	273,193	-13.2
9	Kenya	180,599	279,898	272,131	-2.8
10	Swaziland	127,005	175,927	160,462	-8.8
11	Mauritius	135,111	147,816	146,807	-0.7
12	Cameroon	146,746	242,725	100,910	-58.4
13	Namibia	32,132	75,904	53,058	-30.1
14	Ghana	29,156	63,170	49,927	-21.0
15	Malawi	35,837	35,052	32,375	-7.6
16	Botswana	6,324	20,138	30,044	49.2
17	Uganda	1,442	4,022	4,854	20.7
18	Ethiopia	1,772	3,532	3,646	3.2
19	Mozambique	2,516	2,151	2,828	31.5
20	Tanzania	1,110	2,984	2,812	-5.8
21	Cape Verde	2,452	2,902	2,115	-27.1
22	Niger	2	0	24	N/A
23	Senegal	11	7	9	22.7
24	Rwanda	0	0	1	N/A
25	Guinea-Bissau	0	26,131	0	-100.0
26	Zambia	0	22	0	-100.0
27	Mali	(^c)	3	0	-100.0
28	Sierra Leone	0	3	0	-100.0
29	Benin	0	0	0	(^b)
30	Democratic Republic of the Congo	0	0	0	(^b)
31	Djibouti	0	0	0	(^b)
32	Gambia	0	0	0	(^b)
33	Guinea	0	0	0	(^b)
34	Mauritania	0	0	0	(^b)
35	São Tomé and Príncipe	0	0	0	(^b)
36	Seychelles	0	0	0	(^b)
37	Burkina Faso	(^a)	(^a)	0	(^b)
38	Côte d'Ivoire	46,361	88,601	(^a)	(^b)
39	Central African Republic	0	(^a)	(^a)	(^b)
40	Eritrea	0	(^a)	(^a)	(^b)
	Total	13,189,410	21,986,472	32,743,077	48.9

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

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

^aNot AGOA eligible.

^bUndefined.

^cLess than 0.5.

Table A-15 U.S. imports for consumption of leading imports under AGOA, 2003-05*(1,000 dollars)*

HTS No.	Description				Percent change
		2003	2004	2005	2004-05
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	10,492,817	18,548,189	28,013,930	51.0
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	51,248	314,487	1,269,922	303.8
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	400,227	550,644	1,105,736	100.8
2710.11.25	Naphthas, not motor fuel/blending stock, from petroleum oils/oils from bituminous minerals, minimum 70 percent by weight of such products	137,767	220,652	380,440	72.4
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	233,175	360,754	285,664	-20.8
6204.62.40	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of cotton, n.e.s.o.i.	254,571	314,851	284,633	-9.6
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down	213,648	277,652	253,972	-8.5
8703.23.00	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity 1,500-3000 cc	319,362	205,157	121,082	-41.0
2710.11.45	Mixtures of hydrocarbons n.e.s.o.i., none comprising over half of product, 70% or more by weight from petroleum oils and bituminous minerals	16,863	6	102,094	1,620,445.2
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of man-made fibers, n.e.s.o.i.	57,190	77,738	87,620	12.7
6205.20.20	Men's or boys' shirts, not knitted or crocheted, of cotton, not certified hand-loomed and folklore product	45,845	74,299	76,563	3.0
7202.11.50	Ferromanganese containing by weight more than 4 percent carbon	39,394	143,210	62,785	-56.2
6104.62.20	Women's or girls' trousers, breeches, and shorts, knitted or crocheted, of cotton	42,931	66,849	58,505	-12.5
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton	46,343	69,415	52,984	-23.7
6104.63.20	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, n.e.s.o.i.	22,012	35,434	32,980	-6.9
3823.70.60	Industrial fatty alcohols, other than derived from fatty substances of animal or vegetable origin	5,527	21,986	32,693	48.7
0805.10.00	Oranges, fresh or dried	23,612	26,431	31,420	18.9
6103.43.15	Men's or boys' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, n.e.s.o.i.	25,151	39,244	29,984	-23.6
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	22,410	23,290	29,886	28.3
2204.21.50	Non-sparkling wine of fresh grapes, other than Tokay, not over 14 percent alcohol, in containers not over 2 liters	12,970	18,241	27,356	50.0
0802.90.98	Nuts, fresh or dried, shelled, n.e.s.o.i.	18,773	27,005	26,554	-1.7
6106.10.00	Women's or girls' blouses and shirts, knitted or crocheted, of cotton	22,174	28,089	20,282	-27.8
6103.42.10	Men's and boys' trousers, breeches, and shorts, knitted or crocheted, of cotton	21,817	23,813	20,137	-15.4
2710.11.15	Light motor fuel, 70 percent or more by weight from petroleum oils and bituminous minerals, other than crude	0	0	20,028	N/A
2207.10.60	Undenatured ethyl alcohol for nonbeverage purposes	14,203	14,445	19,409	34.4
	Total of items shown	12,540,031	21,481,880	32,446,658	51.0
	All other	649,379	504,592	296,419	-41.3
	Total of all commodities	13,189,410	21,986,472	32,743,077	48.9

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

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

Table A-16 U.S. imports for consumption under ATPA provisions, by source, 2003-05
(1,000 dollars)

Rank	Source				Percent change
		2003	2004	2005	2004-05
1	Colombia	2,908,692	3,888,888	4,653,248	19.7
2	Ecuador	1,553,604	2,747,335	4,370,654	59.1
3	Peru	1,279,283	1,602,673	2,282,661	42.4
4	Bolivia	94,453	120,363	157,386	30.8
	Total	5,836,032	8,359,258	11,463,949	37.1

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

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

Table A-17 U.S. imports for consumption of leading imports under ATPA, 2003-05

(1,000 dollars)

HTS No.	Description	2003	2004	2005	Percent change
					2004-05
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	1,434,729	2,891,605	5,182,127	79.2
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	1,556,843	1,742,257	1,770,339	1.6
7403.11.00	Refined copper cathodes and sections of cathodes	447,368	422,392	556,350	31.7
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	236,458	378,163	541,470	43.2
2710.11.25	Naphthas, not motor fuel/blending stock, from petroleum oils/oils from bituminous minerals, minimum 70 percent by weight of such products	174,970	253,009	406,173	60.5
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	202,262	297,903	295,156	-0.9
0603.10.60	Roses, fresh cut	204,473	238,799	263,076	10.2
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	115,382	153,443	193,835	26.3
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton	84,559	128,319	164,190	28.0
0603.10.80	Cut flowers and flower buds suitable for bouquets, n.e.s.o.i.	124,475	181,902	159,410	-12.4
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down	50,922	96,972	156,388	61.3
0603.10.70	Chrysanthemums, standard carnations, anthuriums and orchids, fresh cut	98,709	98,123	96,846	-1.3
0709.20.90	Asparagus, fresh or chilled, n.e.s.o.i.	60,498	79,478	87,130	9.6
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	59,108	76,376	80,117	4.9
6106.10.00	Women's or girls' blouses and shirts, knitted or crocheted, of cotton	29,743	44,605	64,213	44.0
6204.62.40	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of cotton, n.e.s.o.i.	37,888	63,767	55,793	-12.5
1604.14.30	Tunas and skipjack, not in oil, in airtight containers, n.e.s.o.i.	25,474	31,466	47,814	52.0
3904.10.00	Polyvinyl chloride, not mixed with any other substances, in primary forms	9,397	16,442	44,960	173.4
7113.19.29	Gold necklaces and neck chains, other than rope or mixed link	42,039	40,765	44,188	8.4
2710.19.15	Kerosene-type jet fuel, 70 percent or more by weight from petroleum oils and bituminous minerals, other than crude	2,184	12,517	39,843	218.3
2402.20.80	Cigarettes containing tobacco but not clove, paper-wrapped	55,271	57,946	39,097	-32.5
7113.19.21	Rope necklaces and neck chains of gold	10,791	22,854	30,091	31.7
0603.10.30	Miniature (spray) carnations, fresh cut	23,213	32,035	29,341	-8.4
0804.50.40	Guavas, mangoes, and mangosteens, fresh, if entered during the period from September 1, in any year, to the following May 31, inclusive	25,078	25,853	27,288	5.6
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of man-made fibers, n.e.s.o.i.	17,666	27,819	24,578	-11.7
	Total of items shown	5,129,499	7,414,808	10,399,813	40.3
	All other	706,533	944,450	1,064,136	12.7
	Total of all commodities	5,836,032	8,359,258	11,463,949	37.1

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

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

Table A-18 U.S. imports for consumption under CBERA provisions, by source, 2003-05
(1,000 dollars)

Rank	Source	2003	2004	2005	Percent change
					2004-05
1	Trinidad and Tobago	1,410,853	1,674,430	2,734,524	63.3
2	Dominican Republic	2,614,736	2,598,254	2,483,579	-4.4
3	Honduras	2,175,122	2,314,464	2,372,315	2.5
4	Guatemala	1,088,930	1,189,520	1,246,183	4.8
5	El Salvador	1,185,146	1,125,843	1,226,033	8.9
6	Costa Rica	1,083,025	1,078,966	1,157,763	7.3
7	Nicaragua	249,015	331,229	403,798	21.9
8	Haiti	210,690	218,264	303,390	39.0
9	Jamaica	178,939	166,708	152,163	-8.7
10	Bahamas	87,996	92,705	111,345	20.1
11	Belize	41,583	44,477	54,749	23.1
12	Panama	40,834	32,791	40,751	24.3
13	St. Kitts-Nevis	25,713	29,663	25,211	-15.0
14	Netherlands Antilles	2,714	5,206	6,763	29.9
15	Guyana	16,668	21,048	6,721	-68.1
16	St. Lucia	5,288	5,836	6,353	8.9
17	Barbados	6,951	3,513	3,859	9.9
18	St. Vincent and the Grenadines	2,536	2,925	521	-82.2
19	British Virgin Islands	229	319	198	-37.9
20	Dominica	2,528	369	79	-78.5
21	Antigua	60	51	34	-34.4
22	Aruba	69	29	30	3.3
23	Grenada	3	11	9	-12.6
24	Montserrat	0	0	0	N/A
	Total	10,426,629	10,936,621	12,336,372	12.8

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

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

Table A-19 U.S. imports for consumption of leading imports under CBERA, 2003-05*(1,000 dollars)*

HTS No.	Description	2003	2004	2005	Percent change 2004-05
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton	1,195,086	1,266,969	1,301,437	2.7
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	741,541	802,713	1,076,028	34.0
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	677,858	830,281	1,033,152	24.4
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down	822,045	797,626	730,118	-8.5
2905.11.20	Methanol (methyl alcohol), n.e.s.o.i.	340,004	460,208	700,604	52.2
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	160,934	205,236	474,595	131.2
6107.11.00	Men's or boys' underpants and briefs, knitted or crocheted, of cotton	440,893	376,493	400,512	6.4
6203.43.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of synthetic fibers, n.e.s.o.i.	343,506	318,984	306,677	-3.9
6212.10.90	Brassieres, not containing lace, net, or embroidery, not 70 percent or more silk, whether or not knitted or crocheted	283,415	337,205	279,473	-17.1
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of man-made fibers, n.e.s.o.i.	183,571	232,861	274,696	18.0
2402.10.80	Cigars, cheroots and cigarillos, each valued 23 cents or over	228,348	250,000	267,587	7.0
6204.62.40	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of cotton, n.e.s.o.i.	269,829	294,025	249,988	-15.0
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	194,147	99,141	222,797	124.7
6109.90.10	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of man-made fibers	133,081	154,890	213,489	37.8
6108.21.00	Women's or girls' briefs and panties, knitted or crocheted, of cotton	219,738	223,392	203,827	-8.8
2710.11.25	Naphthas, not motor fuel/blending stock, from petroleum oils/oils from bituminous minerals, minimum 70 percent by weight of such products	66,155	126,377	193,451	53.1
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	186,333	193,815	192,918	-0.5
6115.92.90	Stockings, socks, and other hosiery, not surgical and not containing lace or net, knitted or crocheted, of cotton, n.e.s.o.i.	157,970	213,763	188,188	-12.0
2207.10.60	Undenatured ethyl alcohol for nonbeverage purposes	74,145	96,813	183,568	89.6
2710.11.45	Mixtures of hydrocarbons n.e.s.o.i., none comprising over half of product, 70 or more by weight from petroleum oils and bituminous minerals	9,096	14,369	182,195	1,167.9
1701.11.10	Raw sugar not containing added flavoring or coloring	128,001	138,293	144,325	4.4
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	167,502	179,559	131,857	-26.6
6205.30.20	Men's or boys' shirts, not knitted or crocheted, of manmade fibers, n.e.s.o.i.	97,214	123,606	122,086	-1.2
3903.11.00	Polystyrene, expandable, in primary forms	81,482	86,518	107,456	24.2
0807.19.20	Cantaloupes, fresh, not entered Aug. 1-Sept. 15	106,631	83,046	100,745	21.3
	Total of items shown	7,308,524	7,906,181	9,281,770	17.4
	All other	3,121,105	3,030,441	3,054,602	0.8
	Total of all commodities	10,429,629	10,936,621	12,336,372	12.8

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

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

Table A-20 WTO dispute-settlement cases to which the United States was a party, developments in 2005^a

Case No.	Title	Complainant	Action (month/day)
DS108	United States—Tax Treatment for “Foreign Sales Corporations”	EC	Request for establishment of a panel under Article 21.5 (1/13) Establishment of a panel under Article 21.5 (2/17) Circulation of Article 21.5 panel report (9/30) Notification of appeal - United States (11/24) - EC (11/28)
DS174	European Communities— Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs	United States	Adoption of the panel reports (4/20) Information of intention to implement (5/19) Agreement on RPT under Article 21.3(b) (6/9)
DS184	United States— Antidumping Measures on Certain Hot-Rolled Steel Products from Japan	Japan	Understanding regarding Article 22 (7/7)
DS212	United States— Countervailing Measures Concerning Certain Products from the European Communities	EC	Circulation of Article 21.5 panel report (8/17) Adoption of the Article 21.5 panel report (9/27)
DS217 DS234	United States—Continued Dumping and Subsidy Offset Act of 2000	Australia; Brazil; Chile; EC; India; Indonesia; Japan; Korea; Thailand (DS217) Canada; Mexico (DS234)	Notification of suspending concessions - EC and Canada (4/29) - Japan (8/18)
DS245	Japan—Measures Affecting the Importation of Apples	United States	Adoption of Article 21.5 panel report (7/30) Notification of mutually agreed solution (8/30)
DS257	United States—Final Countervailing Duty Determination with respect to certain Softwood Lumber from Canada	Canada	Referral to arbitration under Article 22.6 (1/14) Circulation of Article 21.5 panel report (8/1) Notification of appeal (US) (9/6) Adoption of Article 21.5 appellate body and panel reports (12/20)
DS264	United States—Final Dumping Determination on Softwood Lumber from Canada	Canada	Statement on completion of implementation (5/19) Request for the establishment of a panel under Article 21.5 (Canada) (5/19) Establishment of a panel under Article 21.5 (6/1)
DS267	United States—Subsidies on Upland Cotton	Brazil	Adoption of appellate body and panel reports (3/21) Information of intention to implement (4/20) Referral to arbitration under DSU 22.6 and SCM Article 7.10 (10/18) Suspension of arbitration proceedings (11/21)
DS268	United States—Sunset Reviews of Antidumping Measures on Oil Country Tubular Goods from Argentina	Argentina	Information of intention to implement (1/14) Request for arbitration under Article 21.3© (Argentina) (3/11) Circulation of Arbitrator’s Award under 21.3© (6/7)
DS277	United States—Investigation of the International Trade Commission in Softwood Lumber from Canada	Canada	Request for establishment of a panel under Article 21.5 (Canada) (2/14) Circulation of Article 21.5 panel report (11/15)
DS282	United States—Antidumping Measures on Oil Country Tubular Goods (OCTG) from Mexico	Mexico	Circulation of panel report (6/20) Notification of appeal - Mexico (8/4) - United States (8-16) Adoption of appellate body and panel reports (11/28)

Table A-20 WTO dispute-settlement cases to which the United States was a party, developments in 2005—*Continued*

Case No.	Title	Complainant	Action (month/day)
DS294	United States—Laws, Regulations and Methodology for Calculating Dumping Margins (Zeroing)	EC	Circulation of panel report (10/31) Notification of appeal (1/17/06)
DS285	United States—Measures Affecting the Cross-Border Supply of Gambling and Betting Services	Antigua and Barbuda	Notification of appeal - United States (1/7) - Antigua and Barbuda (1/19) Adoption of appellate body and panel reports (4/20) Agreement on RPT under Article 21.3(b) (8/19)
DS295	Mexico—Definitive Antidumping Measures on Beef and Rice	United States	Circulation of panel report (6/6) Notification of appeal (Mexico) (7/20) Adoption of appellate body and panel reports (12/20)
DS296	United States—Countervailing Duty Investigation on Dynamic Random Access Memory Semiconductors (DRAMs) from Korea	Korea	Circulation of panel report (2/21) Notification of appeal (United States) (3/29) Adoption of appellate body and panel reports (7/20) Agreement on RPT under Article 21.3(b) (11/7)
DS305	Egypt—Measures Affecting Imports of Textile and Apparel Products	United States	Mutually agreed solution (5/20)
DS308	Mexico—Tax Measures on Soft Drinks and Other Beverages	United States	Circulation of panel report (10/7) Notification of appeal (Mexico) (12/6)
DS309	China—Value-Added Tax on Integrated Circuits	United States	Notification of mutually agreed solution (10/5)
DS315	European Communities— Selected Customs Matters	United States	Establishment of a panel (3/21)
DS316	European Communities— Measures Affecting Trade in Large Civil Aircraft	United States	Establishment of a panel (7/20) Initiation of Annex V factfinding procedure (9/23)
DS317	United States—Measures Affecting Trade in Large Civil Aircraft	United States	Establishment of a panel (7/20) Initiation of Annex V factfinding procedure (9/23)
DS320	United States—Continued Suspension of Obligations in the EC—Hormones Dispute	EC	Establishment of a panel (2/17)
DS322	United States—Measures Relating to Zeroing and Sunset Reviews	Japan	Establishment of a panel (2/28)
DS325	United States—Antidumping Determinations regarding Stainless Steel from Mexico	Mexico	Request for consultations (1/5)
DS334	Turkey—Measures Affecting the Importation of Rice	United States	Request for consultations (11/2)
DS335	United States—Antidumping Measure on Shrimp from Ecuador	Ecuador	Request for consultations (11/17)
DS338	Canada—Provisional Antidumping and Countervailing Duties on Grain Corn from the United States	United States	Canada International Trade Tribunal preliminary affirmative injury determination (11/15) Request for consultations (3/17/06) Preliminary determination reversed by Canadian International Trade Tribunal (4/18/06)

Source: WTO, "Chronological List of Disputes Cases," http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm.

^a Listed cases include only those in which formal action occurred during 2005. Where appropriate, post-2005 actions are noted to place the 2005 actions in context.

Table A-21 NAFTA dispute settlement cases to which the United States was a party, developments in 2005^a

<i>Chapter 19 Binational Panel Decisions</i>		
File No.	Dispute	Action (Month/Day)
USA-MEX-98-1904-02	Gray Portland Cement and Clinker from Mexico (Commerce Final Results of 6 th Antidumping Administrative Review)	Panel affirmed in part and remanded in part to Commerce (5/26) Commerce issued final results of redetermination (7/25) Panel affirmed in part and remanded in part to Commerce (11/3)
USA-MEX-2000-1904-10	Gray Portland Cement and Clinker from Mexico (USITC Five Year Review)	Supplemental briefing (3/14) Oral argument held (4/7) Panel affirmed in part and remanded in part to Commission (6/24) Commission issued remand determination (9/22)
USA-CDA-2000-1904-11	Certain Corrosion-Resistant Carbon Steel Flat Products from Canada (USITC Five Year Review)	Panel affirmed Commission's determination on remand (4/29 and 5/20)
USA-MEX-2001-1904-03	Oil Country Tubular Goods from Mexico (Commerce Full Sunset Review of the Antidumping Duty Order)	Panel affirmed in part and remanded to Commerce (2/11) Commerce issued redetermination on remand (5/13) Panel remanded to Commerce (2/8/2006)
USA-MEX-2001-1904-05	Oil Country Tubular Goods from Mexico (Commerce Final Results of the 4 th Antidumping Duty Administrative Review)	Panel constituted (12/2004) Supplemental briefing (5/13) Oral argument held (7/20) Panel affirmed in part and remanded in part to Commerce (1/27/2006)
USA-CDA-2002-1904-02	Certain Softwood Lumber Products from Canada (Commerce Final Affirmative Antidumping Determination)	Panel remand to Commerce (6/9) Commerce issued third determination on remand (7/11)
USA-CDA-2002-1904-03	Certain Softwood Lumber Products from Canada (Commerce Final Affirmative Countervailing Duty Determination)	Commerce issued third remand determination (1/24) Panel remand to Commerce (5/23) Commerce issued fourth remand determination (7/7) Panel remand to Commerce (10/5) Commerce issued fifth remand determination (11/22)
USA-CDA-2002-1904-09	Carbon and Certain Alloy Steel Wire Rod from Canada (USITC Final Injury Determination)	Panel affirmed Commission final determination (4/18)
USA-CDA-2003-1904-02	Alloy Magnesium from Canada (Commerce Final Results of Countervailing Duty New Shipper Review)	Oral argument held (5/6) Panel affirmed Commerce's final determination (9/9)

Table A-21 NAFTA dispute settlement cases to which the United States was a party, developments in 2005^a—*Continued*

File No.	Dispute	Action (Month/Day)
USA-CDA-2003-1904-05	Certain Durum Wheat and Hard Red Spring Wheat from Canada (Commerce Final Affirmative Countervailing Duty Determination)	Panel affirmed in part and remanded in part Commerce's determination (3/10)
USA-CDA-2003-1904-06	Hard Red Spring Wheat from Canada (USITC Final Injury Determination)	Oral argument held (3/9) Panel affirmed in part and remanded in part the Commission Determination (6/7) Commission determination on remand (10/5) Panel affirmed commission remand determination (12/12)
<i>Chapter 19 Extraordinary Challenge Committee Decisions</i>		
ECC-2004-1904-01USA	Certain Softwood Lumber Products from Canada (USITC Final Injury Determination)	Extraordinary challenge committee affirmed decision of the Binational Panel in USA-CDA-2002-1904-07 (8/10)

Source: NAFTA Secretariat, "Status Report NAFTA & FTA Dispute Settlement Proceedings," http://www.nafta-sec-alena.org/DefaultSite/index_e.aspx?DetailID=9.

^a This list includes only cases in which formal action occurred in 2005; pending cases in which little or no formal action occurred are omitted. Where appropriate, pre-2005 and post-2005 actions are noted to place the 2005 actions in context.

Table A-22 U.S. merchandise trade with European Union,^a by SITC codes (revision 3), 2003-05
(1,000 dollars)

SITC Code No.	Description	2003	2004	2005	Percent change 2004-05
0	Food and live animals	3,989,868	4,394,230	4,953,976	12.7
1	Beverages and tobacco	1,364,778	1,438,773	1,242,881	-13.6
2	Crude materials, inedible, except fuels	5,599,182	5,879,783	6,745,163	14.7
3	Mineral fuels, lubricants and related materials	1,155,244	2,313,345	2,821,470	22.0
4	Animal and vegetable oils, fats and waxes	138,255	125,150	136,659	9.2
5	Chemicals and related products, n.e.s.	28,064,277	33,752,573	36,161,602	7.1
6	Manufactured goods classified chiefly by material	8,042,859	8,798,710	10,574,728	20.2
7	Machinery and transport equipment	67,326,017	70,993,062	73,896,740	4.1
8	Miscellaneous manufactured articles	19,161,153	21,931,578	23,851,135	8.8
9	Commodities and transactions not classified elsewhere in the SITC	6,640,874	6,062,363	7,031,441	16.0
	Total all exports commodities	141,482,506	155,689,567	167,415,795	7.5
0	Food and live animals	4,311,405	4,472,380	4,522,493	1.1
1	Beverages and tobacco	6,699,266	7,118,491	7,936,490	11.5
2	Crude materials, inedible, except fuels	2,108,331	3,007,050	3,191,954	6.1
3	Mineral fuels, lubricants and related materials	10,792,343	14,708,721	21,031,121	43.0
4	Animal and vegetable oils, fats and waxes	583,874	770,651	881,718	14.4
5	Chemicals and related products, n.e.s.	56,340,653	61,406,473	65,945,857	7.4
6	Manufactured goods classified chiefly by material	24,416,726	30,053,828	33,166,805	10.4
7	Machinery and transport equipment	101,260,693	109,410,500	119,368,403	9.1
8	Miscellaneous manufactured articles	31,280,457	35,481,518	36,047,320	1.6
9	Commodities and transactions not classified elsewhere in the SITC	12,630,196	13,329,544	14,916,951	11.9
	Total all imports commodities	250,423,944	279,759,157	307,009,114	9.7

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

^a Includes 25 EU countries

Table A-23 Leading U.S. exports to the European Union,^a by Schedule B subheading, 2003–05
(1,000 dollars)

Schedule B subheading	Description	2003	2004	2005	Percent change 2004–05
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	6,367,298	7,483,301	5,687,843	-24.0
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	4,816,702	5,062,701	5,604,346	10.7
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.				-2.1
9880.00	Low value export shipments (non-Canadian)	4,284,316	5,609,801	5,492,372	
8411.91	Parts for turbojets or turbopropellers	3,532,883	3,816,953	4,171,260	9.3
8473.30	Parts and accessories for automated data processing machines and units	3,250,821	3,538,011	4,109,147	16.1
3002.10	Antisera and other blood fractions, and modified immunological products	4,804,397	3,719,733	3,473,924	-6.6
8411.12	Turbojets of a thrust exceeding 25 kN	1,838,352	2,517,584	3,058,267	21.5
8703.23	Turbojets of a thrust exceeding 25 kN	1,646,462	1,994,111	2,620,699	31.4
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc				-2.7
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	2,106,286	2,545,819	2,476,851	
		1,712,144	2,051,458	2,255,104	9.9
3822.00	Composite diagnostic or laboratory reagents, except pharmaceuticals	1,653,665	1,830,584	2,000,085	9.3
8542.21	Electronic monolithic digital integrated circuits	2,297,896	2,040,439	1,730,575	-15.2
8517.50	Other apparatus for carrier-current line systems or for digital line systems	728,802	1,255,761	1,685,080	34.2
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,447,224	1,707,827	1,603,203	-6.1
8411.99	Gas turbines parts, n.e.s.o.i.	1,120,880	1,326,869	1,591,973	20.0
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof				14.7
9021.90	Appliances n.e.s.o.i., worn, carried, or implanted in the body, to compensate for a defect or disability; parts and accessories thereof	1,073,438	1,320,021	1,514,500	
		1,288,406	1,300,009	1,435,008	10.4
8471.80	Other units of automated data processing machines	1,488,544	1,479,201	1,395,665	-5.6
8517.90	Parts of telephonic or telegraphic apparatus	948,021	1,135,791	1,226,626	8.0
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	475,259	1,590,613	1,161,400	-27.0
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	579,550	685,979	1,116,863	62.8
2933.39	Heterocyclic compounds containing an unfused pyridine ring, whether or not hydrogenated, in the structure, n.e.s.o.i.				14.3
		1,117,363	976,157	1,115,996	
8411.82	Gas turbines, except turbojets and turbopropellers, of a power not exceeding 5,000 kW	603,395	647,693	1,108,365	71.1
2937.90	Other hormones, their derivatives and structural analogues, including chain modified polypeptides, used primarily as hormones, n.e.s.o.i.				-35.0
		539,001	1,639,039	1,064,574	
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States				10.7
		917,864	928,061	1,027,109	
	Total of items shown	50,638,969	58,203,515	59,726,837	2.6
	All other	90,843,538	97,486,053	107,688,958	10.5
	Total of all commodities	141,482,506	155,689,567	167,415,795	7.5

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

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

^a Includes 25 EU countries.

Table A-24 Leading U.S. imports from the European Union,^a by HTS subheading, 2003-05
(1,000 dollars)

HTS subheading	Description	2003	2004	2005	Percent change 2004-05
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	14,463,394	15,401,606	17,711,575	15.0
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	13,909,768	15,920,585	17,021,090	6.9
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	16,700,594	16,482,203	15,175,183	-7.9
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	3,921,397	7,184,306	11,280,127	57.0
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	7,868,215	8,115,917	9,189,694	13.2
2934.99	Nucleic acids and their salts, whether or not chemically defined; other heterocyclic compounds, n.e.s.o.i.	6,628,783	6,175,717	5,553,106	-10.1
2933.99	Heterocyclic compounds with nitrogen hetero-atom(s) only, n.e.s.o.i.	3,988,035	4,620,593	5,301,701	14.7
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	3,244,901	4,067,358	5,290,501	30.1
9999.95	Estimated "low valued" shipments	3,840,018	4,309,156	4,778,905	10.9
8411.91	Parts for turbojets or turbopropellers	3,249,413	3,676,624	4,432,733	20.6
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	3,348,542	3,415,654	3,072,374	-10.0
7102.39	Nonindustrial diamonds, n.e.s.o.i.	2,713,795	2,873,612	2,901,243	1.0
9701.10	Paintings, drawings and pastels, executed entirely by hand, framed or not framed	2,200,043	2,865,367	2,789,733	-2.6
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	2,023,416	1,668,644	2,718,206	62.9
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,715,334	1,774,484	2,047,152	15.4
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof	1,032,405	2,288,696	2,033,609	-11.1
3302.10	Mixtures of odoriferous substances and mixtures with a basis of these substances, used in the food or drink industries	930,038	1,666,651	2,025,559	21.5
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,564,879	1,771,505	2,003,753	13.1
8473.30	Parts and accessories for automated data processing machines and units	2,194,068	2,051,797	1,995,312	-2.7
2204.21	Wine n.e.s.o.i. of fresh grapes or fortified wine, in containers not over 2 liters	1,828,146	1,765,930	1,935,901	9.6
3004.39	Medicaments, in measured doses, containing hormones or derivatives/steroids used primarily as hormones, but not containing antibiotics, n.e.s.o.i.	1,825,894	1,711,086	1,864,476	9.0
8411.12	Turbojets of a thrust exceeding 25 kN	1,491,987	1,452,077	1,808,426	24.5
8525.20	Transmission apparatus incorporating reception apparatus	1,605,177	1,260,093	1,772,825	40.7
2933.49	Heterocyclic compounds with nitrogen hetero-atom(s) only, containing a quinoline or isoquinoline ring-system, not further fused, n.e.s.o.i.	1,004,369	1,201,253	1,495,983	24.5
2203.00	Beer made from malt	1,298,960	1,299,677	1,417,336	9.0
	Total of items shown	104,591,572	115,020,594	127,616,504	11.0
	All other	145,832,372	164,738,563	179,392,610	8.9
	Total of all commodities	250,423,944	279,759,157	307,009,114	9.7

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

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

^a Includes 25 EU countries.

Table A-25 U.S. merchandise trade with Canada, by SITC codes (revision 3), 2003-05*(1,000 dollars)*

SITC Code No.	Description	2003	2004	2005	Percent change 2004-05
0	Food and live animals	8,167,202	8,450,034	9,523,454	12.7
1	Beverages and tobacco	454,715	472,654	533,375	12.8
2	Crude materials, inedible, except fuels	4,371,962	4,692,290	5,338,971	13.8
3	Mineral fuels, lubricants and related materials	3,968,800	5,386,048	8,051,559	49.5
4	Animal and vegetable oils, fats and waxes	257,981	288,416	292,147	1.3
5	Chemicals and related products, n.e.s.	16,990,467	18,820,375	21,113,145	12.2
6	Manufactured goods classified chiefly by material	20,782,720	23,666,717	26,457,634	11.8
7	Machinery and transport equipment	74,275,974	79,502,194	88,563,252	11.4
8	Miscellaneous manufactured articles	15,056,047	16,195,557	17,378,743	7.3
9	Commodities and transactions not classified elsewhere in the SITC	4,422,738	5,693,605	5,982,596	5.1
	Total all exports commodities	148,748,606	163,167,889	183,234,877	12.3
0	Food and live animals	10,961,510	11,909,676	12,811,484	7.6
1	Beverages and tobacco	889,857	874,250	849,063	-2.9
2	Crude materials, inedible, except fuels	9,733,277	12,835,713	13,319,296	3.8
3	Mineral fuels, lubricants and related materials	41,268,537	48,825,684	65,362,747	33.9
4	Animal and vegetable oils, fats and waxes	361,121	480,205	444,350	-7.5
5	Chemicals and related products, n.e.s.	13,495,946	16,640,280	19,765,028	18.8
6	Manufactured goods classified chiefly by material	33,239,217	39,890,415	43,451,195	8.9
7	Machinery and transport equipment	84,176,846	92,758,904	98,973,065	6.7
8	Miscellaneous manufactured articles	14,580,450	15,658,452	16,269,777	3.9
9	Commodities and transactions not classified elsewhere in the SITC	15,309,344	15,786,500	16,287,541	3.2
	Total all imports commodities	224,016,104	255,660,079	287,533,544	12.5

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

Table A-26 Leading U.S. exports to Canada, by Schedule B subheading, 2003-05*(1,000 dollars)*

Schedule B subheading	Description	2003	2004	2005	Percent change 2004-05
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	5,181,735	5,257,245	5,893,767	12.1
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	5,157,224	4,647,283	5,713,336	22.9
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	5,192,437	5,311,762	5,334,026	0.4
9880.00	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	3,538,755	4,509,237	5,160,461	14.4
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	3,957,358	4,289,624	4,526,201	5.5
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	3,257,471	3,559,046	3,666,603	3.0
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	3,705,931	3,400,726	3,454,891	1.6
2711.21	Natural gas, gaseous state	1,077,503	1,920,983	2,787,052	45.1
8708.40	Gear boxes for motor vehicles	2,096,680	2,495,050	2,526,739	1.3
8542.21	Electronic monolithic digital integrated circuits	792,460	1,094,510	1,646,256	50.4
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	849,784	1,046,117	1,617,785	54.6
8409.91	Parts for spark-ignition internal-combustion piston engines	1,315,897	1,446,491	1,602,734	10.8
8701.20	Road tractors for semi-trailers	1,010,098	1,391,587	1,556,045	11.8
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	1,571,861	1,533,809	1,511,853	-1.4
7606.12	Rectangular plates, sheets and strip, over 0.2 mm thick, of aluminum alloy	914,910	1,158,474	1,198,555	3.5
8704.22	Motor vehicles for goods transport n.e.s.o.i., with compression-ignition internal combustion piston engine, weighing 5 to 20 metric tons	570,845	825,341	1,183,540	43.4
8473.30	Parts and accessories for automated data processing machines and units	907,139	1,064,572	1,134,965	6.6
8471.50	Digital processing units other than those of 8471.41 and 8471.49	999,760	944,185	1,055,125	11.7
8408.20	Compression-ignition internal-combustion piston engines	470,953	762,950	1,053,683	38.1
2716.00	Electrical energy	715,999	829,021	1,039,075	25.3
8708.39	Brakes and servo-brakes and parts for motor	1,074,253	1,073,427	1,035,912	-3.5
9032.89	Automatic regulating or controlling instruments and apparatus, n.e.s.o.i.	1,077,048	1,030,760	946,887	-8.1
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	400,907	470,697	910,431	93.4
4902.90	Newspapers, etc. appearing less than 4 times per week	750,344	806,784	897,658	11.3
9401.90	Parts of seats (except medical, barbers, dentist, etc.)	644,512	855,124	890,722	4.2
	Total of items shown	47,231,867	51,724,803	58,344,301	12.8
	All other	101,516,739	111,443,086	124,890,576	12.1
	Total of all commodities	148,748,606	163,167,889	183,234,877	12.3

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

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

Table A-27 Leading imports from Canada, by HTS subheading, 2003-05

(1,000 dollars)

HTS subheading	Description	2003	2004	2005	Percent change 2004-05
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	26,064,196	30,237,806	31,373,727	3.8
2711.21	Natural gas, gaseous state	18,249,135	19,481,048	26,871,807	37.9
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	14,086,365	18,888,253	24,119,768	27.7
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	9,014,921	8,705,325	8,772,340	0.8
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	7,959,664	7,497,576	7,803,419	4.1
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of thickness exceeding 6mm	4,570,189	6,688,903	6,610,376	-1.2
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	4,329,341	4,768,895	5,079,489	6.5
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	4,391,893	5,564,836	4,902,269	-11.9
9999.95	Estimated "low valued" shipments	3,809,534	4,344,464	4,864,694	12.0
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	2,571,747	3,143,668	4,324,798	37.6
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	2,558,353	3,165,699	4,181,933	32.1
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	3,297,211	3,160,575	3,376,952	6.8
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	2,393,861	2,876,928	3,059,043	6.3
4801.00	Newsprint, in rolls or sheets	2,906,964	2,874,785	2,979,171	3.6
2716.00	Electrical energy	1,381,659	1,261,442	2,479,319	96.5
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	2,044,189	1,739,660	2,472,806	42.1
4802.61	Uncoated paper/paperboard for writing/printing/other graphic purposes n.e.s.o.i., over 10 percent fiber by mechanical process, in rolls	1,560,852	1,964,179	2,281,205	16.1
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	3,161,004	2,232,172	2,097,366	-6.0
7601.20	Unwrought aluminum alloys	1,467,165	1,766,921	2,073,780	17.4
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	1,322,606	1,552,459	1,743,265	12.3
7601.10	Aluminum, not alloyed, unwrought	1,259,320	1,351,748	1,709,850	26.5
4703.21	Chemical woodpulp, soda or sulfate, other than dissolving grades, semibleached or bleached, coniferous wood	1,399,435	1,682,332	1,680,422	-0.1
2711.12	Propane, liquefied	1,329,489	1,377,993	1,651,533	19.9
8701.20	Road tractors for semi-trailers	705,021	1,045,986	1,596,118	52.6
4410.21	Oriented strand board and waferboard, of wood, unworked or not further worked than sanded	953,221	1,512,389	1,548,189	2.4
	Total of items shown	122,787,335	138,886,040	159,653,639	15.0
	All other	101,228,770	116,774,039	127,879,905	9.5
	Total of all commodities	224,016,104	255,660,079	287,533,544	12.5

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

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

Table A-28 U.S. merchandise trade with China, by SITC codes (revision 3), 2003-05
(1,000 dollars)

SITC Code No.	Description				Percent change
		2003	2004	2005	2004-05
0	Food and live animals	790,805	1,303,938	1,108,260	-15.0
1	Beverages and tobacco	11,488	35,506	15,208	-57.2
2	Crude materials, inedible, except fuels	6,726,992	7,931,789	9,692,775	22.2
3	Mineral fuels, lubricants and related materials	129,627	220,952	119,975	-45.7
4	Animal and vegetable oils, fats and waxes	102,630	34,393	21,712	-36.9
5	Chemicals and related products, n.e.s.	3,561,020	4,666,949	5,315,078	13.9
6	Manufactured goods classified chiefly by material	1,933,410	2,124,827	3,004,997	41.4
7	Machinery and transport equipment	11,289,215	13,440,422	16,347,874	21.6
8	Miscellaneous manufactured articles	1,894,113	2,499,787	2,838,193	13.5
9	Commodities and transactions not classified elsewhere in the SITC	267,637	347,721	392,587	12.9
	Total all exports commodities	26,706,938	32,606,283	38,856,661	19.2
0	Food and live animals	1,995,720	2,338,365	2,756,612	17.9
1	Beverages and tobacco	31,721	40,307	28,649	-28.9
2	Crude materials, inedible, except fuels	773,219	1,043,298	1,338,058	28.3
3	Mineral fuels, lubricants and related materials	456,724	985,382	948,950	-3.7
4	Animal and vegetable oils, fats and waxes	9,456	12,368	15,845	28.1
5	Chemicals and related products, n.e.s.	2,984,683	3,732,060	5,135,046	37.6
6	Manufactured goods classified chiefly by material	16,161,703	21,872,164	28,077,227	28.4
7	Machinery and transport equipment	60,478,484	86,401,526	108,947,010	26.1
8	Miscellaneous manufactured articles	66,917,133	77,376,206	92,490,596	19.5
9	Commodities and transactions not classified elsewhere in the SITC	1,811,300	2,357,838	2,899,972	23.0
	Total all imports commodities	151,620,144	196,159,513	242,637,964	23.7

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

Table A-29 Leading U.S. exports to China, by Schedule B subheading, 2003-05
(1,000 dollars)

Schedule B subheading	Description				Percent change
		2003	2004	2005	2004-05
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	2,167,638	1,614,676	3,715,096	130.1
1201.00	Soybeans, whether or not broken	2,830,335	2,328,762	2,253,056	-3.3
8542.21	Electronic monolithic digital integrated circuits	1,556,009	1,666,867	2,079,921	24.8
5201.00	Cotton, not carded or combed	733,080	1,406,669	1,397,071	-0.7
7602.00	Aluminum waste and scrap	234,219	320,833	702,545	119.0
7404.00	Copper waste and scrap	407,516	477,013	676,263	41.8
8473.30	Parts and accessories for automated data processing machines and units	418,071	460,226	673,270	46.3
7204.49	Ferrous waste and scrap, n.e.s.o.i.	365,318	456,008	595,030	30.5
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	265,611	308,124	510,406	65.6
4101.50	Whole raw bovine or equine hides and skins, weight exceeding 16 kg, fresh, pickled or preserved but not tanned or further prepared	304,037	381,839	484,984	27.0
8112.92	Unwrought gallium, hafnium, indium, niobium, or rhenium and powders thereof	11,302	45,766	435,079	850.7
3100.00	Fertilizers	457,034	311,266	333,415	7.1
4707.10	Waste and scrap of unbleached kraft paper or paperboard or of corrugated paper or paperboard	178,948	212,916	311,691	46.4
8542.29	Electronic monolithic integrated circuits, other than digital	182,763	284,478	307,708	8.2
7204.29	Waste and scrap, of non-stainless alloy steel	171,509	198,652	287,448	44.7
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	291,403	535,732	272,564	-49.1
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	263,178	291,145	247,254	-15.1
9880.00	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	166,611	221,087	247,138	11.8
8517.90	Parts of telephonic or telegraphic apparatus	176,226	260,579	245,856	-5.7
7204.21	Waste and scrap, of stainless steel	64,486	157,425	233,379	48.2
3907.40	Polycarbonates, in primary forms	125,634	157,209	221,299	40.8
2905.31	Ethylene glycol (ethanediol)	108,634	186,472	209,704	12.5
5502.00	Artificial filament tow	107,040	163,640	209,676	28.1
8517.50	Other apparatus for carrier-current line systems or for digital line systems	133,299	138,151	193,495	40.1
3902.10	Polypropylene, in primary forms	121,997	158,716	193,266	21.8
	Total of items shown	11,841,900	12,744,250	17,036,614	33.7
	All other	14,865,038	19,862,033	21,820,047	9.9
	Total of all commodities	26,706,938	32,606,283	38,856,661	19.2

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

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

Table A-30 Leading U.S. imports from China, by HTS subheading, 2003-05

(1,000 dollars)

Schedule B subheading	Description				Percent change
		2003	2004	2005	2004-05
8471.60	Input or output units for automated data processing machines	7,275,003	11,016,763	10,984,235	-0.3
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	4,158,253	7,715,796	10,670,332	38.3
8473.30	Parts and accessories for automated data processing machines and units	6,075,213	8,648,661	9,446,803	9.2
8525.20	Transmission apparatus incorporating reception apparatus	2,875,724	5,543,066	9,324,735	68.20
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	4,620,638	4,862,980	5,252,349	8.00
8520.90	Other sound recording or reproducing equipment, n.e.s.o.i.	286,459	1,410,090	3,061,726	117.1
8521.90	Video recording or reproducing apparatus, whether or not including a video tuner, other than magnetic tape-type	2,463,196	3,017,130	2,894,729	-4.10
6402.99	Footwear with outer soles and uppers of rubber or plastics n.e.s.o.i.	2,167,679	2,311,944	2,671,674	15.6
9403.60	Wooden furniture, other than of a kind used in the bedroom	1,868,817	2,293,291	2,612,293	13.9
8525.40	Still image video cameras and other video camera recorders	1,379,631	2,163,247	2,566,481	18.6
9503.90	Other toys and models, n.e.s.o.i.	2,437,545	2,376,812	2,526,758	6.3
9504.10	Video games used with television receiver and parts and accessories	2,108,226	1,958,229	2,356,506	20.3
8471.70	Automatic data processing storage units	1,721,964	2,120,053	2,356,321	11.1
9504.90	Game machines except coin-operated; board games; mah-jog; dominoes; dice	1,408,447	1,795,482	2,292,109	27.7
8528.12	Incomplete or unfinished color reception apparatus for televisions	782,028	1,001,067	2,221,529	121.9
8471.49	Other digital automated data processing machines, entered in the form of systems	270,345	874,471	2,143,671	145.1
9999.95	Estimated "low valued" shipments	1,229,871	1,652,271	2,068,852	25.2
8504.40	Static converters	1,299,404	1,695,118	1,993,889	17.6
8528.21	Video monitors, color	357,812	710,557	1,925,377	171.0
9505.10	Articles for Christmas festivities and parts and accessories thereof	1,724,489	1,825,413	1,855,805	1.7
4202.92	Trunks, cases, bags and similar containers, with outer surface of plastic sheeting or of textile materials	1,331,661	1,609,091	1,831,474	13.8
9403.20	Metal furniture, other than of a kind used in offices	1,278,779	1,453,558	1,692,198	16.4
8472.90	Automatic banknote dispensers, coin-sorting, pencil-sharpening, perforating or stapling, and other office machines, n.e.s.o.i.	1,256,808	1,398,126	1,691,424	21.0
8471.80	Other units of automated data processing machines	625,884	1,249,163	1,682,169	34.7
6403.91	Footwear covering the ankles, with outer soles and uppers of rubber or plastics, excluding waterproof footwear	1,466,649	1,608,406	1,681,377	4.5
	Total of items shown	52,470,524	72,310,786	89,804,820	24.2
	All other	99,149,620	123,848,728	152,833,144	23.4
	Total of all commodities	151,620,144	196,159,513	242,637,964	23.7

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

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

Table A-31 U.S. merchandise trade with Mexico, by SITC codes (revision 3), 2003-05
(1,000 dollars)

SITC Code No.	Description	2003	2004	2005	Percent change 2004-05
0	Food and live animals	5,355,649	5,882,117	6,630,840	12.7
1	Beverages and tobacco	106,655	109,898	114,775	4.4
2	Crude materials, inedible, except fuels	3,350,363	3,583,687	3,940,409	10.0
3	Mineral fuels, lubricants and related materials	2,827,585	3,231,745	5,342,352	65.3
4	Animal and vegetable oils, fats and waxes	372,564	489,354	400,865	-18.1
5	Chemicals and related products, n.e.s.	9,544,166	11,777,129	13,767,083	16.9
6	Manufactured goods classified chiefly by material	12,288,490	14,618,422	16,285,934	11.4
7	Machinery and transport equipment	35,808,119	39,725,284	41,370,148	4.1
8	Miscellaneous manufactured articles	9,781,618	9,660,912	9,720,868	0.6
9	Commodities and transactions not classified elsewhere in the SITC	3,672,889	3,939,156	4,093,387	3.9
	Total all exports commodities	83,108,096	93,017,703	101,666,661	9.3
0	Food and live animals	5,247,899	6,116,690	6,960,149	13.8
1	Beverages and tobacco	1,738,693	1,813,501	2,072,236	14.3
2	Crude materials, inedible, except fuels	782,920	1,000,217	1,219,705	21.9
3	Mineral fuels, lubricants and related materials	14,746,109	18,924,398	24,997,612	32.1
4	Animal and vegetable oils, fats and waxes	26,406	33,773	47,927	41.9
5	Chemicals and related products, n.e.s.	2,235,183	2,911,222	3,319,396	14.0
6	Manufactured goods classified chiefly by material	9,459,428	12,106,713	13,740,546	13.5
7	Machinery and transport equipment	75,681,179	83,717,657	88,330,571	5.5
8	Miscellaneous manufactured articles	21,295,025	21,707,996	21,756,744	0.2
9	Commodities and transactions not classified elsewhere in the SITC	5,986,412	6,626,603	6,771,216	2.2
	Total all imports commodities	137,199,254	154,958,771	169,216,101	9.2

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

Table A-32 Leading U.S. exports to Mexico, by Schedule B subheading, 2003-05*(1,000 dollars)*

Schedule B subheading	Description	2003	2004	2005	Percent change 2004-05
9880.00	Low value export shipments (non-Canadian)	3,003,106	3,347,992	3,669,571	9.60
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	1,550,647	2,124,858	3,244,336	52.7
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	2,030,302	2,106,568	2,316,517	10
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cyl capacity over 3,000 cc	1,189,891	1,637,777	1,779,527	8.7
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,622,317	1,863,393	1,751,919	-6.0
8408.20	Compression-ignition internal-combustion piston engines	1,052,566	1,496,783	1,583,610	5.8
3926.90	Articles of plastics and articles of other materials of headings 3901 to 3914, n.e.s.o.i.	1,394,885	1,456,909	1,539,696	5.7
8538.90	Parts for electrical apparatus for electrical circuits; for electrical control n.e.s.o.i.	953,621	1,206,238	1,404,774	16.5
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	597,869	481,423	1,292,212	168.4
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	1,065,094	1,037,171	1,165,157	12.3
8536.90	Electrical apparatus for switching or protecting electrical circuits, n.e.s.o.i.	833,699	978,299	1,028,275	5.1
8473.30	Parts and accessories for automated data processing machines and units	1,090,401	1,072,728	999,626	-6.8
8542.21	Electronic monolithic digital integrated circuits	813,480	822,927	921,474	12.0
7326.90	Articles of iron or steel n.e.s.o.i.	726,397	766,680	890,357	16.1
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	680,201	869,623	868,575	-0.1
1201.00	Soybeans, whether or not broken	990,093	784,919	845,737	7.7
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	579,350	788,898	756,192	-4.1
3923.10	Boxes, cases, crates and similar articles, of plastics	587,198	628,476	714,125	13.6
8542.29	Electronic monolithic integrated circuits, other than digital	661,835	782,914	676,581	-13.6
1005.90	Corn (maize), other than seed	660,959	683,694	652,120	-4.6
3902.10	Polypropylene, in primary forms	319,487	411,329	610,130	48.3
8414.90	Parts for air or vacuum pumps, air or other gas compressors/fans, and ventilating or recycling hoods incorporating a fan	288,446	397,005	606,996	52.9
4819.10	Cartons, boxes and cases corrugated paper and paperboard	522,806	581,766	581,298	-0.1
8503.00	Parts of electric motors, generators and sets	540,426	559,752	552,562	-1.3
8544.49	Insulated electric conductors, for a voltage not exceeding 80 volts, not fitted with connectors, n.e.s.o.i.	400,411	434,710	544,991	25.4
	Total of items shown	24,155,488	27,322,832	30,996,360	13.4
	All other	58,952,608	65,694,872	70,670,301	7.6
	Total of all commodities	83,108,096	93,017,703	101,666,661	9.3

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

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

Table A-33 Leading U.S. imports from Mexico, by HTS subheading, 2003-05*(1,000 dollars)*

HTS subheading	Description	2003	2004	2005	Percent change 2004-05
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	13,629,630	17,186,105	22,363,980	30.1
8528.12	Incomplete or unfinished color reception apparatus for televisions	5,202,728	7,270,548	9,428,369	29.7
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	5,619,590	5,347,834	7,179,410	34.2
8544.30	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	4,220,588	4,153,783	4,339,065	4.5
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	3,953,642	4,257,519	4,154,019	-2.4
8471.50	Digital processing units other than those of 8471.41 and 8471.49	3,198,490	4,253,867	3,654,702	-14.1
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	5,837,537	5,580,421	3,284,552	-41.1
8704.21	Trucks, n.e.s.o.i., diesel engine, gross vehicle weight not exceeding 5 mt	2,781,912	3,417,792	3,075,030	-10.0
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	3,652,196	2,822,123	3,043,988	7.9
9401.90	Parts of seats (except medical, barbers, dentist, etc.)	3,172,250	3,095,072	2,998,316	-3.1
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	1,826,850	2,228,682	2,617,453	17.4
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,745,652	2,032,188	2,309,491	13.6
8525.20	Transmission apparatus incorporating reception apparatus	1,463,742	2,074,212	2,244,084	8.2
9999.95	Estimated "low valued" shipments	1,558,083	1,776,065	1,945,110	9.5
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	1,354,805	1,779,050	1,821,724	2.4
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts not knitted or crocheted, of cotton	1,481,010	1,442,601	1,430,872	-0.8
8537.10	Boards, panels, consoles, other components incorporating apparatus for control or distribution of electricity, for voltage not exceeding 1,000 volts	1,437,350	1,420,425	1,425,364	0.3
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	650,443	995,897	1,355,614	36.1
2203.00	Beer made from malt	1,067,879	1,163,408	1,340,509	15.2
8527.21	Radio broadcast receivers for motor vehicles	1,436,115	1,334,202	1,330,162	-0.3
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	1,096,934	1,218,264	1,310,628	7.6
8409.91	Parts for spark-ignition internal-combustion piston engines	881,083	1,174,384	1,295,088	10.3
8473.30	Parts and accessories for automated data processing machines and units	1,258,548	1,148,517	1,233,190	7.4
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	631,210	1,239,133	1,187,891	-4.1
8517.50	Other apparatus for carrier-current line systems or for digital line systems	1,566,000	1,664,472	1,122,402	-32.6
	Total of items shown	70,724,267	80,076,563	87,491,012	9.3
	All other	66,474,987	74,882,208	81,725,089	9.1
	Total of all commodities	137,199,254	154,958,771	169,216,101	9.2

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

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

Table A-34 U.S. merchandise trade with Japan, by SITC codes (revision 3), 2003-05
(1,000 dollars)

Description					Percent change
SITC Code No.		2003	2004	2005	2004-05
0	Food and live animals	8,018,240	7,341,523	7,431,011	1.2
1	Beverages and tobacco	1,344,165	1,290,983	1,210,782	-6.2
2	Crude materials, inedible, except fuels	2,913,597	3,033,508	2,896,074	-4.5
3	Mineral fuels, lubricants and related materials	582,076	890,923	680,677	-23.6
4	Animal and vegetable oils, fats and waxes	69,598	75,097	64,647	-13.9
5	Chemicals and related products, n.e.s.	6,614,001	7,466,115	7,902,611	5.8
6	Manufactured goods classified chiefly by material	2,329,240	2,577,212	2,814,948	9.2
7	Machinery and transport equipment	18,401,743	18,708,425	18,793,462	0.5
8	Miscellaneous manufactured articles	7,197,891	7,524,430	7,939,094	5.5
9	Commodities and transactions not classified elsewhere in the SITC	1,391,601	1,584,545	1,765,346	11.4
	Total all exports commodities	48,862,153	50,492,760	51,498,651	2.0
0	Food and live animals	363,891	381,878	424,272	11.1
1	Beverages and tobacco	58,808	56,467	51,636	-8.6
2	Crude materials, inedible, except fuels	233,239	282,715	323,228	14.3
3	Mineral fuels, lubricants and related materials	209,700	206,614	519,659	151.5
4	Animal and vegetable oils, fats and waxes	23,682	25,654	25,969	1.2
5	Chemicals and related products, n.e.s.	7,933,164	8,186,376	8,293,164	1.3
6	Manufactured goods classified chiefly by material	6,582,939	7,508,907	7,988,301	6.4
7	Machinery and transport equipment	89,238,622	97,605,383	104,236,288	6.8
8	Miscellaneous manufactured articles	10,211,700	11,394,373	11,812,435	3.7
9	Commodities and transactions not classified elsewhere in the SITC	3,629,310	3,886,333	4,156,311	6.9
	Total all imports commodities	118,485,056	129,534,698	137,831,263	6.4

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

Table A-35 Leading U.S. exports to Japan, by Schedule B subheading, 2003-05*(1,000 dollars)*

Schedule B subheading	Description				Percent change
		2003	2004	2005	2004-05
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	2,585,362	2,875,057	3,099,398	7.8
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,844,288	1,495,000	1,611,201	7.8
1005.90	Corn (maize), other than seed	1,599,289	1,888,811	1,591,990	-15.7
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States	713,690	927,943	1,009,792	8.8
2402.20	Cigarettes containing tobacco	928,838	869,520	877,948	1.0
1201.00	Soybeans, whether or not broken	957,493	1,010,560	787,137	-22.1
8411.91	Parts for turbojets or turbopropellers	596,764	726,190	762,075	4.9
8542.21	Electronic monolithic digital integrated circuits	1,421,596	1,005,774	667,319	-33.7
8473.30	Parts and accessories for automated data processing machines and units	801,109	744,477	650,904	-12.6
9880.00	Low value export shipments (non-Canadian)	550,423	563,820	573,285	1.7
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	241,070	358,927	552,396	53.9
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	573,694	703,468	545,806	-22.4
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	466,013	473,980	509,887	7.6
1001.90	Wheat and meslin, excluding durum wheat	478,270	524,803	506,221	-3.5
0203.19	Meat of swine, n.e.s.o.i, fresh or chilled	387,219	456,642	493,669	8.1
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof	527,668	530,379	488,862	-7.8
4403.20	Coniferous wood in the rough, not treated	427,699	499,041	458,408	-8.1
2844.20	Uranium and its compounds enriched in u235; plutonium and its compounds	783,288	685,808	457,143	-33.3
3822.00	Composite diagnostic or laboratory reagents, except pharmaceuticals	376,082	432,690	454,233	5.0
2804.61	Silicon, containing by weight not less than 99.99 percent of silicon	185,710	231,327	450,947	94.9
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	613,488	551,770	436,359	-20.9
8543.89	Electrical machines and apparatus, having individual functions, n.e.s.o.i.	162,322	362,866	426,310	17.5
9018.19	Electro-diagnostic apparatus n.e.s.o.i., and parts	281,260	331,132	406,346	22.7
8456.91	Machine tools n.e.s.o.i. for dry etching patterns on semiconductor materials	117,634	344,338	404,768	17.5
0203.29	Meat of swine, n.e.s.o.i., frozen	242,782	322,734	394,930	22.4
	Total of items shown	17,863,052	18,917,056	18,617,335	-1.6
	All other	30,999,101	31,575,704	32,881,316	4.1
	Total of all commodities	48,862,153	50,492,760	51,498,651	2.0

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

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

Table A-36 Leading U.S. imports from Japan, by HTS subheading, 2003-05

(1,000 dollars)

HTS subheading	Description	2003	2004	2005	Percent change 2004-05
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	15,729,733	18,447,784	18,662,055	1.2
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	15,203,935	11,229,201	12,932,042	15.2
8473.30	Parts and accessories for automated data processing machines and units	3,491,260	3,534,393	3,685,726	4.3
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but over 1,500 cc	1,191,134	2,381,704	3,490,906	46.6
8525.40	Still image video cameras and other video camera recorders	3,365,198	3,364,356	3,397,593	1.0
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	2,598,681	3,006,905	3,173,516	5.5
8708.40	Gear boxes for motor vehicles	2,031,014	2,857,625	2,924,361	2.3
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	2,245,718	2,407,331	2,569,883	6.8
8429.52	Self-propelled mechanical shovels and excavators, with a 360-degree revolving superstructure	928,009	1,482,360	1,787,147	20.6
9999.95	Estimated "low valued" shipments	1,317,317	1,424,542	1,522,231	6.9
8409.91	Parts for spark-ignition internal-combustion piston engines	1,129,966	1,263,704	1,295,449	2.5
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	1,324,876	1,313,027	1,275,558	-2.9
8542.21	Electronic monolithic digital integrated circuits	1,306,104	1,454,984	1,275,016	-12.4
8473.40	Parts and accessories for duplicating, addressing, stapling, and other office machines, n.e.s.o.i.	874,451	1,156,316	1,208,249	4.5
9504.90	Game machines except coin-operated; board games; mah-jog; dominoes; dice	446,847	424,054	1,149,563	171.1
8528.12	Incomplete or unfinished color reception apparatus for televisions	738,143	1,089,239	1,103,489	1.3
8701.90	Tractors, n.e.s.o.i.	740,766	999,388	1,074,433	7.1
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	1,209,652	950,113	1,072,255	12.9
8471.60	Input or output units for automated data processing machines	1,375,114	1,313,768	1,054,619	-19.7
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	841,011	863,488	1,037,986	20.2
8472.90	Automatic banknote dispensers, coin-sorting, pencil-sharpening, perforating or stapling, and other office machines, n.e.s.o.i.	881,231	1,082,042	967,894	-10.5
8711.40	Motorcycles and cycles with auxiliary motor, with reciprocating internal combustion piston engine, cylinder capacity 500 to 800 cc	628,785	699,640	942,571	34.7
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	911,147	894,297	917,971	2.6
8407.21	Outboard motors for marine propulsion	673,473	742,547	914,031	23.1
8711.50	Motorcycles and cycles, with an auxiliary motor, with a reciprocating internal combustion piston engine, cylinder capacity over 800 cc	561,871	786,265	898,416	14.3
	Total of items shown	61,745,436	65,169,072	70,332,961	7.9
	All other	56,739,620	64,365,626	67,498,302	4.9
	Total of all commodities	118,485,056	129,534,698	137,831,263	6.4

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

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

Table A-37 U.S. merchandise trade with Taiwan, by SITC codes (revision 3), 2003-05
(1,000 dollars)

SITC Code No.	Description	2003	2004	2005	Percent change 2004-05
0	Food and live animals	1,282,519	1,419,860	1,505,359	6.0
1	Beverages and tobacco	75,513	64,794	70,389	8.6
2	Crude materials, inedible, except fuels	1,129,097	1,097,461	1,316,151	19.9
3	Mineral fuels, lubricants and related materials	91,869	117,137	52,072	-55.5
4	Animal and vegetable oils, fats and waxes	18,306	7,477	6,987	-6.6
5	Chemicals and related products, n.e.s.	2,474,515	3,484,875	2,898,780	-16.8
6	Manufactured goods classified chiefly by material	882,954	917,210	984,272	7.3
7	Machinery and transport equipment	8,080,104	10,164,562	10,810,845	6.4
8	Miscellaneous manufactured articles	1,765,622	2,697,632	2,468,770	-8.5
9	Commodities and transactions not classified elsewhere in the SITC	310,087	371,667	413,434	11.2
	Total all exports commodities	16,110,588	20,342,675	20,527,059	0.9
0	Food and live animals	235,053	254,641	255,232	0.2
1	Beverages and tobacco	9,958	10,351	9,813	-5.2
2	Crude materials, inedible, except fuels	123,678	154,508	182,655	18.2
3	Mineral fuels, lubricants and related materials	89,645	287,345	332,536	15.7
4	Animal and vegetable oils, fats and waxes	4,350	5,289	5,669	7.2
5	Chemicals and related products, n.e.s.	702,087	812,122	1,014,079	24.9
6	Manufactured goods classified chiefly by material	4,230,633	5,418,881	5,469,542	0.9
7	Machinery and transport equipment	18,851,290	20,208,848	20,077,578	-0.6
8	Miscellaneous manufactured articles	6,245,621	6,327,104	6,114,069	-3.4
9	Commodities and transactions not classified elsewhere in the SITC	997,351	982,874	1,113,179	13.3
	Total all imports commodities	31,489,663	34,461,963	34,574,353	0.3

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

Table A-38 Leading U.S. exports to Taiwan, by Schedule B subheading, 2003-05*(1,000 dollars)*

Schedule B subheading	Description				Percent change
		2003	2004	2005	2004-05
8542.21	Electronic monolithic digital integrated circuits	2,258,464	1,722,179	2,093,820	21.6
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	682,378	892,991	1,769,229	98.1
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	445,455	986,706	805,313	-18.4
8542.29	Electronic monolithic integrated circuits, other than digital	859,551	1,015,892	787,770	-22.5
1005.90	Corn (maize), other than seed	511,763	593,780	553,782	-6.7
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	358,713	403,701	552,122	36.8
1201.00	Soybeans, whether or not broken	419,314	302,034	430,046	42.4
8456.91	Machine tools n.e.s.o.i. for dry etching patterns on semiconductor materials	124,550	499,987	348,144	-30.4
9031.41	Optical instruments for inspecting semiconductor wafers or devices, or photo masks or reticles used in manufacturing these items	136,140	415,132	345,843	-16.7
8479.90	Parts of machines and mechanical appliances having individual functions, n.e.s.o.i.	121,671	266,186	311,782	17.1
9030.82	Other instruments and apparatus for measuring or checking semiconductor wafers or devices	246,042	460,131	299,604	-34.9
9880.00	Low value export shipments (non-Canadian)	198,169	253,186	245,013	-3.2
9001.90	Lenses, except contact and spectacle, prisms, mirrors and other optical elements, unmounted, other than of glass not optically worked	116,201	147,451	244,147	65.6
2902.43	Para-xylene	130,369	194,558	227,949	17.2
8475.90	Parts of machines for assembling electric/electronic lamps, tubes or flashbulbs, in glass envelopes, for manufacturing or hot working glass	12,027	65,841	222,015	237.2
8473.30	Parts and accessories for automated data processing machines and units	235,116	220,531	203,111	-7.9
7003.19	Cast glass and rolled glass, in nonwired sheets, not body tinted, opacified, flashed, nor having an absorbent or reflecting layer	154,342	110,506	192,002	73.7
2926.10	Acrylonitrile	87,393	192,248	185,273	-3.6
1001.90	Wheat and meslin, excluding durum wheat	136,371	188,511	172,415	-8.5
8543.89	Electrical machines and apparatus, having individual functions, n.e.s.o.i.	88,031	306,855	165,881	-45.9
5201.00	Cotton, not carded or combed	117,023	142,805	154,868	8.4
8710.00	Tanks and other armored fighting vehicles, motorized, whether or not fitted with weapons, and parts of such vehicles	33,527	53,460	141,721	165.1
8464.20	Grinding or polishing machines for working stone, ceramics, concrete, asbestos-cement or like mineral materials or for cold working glass	68,521	185,517	138,938	-25.1
2902.50	Styrene (vinylbenzene; phenylethylene)	40,035	197,587	127,259	-35.6
8419.89	Machinery, plant or laboratory equipment, for the treatment of material involving temperature change, not for domestic purposes, n.e.s.o.i.	12,422	43,331	122,005	181.6
	Total of items shown	7,593,586	9,861,103	10,840,052	9.9
	All other	8,517,002	10,481,572	9,687,007	-7.6
	Total of all commodities	16,110,588	20,342,675	20,527,059	0.9

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

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

Table A-39 Leading U.S. imports from Taiwan, by HTS subheading, 2003-05*(1,000 dollars)*

HTS subheading	Description	2003	2004	2005	Percent change 2004-05
8542.21	Electronic monolithic digital integrated circuits				
		1,924,768	2,387,572	2,549,009	6.8
8473.30	Parts and accessories for automated data processing machines and units	2,279,611	2,630,972	2,520,730	-4.2
8523.90	Prepared magnetic media for sound or similar recording, unrecorded, n.e.s.o.i.	902,971	1,036,280	1,340,382	29.3
8528.12	Incomplete or unfinished color reception apparatus for televisions	219,628	614,222	1,103,428	79.6
8542.29	Electronic monolithic integrated circuits, other than digital	841,171	1,049,912	861,277	-18.0
8525.20	Transmission apparatus incorporating reception apparatus	115,138	253,024	820,294	224.2
8471.80	Other units of automated data processing machines	1,061,791	972,174	745,819	-23.3
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	594,438	541,589	644,063	18.9
8471.60	Input or output units for automated data processing machines	846,750	740,815	588,728	-20.5
8526.91	Radio navigational aid apparatus	286,628	336,244	470,848	40.0
7318.15	Threaded screws and bolts, of iron or steel, n.e.s.o.i., whether or not with their nuts or washers	306,812	415,440	459,325	10.6
9999.95	Estimated "low valued" shipments	384,843	425,034	433,019	1.9
7318.14	Self-tapping screws of iron or steel	304,022	366,679	412,348	12.5
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	2,165,675	1,243,289	371,999	-70.1
8534.00	Printed circuits	350,584	410,154	360,070	-12.2
8528.21	Video monitors, color	137,509	153,854	341,290	121.8
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	246,912	289,279	313,949	8.5
8504.40	Static converters	239,441	294,554	294,395	-0.1
8512.20	Electrical lighting or visual signaling equipment, for use on cycles or motor vehicles, except for use on bicycles	232,628	281,756	291,233	3.4
9506.91	Gymnasium, playground or other exercise articles and equipment; parts and accessories thereof	254,856	266,287	286,563	7.6
8712.00	Bicycles and other cycles (including delivery tricycles), not motorized	170,124	200,755	286,275	42.6
8481.80	Taps, cocks, valves and similar appliances, n.e.s.o.i.	256,816	285,389	267,139	-6.4
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	173,150	238,967	265,391	11.1
7318.16	Nuts, threaded, of iron or steel	191,550	242,728	260,584	7.4
8528.30	Video projectors	151,032	342,258	228,864	-33.1
	Total of items shown	14,638,847	16,019,230	16,517,022	3.1
	All other	16,850,816	18,442,733	18,057,331	-2.1
	Total of all commodities	31,489,663	34,461,963	34,574,353	0.3

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

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

Table A-40 U.S. merchandise trade with Korea, by SITC codes (revision 3), 2003-05
(1,000 dollars)

Description					Percent change
SITC Code No.		2003	2004	2005	2004-05
0	Food and live animals	2,232,449	1,864,871	1,745,470	-6.4
1	Beverages and tobacco	91,026	59,116	52,519	-11.2
2	Crude materials, inedible, except fuels	1,972,313	2,200,541	2,028,485	-7.8
3	Mineral fuels, lubricants and related materials	318,318	436,767	582,990	33.5
4	Animal and vegetable oils, fats and waxes	46,044	27,398	32,448	18.4
5	Chemicals and related products, n.e.s.	3,333,499	4,458,716	4,301,314	-3.5
6	Manufactured goods classified chiefly by material	986,691	1,102,452	1,094,590	-0.7
7	Machinery and transport equipment	11,177,486	11,897,899	13,119,547	10.3
8	Miscellaneous manufactured articles	1,947,944	2,547,989	2,836,626	11.3
9	Commodities and transactions not classified elsewhere in the SITC	418,929	398,729	416,417	4.4
	Total all exports commodities	22,524,700	24,994,480	26,210,405	4.9
0	Food and live animals	189,010	206,467	237,983	15.3
1	Beverages and tobacco	52,783	64,715	59,619	-7.9
2	Crude materials, inedible, except fuels	218,392	245,658	346,683	41.1
3	Mineral fuels, lubricants and related materials	280,880	549,354	1,109,082	101.9
4	Animal and vegetable oils, fats and waxes	872	443	949	114.0
5	Chemicals and related products, n.e.s.	897,719	1,194,069	1,704,045	42.7
6	Manufactured goods classified chiefly by material	3,278,754	4,172,082	4,878,931	16.9
7	Machinery and transport equipment	27,818,955	34,241,539	31,043,994	-9.3
8	Miscellaneous manufactured articles	3,476,707	3,528,613	2,876,812	-18.5
9	Commodities and transactions not classified elsewhere in the SITC	715,499	861,238	896,436	4.1
	Total all imports commodities	36,929,570	45,064,177	43,154,535	-4.2

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

Table A-41 Leading U.S. exports to Korea, by Schedule B subheading, 2003-05*(1,000 dollars)*

Schedule B subheading	Description	2003	2004	2005	Percent change 2004-05
8542.21	Electronic monolithic digital integrated circuits	3,297,215	2,868,416	3,223,686	12.4
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	1,073,863	1,129,467	1,212,195	7.3
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	424,542	692,464	850,206	22.8
8456.91	Machine tools n.e.s.o.i. for dry etching patterns on semiconductor materials	56,368	325,116	566,007	74.1
8542.29	Electronic monolithic integrated circuits, other than digital	430,066	765,654	533,186	-30.4
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	351,540	401,350	489,566	22.0
2926.10	Acrylonitrile	273,117	496,546	320,097	-35.5
9001.90	Lenses, except contact and spectacle, prisms, mirrors and other optical elements, unmounted, other than of glass not optically worked	142,594	253,306	295,085	16.5
2902.43	Para-xylene	90,989	236,526	272,891	15.4
9880.00	Low value export shipments (non-Canadian)	215,880	237,990	251,000	5.5
4101.50	Whole raw bovine or equine hides and skins, weight exceeding 16 kilograms, fresh, pickled or preserved but not tanned or further prepared	288,304	257,645	249,358	-3.2
1005.90	Corn (maize), other than seed	44,377	544,707	237,415	-56.4
8411.91	Parts for turbojets or turbopropellers	131,945	170,342	215,706	26.6
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	101,964	231,965	209,195	-9.8
8542.10	Cards incorporating an electronic integrated circuit ("smart" cards)	44,090	92,264	207,736	125.2
8411.12	Turbojets of a thrust exceeding 25 kN	20,012	101,286	201,376	98.8
1201.00	Soybeans, whether or not broken	282,550	284,594	199,406	-29.9
2902.30	Toluene	99,368	237,015	198,812	-16.1
7204.49	Ferrous waste and scrap, n.e.s.o.i.	250,403	347,375	192,769	-44.5
2902.50	Styrene (vinylbenzene; phenylethylene)	99,977	222,581	189,166	-15.0
9030.82	Other instruments and apparatus for measuring or checking semiconductor wafers or devices	45,277	191,331	181,462	-5.2
1001.90	Wheat and meslin, excluding durum wheat	207,642	230,934	181,132	-21.6
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	32,114	51,921	181,108	248.8
8543.11	Ion implanters for doping semiconductor materials	97,923	130,935	180,559	37.9
3100.00	Fertilizers	117,350	125,456	179,435	43.0
	Total of items shown	8,219,469	10,627,185	11,018,553	3.7
	All other	14,305,231	14,367,295	15,191,852	5.7
	Total of all commodities	22,524,700	24,994,480	26,210,405	4.9

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

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

Table A-42 Leading U.S. imports from Korea, by HTS subheading, 2003-05*(1,000 dollars)*

HTS subheading	Description	2003	2004	2005	Percent change 2004-05
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	5,418,198	7,093,612	6,138,146	-13.50
8525.20	Transmission apparatus incorporating reception apparatus	5,582,714	8,035,760	5,955,226	-25.9
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	1,718,135	2,457,285	2,746,732	11.8
8542.21	Electronic monolithic digital integrated circuits	2,782,309	3,182,640	2,481,307	-22.0
8473.30	Parts and accessories for automated data processing machines and units	1,490,724	2,113,138	1,764,472	-16.5
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	157,251	388,697	882,880	127.1
8471.60	Input or output units for automated data processing machines	998,497	1,002,121	695,572	-30.6
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	512,378	613,170	660,538	7.7
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	205,108	332,260	582,019	75.2
8528.12	Incomplete or unfinished color reception apparatus for televisions	521,699	712,466	521,079	-26.9
8905.20	Floating or submersible drilling or production platforms	328,780	0	513,900	N/A
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	221,071	479,715	430,780	-10.2
4011.10	New pneumatic tires, of rubber, of a kind used on motor cars, including station wagons and racing cars	279,674	380,059	418,872	10.2
8542.29	Electronic monolithic integrated circuits, other than digital	443,380	552,344	376,457	-31.8
8429.52	Self-propelled mechanical shovels and excavators, with a 360-degree revolving superstructure	96,656	260,252	335,153	28.8
8418.10	Combined refrigerator-freezers, fitted with separate external doors	65,627	170,228	314,007	84.5
8471.70	Automatic data processing storage units	370,019	325,046	286,988	-11.7
8509.10	Vacuum cleaners, with self-contained electric motor	144,905	236,931	260,393	9.9
2902.20	Benzene	34,050	156,891	253,417	61.5
4011.20	New pneumatic tires, of rubber, of a kind used on buses or trucks	164,813	216,976	229,878	5.9
9999.95	Estimated "low valued" shipments	173,722	222,361	212,421	-4.5
4810.19	Writing/graphic paper and paperboard, coated with kaolin, not over 10 fiber obtained by a mechanical process, in sheets, n.e.s.o.i.	192,362	205,746	197,191	-4.2
8528.21	Video monitors, color	234,180	245,926	183,754	-25.3
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	82,778	109,957	181,513	65.1
8521.90	Video recording or reproducing apparatus, whether or not including a video tuner, other than magnetic tape-type	262,542	297,003	178,437	-39.9
	Total of items shown	22,481,571	29,790,586	26,801,132	-10.0
	All other	14,447,999	15,273,591	16,353,403	7.1
	Total of all commodities	36,929,570	45,064,177	43,154,535	-4.2

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

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

Table A-43 U.S. merchandise trade with India, by SITC codes (revision 3), 2003-05*(1,000 dollars)*

SITC Code No.	Description	2003	2004	2005	Percent change 2004-05
0	Food and live animals	122,384	145,023	204,860	41.3
1	Beverages and tobacco	1,443	1,794	2,820	57.1
2	Crude materials, inedible, except fuels	387,807	392,258	549,144	40.0
3	Mineral fuels, lubricants and related materials	133,849	297,693	360,605	21.1
4	Animal and vegetable oils, fats and waxes	25,839	26,335	17,994	-31.7
5	Chemicals and related products, n.e.s.	1,104,567	1,066,614	1,418,073	33.0
6	Manufactured goods classified chiefly by material	198,906	294,896	501,464	70.0
7	Machinery and transport equipment	1,798,156	2,293,729	2,852,301	24.4
8	Miscellaneous manufactured articles	487,108	650,093	842,513	29.6
9	Commodities and transactions not classified elsewhere in the SITC	107,125	126,765	215,401	69.9
	Total all exports commodities	4,367,182	5,295,201	6,965,174	31.5
0	Food and live animals	872,800	912,820	910,631	-0.2
1	Beverages and tobacco	18,668	19,135	18,095	-5.4
2	Crude materials, inedible, except fuels	190,822	206,254	320,187	55.2
3	Mineral fuels, lubricants and related materials	229,036	250,843	590,364	135.4
4	Animal and vegetable oils, fats and waxes	30,514	99,538	45,163	-54.6
5	Chemicals and related products, n.e.s.	1,126,507	1,185,734	1,520,111	28.2
6	Manufactured goods classified chiefly by material	5,313,349	6,571,196	7,174,870	9.2
7	Machinery and transport equipment	1,007,889	1,340,609	1,960,477	46.2
8	Miscellaneous manufactured articles	4,088,418	4,714,343	5,947,435	26.2
9	Commodities and transactions not classified elsewhere in the SITC	155,524	202,968	222,661	9.7
	Total all imports commodities	13,033,530	15,503,440	18,709,993	20.7

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

Table A-44 Leading U.S. exports to India, by Schedule B subheading, 2003-05*(1,000 dollars)*

Schedule B subheading	Description	2003	2004	2005	Percent change 2004-05
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	172,741	200,369	467,539	133.3
3100.00	Fertilizers	105,299	114,357	413,231	261.3
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	1,136	111,105	150,205	35.2
9880.00	Low value export shipments (non-Canadian)	82,309	99,824	126,163	26.4
7204.49	Ferrous waste and scrap, n.e.s.o.i.	663	41,936	125,823	200.0
8525.20	Transmission apparatus incorporating reception apparatus	50,283	102,941	107,210	4.1
7113.19	Articles of jewelry and parts thereof, of precious metal (excluding silver)	37,295	55,397	101,017	82.4
2707.99	Oils and products of the distillation of high temperature coal tar, n.e.s.o.i.; similar products with predominate aromatic constituent	61,836	113,832	98,948	-13.1
0802.11	Almonds, fresh or dried, in shell	70,114	66,815	94,346	41.2
8471.49	Other digital automated data processing machines, entered in the form of systems	59,050	79,950	87,364	9.3
8431.43	Parts for boring or sinking machinery, n.e.s.o.i.	55,428	73,847	86,332	16.9
8517.90	Parts of telephonic or telegraphic apparatus	57,179	81,031	84,219	3.9
8524.31	Discs for laser reading systems, for reproducing phenomena other than sound or image	33,007	75,207	74,793	-0.6
8411.91	Parts for turbojets or turbopropellers	65,385	74,302	73,971	-0.4
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	55,048	54,022	68,752	27.3
8471.80	Other units of automated data processing machines	53,011	63,890	68,595	7.4
8517.50	Other apparatus for carrier-current line systems or for digital line systems	38,457	69,688	64,826	-7.0
8473.30	Parts and accessories for automated data processing machines and units	52,468	68,627	61,098	-11.0
2926.10	Acrylonitrile	39,903	66,336	60,770	-8.4
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	23,802	20,334	56,907	179.9
7102.39	Nonindustrial diamonds, n.e.s.o.i.	5,230	31,026	55,286	78.2
7208.51	Flat-rolled products of iron/nonalloy steel, width 600 millimeters or more, not in coils, hot-rolled, over 10 millimeters thick, n.e.s.o.i.	235	10,052	54,803	445.2
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	48,930	47,744	52,494	9.9
7204.21	Waste and scrap, of stainless steel	10,708	27,483	45,340	65.0
8471.50	Digital processing units other than those of 8471.41 and 8471.49	36,523	51,239	44,322	-13.5
	Total of items shown	1,216,039	1,801,355	2,724,353	51.2
	All other	3,151,143	3,493,846	4,240,821	21.4
	Total of all commodities	4,367,182	5,295,201	6,965,174	31.5

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

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

Table A-45 Leading U.S. imports from India, by HTS subheading, 2003-05

(1,000 dollars)

HTS subheading	Description	2003	2004	2005	Percent change 2004-05
7102.39	Nonindustrial diamonds, n.e.s.o.i.	2,563,526	2,852,130	3,079,552	8.0
7113.19	Articles of jewelry and parts thereof, of precious metal (excluding silver)	1,128,626	1,426,546	1,676,280	17.5
6206.30	Women's or girls' blouses, shirts and shirt-blouses, of cotton, not knitted or crocheted	339,271	305,115	336,066	10.1
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	151,858	97,213	303,232	211.9
6205.20	Men's or boys' shirts of cotton, not knitted or crocheted	198,108	252,781	293,950	16.3
0306.13	Shrimps and prawns, including in shell, cooked by steaming or by boiling in water, frozen	382,664	335,078	289,598	-13.6
6204.52	Women's or girls' skirts and divided skirts, of cotton, not knitted or crocheted	63,126	81,457	280,882	244.8
6110.20	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of cotton	165,521	202,440	270,838	33.8
0801.32	Cashew nuts, fresh or dried, shelled	182,398	249,772	260,944	4.5
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	74,912	129,764	248,897	91.8
6302.60	Toilet and kitchen linen, of terry toweling or similar terry fabrics, of cotton	145,929	194,543	247,354	27.1
7210.49	Flat-rolled iron or nonalloy steel, not corrugated, 600 mm or more wide, plated or coated with zinc other than electrolytically	89,140	461,042	246,553	-46.5
6302.31	Bed linen, other than printed, of cotton, not knitted or crocheted	106,308	138,549	220,836	59.4
6105.10	Men's or boys' shirts, of cotton, knitted or crocheted	148,968	138,061	214,852	55.6
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	94,258	146,759	208,612	42.1
5701.10	Carpets and other textile floor coverings, knotted, whether or not made up, of wool or fine animal hair	158,315	176,772	181,881	2.9
6802.93	Worked monumental or building stone n.e.s.o.i., of granite	95,885	143,963	156,374	8.6
8701.90	Tractors, n.e.s.o.i.	74,891	94,731	143,744	51.7
6204.62	Women's or girls' trousers, etc., of cotton, not knitted or crocheted	60,663	72,858	132,488	81.8
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts not knitted or crocheted, of cotton	55,073	88,256	131,430	48.9
8504.40	Static converters	110,890	102,717	126,667	23.3
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	111,315	94,736	120,524	27.2
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	85,541	117,434	120,514	2.6
9404.90	Articles of bedding and similar furnishings n.e.s.o.i., fitted with springs or any material, stuffed, or of cellular rubber or plastics	82,873	88,403	112,543	27.3
7305.19	Line pipe used in oil or gas pipelines, external diameter over 406.4 millimeters, of iron or steel, riveted or similarly closed, n.e.s.o.i.	0	0	112,016	N/A
	Total of items shown	6,670,061	7,991,121	9,516,627	19.1
	All other	6,363,469	7,512,318	9,193,366	22.4
	Total of all commodities	13,033,530	15,503,440	18,709,993	20.7

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

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

Table A-46 U.S. merchandise trade with Russia, by SITC codes (revision 3), 2003-05
(1,000 dollars)

SITC Code No.	Description	2003	2004	2005	Percent change 2004-05
0	Food and live animals	530,824	706,593	871,169	23.3
1	Beverages and tobacco	44,269	88,855	76,900	-13.5
2	Crude materials, inedible, except fuels	30,743	63,550	74,239	16.8
3	Mineral fuels, lubricants and related materials	7,409	10,016	11,361	13.4
4	Animal and vegetable oils, fats and waxes	5,704	5,072	4,113	-18.9
5	Chemicals and related products, n.e.s.	303,784	235,671	340,076	44.3
6	Manufactured goods classified chiefly by material	104,437	125,188	155,999	24.6
7	Machinery and transport equipment	1,082,370	1,254,055	1,814,665	44.7
8	Miscellaneous manufactured articles	202,749	252,597	294,588	16.6
9	Commodities and transactions not classified elsewhere in the SITC	14,574	13,380	14,358	7.3
	Total all exports commodities	2,326,864	2,754,976	3,657,469	32.8
0	Food and live animals	259,289	230,870	328,696	42.4
1	Beverages and tobacco	78,271	79,385	79,853	0.6
2	Crude materials, inedible, except fuels	87,594	135,512	153,730	13.4
3	Mineral fuels, lubricants and related materials	3,047,668	4,150,799	7,676,936	85.0
4	Animal and vegetable oils, fats and waxes	67	51	48	-5.7
5	Chemicals and related products, n.e.s.	1,604,184	1,539,092	1,752,032	13.8
6	Manufactured goods classified chiefly by material	2,531,636	4,821,375	4,826,341	0.1
7	Machinery and transport equipment	149,088	110,172	172,057	56.2
8	Miscellaneous manufactured articles	593,172	532,216	246,908	-53.6
9	Commodities and transactions not classified elsewhere in the SITC	30,526	37,483	116,176	209.9
	Total all imports commodities	8,381,496	11,636,955	15,352,777	31.9

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

Table A-47 Leading U.S. exports to Russia, by Schedule B subheading, 2003-05

(1,000 dollars)

Schedule B subheading	Description	2003	2004	2005	Percent change 2004-05
0207.14	Chicken cuts and edible offal, including livers, frozen	366,505	489,184	638,060	30.4
8431.43	Parts for boring or sinking machinery, n.e.s.o.i.	204,333	168,654	261,103	54.8
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	14,240	53,810	108,280	101.2
8473.30	Parts and accessories for automated data processing machines and units	42,189	63,027	88,420	40.3
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	17,335	40,257	69,498	72.6
8414.80	Air pumps and air or other gas compressors, n.e.s.o.i.; ventilating or recycling hoods incorporating a fan, n.e.s.o.i.	13,182	3,617	69,478	1820.7
8431.49	Parts and attachments for derricks, cranes, self-propelled bulldozers, graders, and other grading, scraping machinery, n.e.s.o.i.	25,115	35,318	67,298	90.5
2401.20	Tobacco, partly or wholly stemmed/stripped	5,568	70,606	65,234	-7.6
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	11,700	54,750	53,130	-3.0
8701.90	Tractors, n.e.s.o.i.	18,101	19,651	50,544	157.2
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	0	3,200	49,895	1459.2
8433.51	Combine harvester-threshers	2,746	16,365	46,419	183.6
8431.39	Parts for lifting, handling, loading, or unloading machinery, n.e.s.o.i.	22,732	31,184	35,461	13.7
3912.11	Cellulose acetates, nonplasticized, in primary forms	19,823	20,210	34,784	72.1
2844.10	Natural uranium and its compounds; uranium alloys, dispersions, ceramic products, and mixtures containing natural uranium or its compounds	101,596	89	34,539	38729.3
8705.90	Special purpose motor vehicles, other than those principally designed for the transport of persons or goods, n.e.s.o.i.	2,902	5,815	31,320	438.6
0203.29	Meat of swine, n.e.s.o.i., frozen	3,258	21,357	30,991	45.1
8701.20	Road tractors for semi-trailers	4,962	10,063	29,949	197.6
5907.00	Textile fabrics otherwise impregnated, coated or covered; painted canvas being theatrical scenery, studio back-cloths or the like	3,800	12,878	29,236	127.0
0802.12	Almonds, fresh or dried, shelled	15,217	21,565	28,591	32.6
8429.52	Self-propelled mechanical shovels and excavators, with a 360-degree revolving superstructure	4,940	9,068	27,528	203.6
0303.78	Whiting (<i>Merluccius</i> spp.) and hake (<i>Urophycis</i> spp.), excluding fillets, livers, and roes, frozen	1,183	11,375	24,544	115.8
8413.70	Centrifugal pumps, for liquids, n.e.s.o.i.	39,651	93,186	24,056	-74.2
8467.81	Chain saws, for working in the hand, hydraulic or with self-contained nonelectric motor	5,085	11,115	23,727	113.5
8502.39	Other electric generating sets, n.e.s.o.i.	2,552	0	23,694	N/A
	Total of items shown	948,715	1,266,344	1,945,778	53.7
	All other	1,378,149	1,488,632	1,711,691	15.0
	Total of all commodities	2,326,864	2,754,976	3,657,469	32.8

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

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

Table A-48 Leading U.S. imports from Russia, by HTS subheading, 2003-05*(1,000 dollars)*

HTS subheading	Description				Percent change
		2003	2004	2005	2004-05
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	1,175,468	1,683,924	3,256,400	93.4
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	732,683	1,025,565	2,265,792	120.9
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	650,387	818,147	1,499,784	83.3
7601.10	Aluminum, not alloyed, unwrought	829,907	1,319,944	1,233,525	-6.5
2844.20	Uranium and its compounds enriched in u235; plutonium and its compounds	910,890	824,963	847,890	2.8
7408.11	Wire of refined copper, with a maximum cross sectional dimension over 6 millimeters	95,218	131,842	386,544	193.2
7601.20	Unwrought aluminum alloys	100,685	310,464	345,781	11.4
7110.21	Palladium, unwrought or in powder form	183,338	249,960	341,524	36.6
7207.12	Semifinished iron/nonalloy steel products, under 0.25 percent carbon, rectangular/not square, width not less than twice thickness	29,075	388,366	319,197	-17.8
7502.10	Nickel, not alloyed, unwrought	220,811	238,635	301,321	26.3
0306.14	Crabs, including in shell, cooked by steaming or by boiling in water, frozen	202,984	179,180	264,849	47.8
7201.10	Nonalloy pig iron containing 0.5 percent or less phosphorus by weight, in primary forms	92,996	304,524	197,958	-35.0
2713.11	Petroleum coke, not calcined	174,984	170,709	181,764	6.5
2711.29	Petroleum gases and other gaseous hydrocarbons, other than natural gas, in a gaseous state	102,517	131,170	150,830	15.0
4412.14	Plywood consisting of sheets of wood, each ply not exceeding 6 mm in thickness, at least one outer ply of nonconiferous wood, n.e.s.o.i.	101,155	152,917	149,173	-2.4
7606.12	Rectangular plates, sheets and strip, over 0.2 mm thick, of aluminum alloy	38,241	65,425	141,384	116.1
2901.21	Ethylene	54,882	56,843	131,561	131.4
7102.39	Nonindustrial diamonds, n.e.s.o.i.	106,241	125,773	126,852	0.9
2814.10	Anhydrous ammonia	236,626	174,842	112,941	-35.4
7110.11	Platinum, unwrought or in powder form	165,550	126,114	112,343	-10.9
3102.80	Mixtures or urea and ammonium nitrate in aqueous or ammoniacal solution	26,971	87,900	103,756	18.0
2711.14	Ethylene, propylene, butylene, and butadiene, liquefied	50,729	81,841	86,398	5.6
2208.60	Vodka	77,033	77,790	78,672	1.1
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	9,154	9,318	76,397	719.9
7209.16	Flat-rolled products of iron or nonalloy steel, in coils, cold-rolled, width of 600 or more and thickness over 1 to 3 millimeters	0	131,362	72,196	-45.0
	Total of items shown	6,368,524	8,867,521	12,784,830	44.2
	All other	2,012,972	2,769,434	2,567,947	-7.3
	Total of all commodities	8,381,496	11,636,955	15,352,777	31.9

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

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