



United States  
International Trade Commission

# The Year in Trade 2018

Operation of the Trade Agreements  
Program

70th Report

October 2019

Publication Number: 4986

# Commissioners

David S. Johanson, Chairman

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Amy A. Karpel

---

Catherine DeFilippo

**Director, Office of Operations**

---

William Powers

**Director, Office of Economics**

---

**Address all communications to**

Secretary to the Commission  
United States International Trade Commission  
Washington, DC 20436

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*This report was prepared principally by:*

***Co-Project Leaders***

Caroline Peters, Office of Economics, and Arona Butcher, Office of Economics

***Office of Economics***

Erika Bethmann, Justino De La Cruz, Meryem Demirkaya, Stephanie Fortune-Taylor, Joanne Guth, Alexander Hammer, Justin Holbein, Ermengarde Jabir, Lin Jones, Grace Kenneally, Nick Luettker, Meagan Martin, Christopher Montgomery, Trevor Litwin, Gregory Taylor, Edward Wilson, and Wen Jin Yuan

***Office of the General Counsel***

William W. Gearhart

***Office of Industries***

Natalie Hanson, Junie Joseph, and Heather Wickramarachi

***Office of Investigations***

Salvatore Mineo

***Office of Tariff Affairs and Trade Agreements***

Donnette Rimmer

***Office of Unfair Import Investigations***

David Lloyd

***Office of Analysis and Research Services***

Maureen Letostak, David Lundy, and Laura Thayn

***Editorial Review***

Judy Edelhoff and Peg Hausman

***Statistical Review***

Russell Duncan

***Content Reviewer***

Laura Rodriguez

***Administrative Support***

Hau Nguyen

***Office of the Chief Information Officer,  
Help Desk and Customer Service Division***

***Under the direction of***

Arona Butcher, Chief  
Country and Regional Analysis Division  
Office of Economics

# Preface

This report is the 70th 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) 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 2018. The trade agreements program includes “all activities consisting of, or related to, the administration of international agreements which primarily concern trade and which are concluded pursuant to the authority vested in the President by the Constitution” and by congressional legislation.



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# Abbreviations and Acronyms

Acronyms	Term
AGOA	African Growth and Opportunity Act
AIT	American Institute in Taiwan
APEC	Asia-Pacific Economic Cooperation forum
ASEAN	Association of Southeast Asian Nations
ATAP	U.S.-Israel Agreement on Trade in Agricultural Products
BDCs	beneficiary developing countries
BEA	Bureau of Economic Analysis (USDOC)
Brexit	Britain's vote to leave the European Union
CAFTA-DR	Dominican Republic-Central America-United States Free Trade Agreement
CARICOM	Caribbean Community and Common Market
CBERA	Caribbean Basin Economic Recovery Act
CBP	Customs and Border Protection (USCBP)
CBTPA	Caribbean Basin Trade Partnership Act
CEC	Commission for Environmental Cooperation (NAFTA)
CED	Comprehensive Economic Dialogue
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CLC	Commission for Labor Cooperation (NAFTA)
CNL	competitive need limitation
COMESA	Common Market for Eastern and Southern Africa
CRS	Congressional Research Service
CSPV	crystalline silicon photovoltaic (cells)
CTI	Committee on Trade and Investment (APEC)
CTPA	U.S.-Colombia Trade Promotion Agreement
CVD	countervailing duty
DFAT	Department of Foreign Affairs and Trade (Australia)
DSB	Dispute Settlement Body (WTO)
EC	European Commission
ECOWAS	Economic Community of West African States
EDA	Economic Development Administration (USDOC)
EGA	Environmental Goods Agreement
EIA	U.S. Energy Information Administration
EIU	Economist Intelligence Unit
ETA	Employment and Training Administration (USDOL)
EU	European Union
FAS	Foreign Agricultural Service (USDA)
FDA	Food and Drug Administration
FDI	foreign direct investment
Fed. Reg.	<i>Federal Register</i>
FMCSA	Federal Motor Carrier Safety Administration
FTA	free trade agreement
FTAAP	Free Trade Area of the Asia-Pacific
FTC	Free Trade Commission
FY	fiscal year
GATT	General Agreement on Tariffs and Trade
GCC	Cooperation Council for the Arab States of the Gulf (Gulf Cooperation Council)
GDP	gross domestic product
GFSEC	Global Forum on Steel Excess Capacity
GMP	Good Manufacturing Practice

GPA	Agreement on Government Procurement (WTO)
GSP	Generalized System of Preferences
GVC	global value chain
HELP	Haiti Economic Lift Program
HOPE	Haitian Hemispheric Opportunity through Partnership Encouragement Act
HTS	Harmonized Tariff Schedule of the United States
ICSID	International Centre for Settlement of Investment Disputes
ICT	information and communications technology
ILAB	Bureau of International Labor Affairs (USDOL)
IMF	International Monetary Fund
IP	intellectual property
IPRs	intellectual property rights
ITA	Information Technology Agreement (WTO)
JCCT	Joint Commission on Commerce and Trade
KORUS	U.S.-Korea Free Trade Agreement
LDBDC	least-developed beneficiary developing country
LDCs	lesser-developed countries
LTFV	less than fair value
MOU	memorandum of understanding
MSMEs	micro, small, and medium-sized enterprises
MRA	mutual recognition agreement
MRL	maximum residue limit
mt	metric tons
n.d.	not dated
NAALC	North American Agreement on Labor Cooperation (NAFTA)
NAFTA	North American Free Trade Agreement
NAO	National Administrative Office (NAFTA)
n.e.s.o.i.	not elsewhere specified or included
n.i.e.	not included elsewhere
NTPA	Nepal Trade Preferences Act
NTPP	Nepal Trade Preference Program
NTR	normal trade relations (U.S. equivalent to most-favored-nation treatment)
OECD	Organisation for Economic Co-operation and Development
OIE	World Organisation for Animal Health (Office International des Epizooties)
OPEC	Organization of the Petroleum Exporting Countries
OTEXA	Office of Textiles and Apparel (USDOC)
PSU	Policy Support Unit (APEC)
PTPA	U.S.-Peru Trade Promotion Agreement
Pub. L.	Public Law
RTA	regional trade agreement
S&ED	Strategic and Economic Dialogue (U.S.-China)
SACU	Southern Africa Customs Union
SAT	Tax Administration Service (Mexico)
SMEs	small and medium-sized enterprises
SPS	sanitary and phytosanitary (standards)
SSA	sub-Saharan Africa
TAA	Trade Adjustment Assistance
TAAEA	Trade Adjustment Assistance Extension Act
TAARA	Trade Adjustment Assistance Reauthorization Act of 2015
TICFA	Trade and Investment Cooperation Forum Agreement
TIFA	Trade and Investment Framework Agreement
TIVA	Trade in Value Added (OECD–WTO initiative)



TPA	trade promotion agreement
TPEA	Trade Preferences Extension Act
TPF	U.S.-India Trade Policy Forum
TPP	Trans-Pacific Partnership
TPLs	tariff preference levels
TRAs	Trade Readjustment Allowances
TRIPS	Trade-Related Aspects of Intellectual Property Rights agreement (WTO)
TRQ	tariff-rate quota
UN	United Nations
UNCITRAL	United Nations Commission on International Trade Law
U.S.C.	U.S. Code
USCC	U.S.-China Economic and Security Review Commission
USDA	U.S. Department of Agriculture
USDOC	U.S. Department of Commerce
USDOL	U.S. Department of Labor
USDOS	U.S. Department of State
USDOT	U.S. Department of Transportation
USITC	U.S. International Trade Commission
USTR	U.S. Trade Representative
WAEMU	West African Economic and Monetary Union
WTO	World Trade Organization



# Executive Summary

This report on the operations of the trade agreements program is prepared by the U.S. International Trade Commission (Commission or USITC) as required by section 163(c) of the Trade Act of 1974. The 70th in a series, this report covers trade-related actions in the calendar year 2018.

The level of U.S. imports and U.S. exports of goods and services depends on many factors, including the strength of the U.S. and global economies. Growth in these economies contributes to growth in cross-border trade. The rate of global economic growth fell slightly from 3.8 percent in 2017 to 3.6 percent in 2018, reflecting slower growth in advanced as well as emerging and developing economies. The economies of advanced countries grew 2.2 percent in 2018 compared with 2.4 percent in 2017. The growth rate of emerging-market and developing economies also dropped—from 4.8 percent in 2017 to 4.5 percent in 2018—and was primarily due to a slight dip in the growth rates of the Chinese and Indian economies over this period. All of the United States' eight major trading partners showed slower growth rates in 2018 than in 2017.<sup>1</sup> Economic growth in the United States, however, accelerated in 2018: U.S. real gross domestic product (GDP) increased 2.9 percent in 2018, compared to an increase of 2.2 percent in 2017.

In 2018, the U.S. dollar appreciated 5.5 percent against a broad trade-weighted index of major foreign currencies, as well as against most of the currencies of its main trading partners. Between January 1 and December 31, 2018, the U.S. dollar appreciated by 9.6 percent against the Indian rupee; 9.1 percent against the Canadian dollar; 6.5 percent against the British pound sterling; 5.9 percent against the Chinese yuan; 5.2 percent against the euro; and 0.8 percent against the Mexican peso. Over the same period, the U.S. dollar depreciated by 2.2 percent against the Japanese yen.

Both U.S. exports and U.S. imports of goods increased in value in 2018. The value of U.S. merchandise exports totaled \$1,664.1 billion in 2018, up 7.6 percent (\$117.8 billion) from \$1,546.3 billion in 2017. The value of U.S. merchandise imports totaled \$2,541.3 billion in 2018, up 8.6 percent (\$200.5 billion) from \$2,340.8 billion in 2017. The largest increase in U.S. exports was in energy-related products, whereas the largest increase in U.S. imports was in chemicals and related products. None of the U.S. economy's broad merchandise sectors experienced a trade surplus in 2018.<sup>2</sup> Overall, U.S. imports increased more than U.S. exports, resulting in an \$82.7 billion increase in the U.S. merchandise trade deficit that brought it to \$877.2 billion in 2018 (figure ES.1). This year, the merchandise data used in this report is available through a supplemental trade dataset accompanying the report at publication.

U.S. two-way cross-border trade in private services, which excludes exports and imports of government goods and services not included elsewhere (n.i.e.), increased 3.8 percent between 2017 and 2018. U.S. exports of private services grew 3.4 percent to \$805.7 billion in 2018, while U.S. imports of private

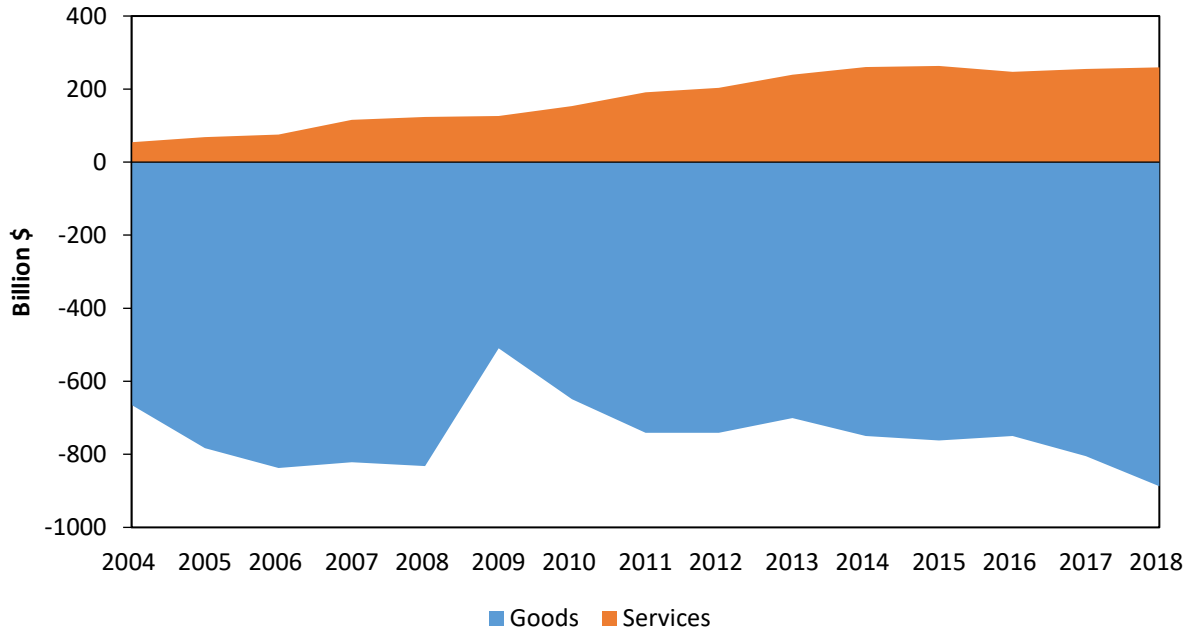
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<sup>1</sup> The eight major U.S. trading partners discussed in this report are the European Union, China, Canada, Mexico, Japan, the Republic of Korea (South Korea), India, and Taiwan.

<sup>2</sup> These merchandise sectors are defined by the U.S. International Trade Commission (USITC) in the [Harmonized Tariff Schedule of the United States](#) (HTS), which classifies tradable goods. Each USITC digest sector encompasses a number of 8-digit subheadings. The sectors are listed and defined in USITC, "[Frequently Asked Questions](#)," [Shifts in U.S. Merchandise Trade, 2016](#), September 2017. "Special provisions" is not considered a merchandise sector; it represents trade under HTS chapters 98 and 99.

services grew 4.3 percent to reach \$544.3 billion in 2018. As a result, the U.S. surplus in private services increased 1.5 percent to \$261.4 billion.

**Figure ES.1** U.S. trade balance in goods and services, 2004–18



Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, “[Table 1.2: U.S. International Transactions, Expanded Detail](#),” June 20, 2019.

Note: Underlying data can be found in appendix table [B.1](#).

## Key Trade Developments in 2018

### Administration of U.S. Trade Laws and Regulations

**Safeguard actions:** The Commission conducted no new safeguard investigations during 2018 under sections 201–204 of the Trade Act of 1974 or under any of the provisions that implement safeguard provisions in free trade agreements (FTAs) involving the United States.

Two global safeguard measures were in effect during most of 2018. In early 2018, the President imposed new safeguard measures on imports of certain crystalline silicon photovoltaic cells and on imports of large residential washers.

**Section 301:** There were two ongoing investigations in 2018 under section 301 of the Trade Act of 1974. The first investigation was instituted in 1987 and concerned various European Union (EU) meat hormone directives, which prohibit the use of certain hormones that promote growth in farm animals. Following a successful challenge at the WTO, the United States imposed additional duties on certain imports from the EU in 1999. In 2012, the United States and the EU signed a provisional settlement, and the United States lifted the additional duties. In December 2016, representatives of the U.S. beef industry filed a request with the Office of the U.S. Trade Representative (USTR) asking that the additional duties be reinstated, and USTR initiated a process to consider whether to reinstate the

additional duties. In 2018, the EU Commission received a mandate from the EU Council to begin formal negotiations with the United States.

The second investigation was self-initiated by USTR in August 2017. In April 2018, USTR determined that the acts, policies, and practices of the Government of China related to technology transfer, intellectual property, and innovation covered in the investigation are unreasonable or discriminatory and burden or restrict U.S. commerce. In response, the United States imposed in two installments (tranches) an additional 25 percent ad valorem tariff on certain Chinese goods with an approximate annual trade value of \$50 billion in July and August 2018, and initiated a World Trade Organization (WTO) dispute settlement case against China. In September 2018, the United States imposed an additional 10 percent ad valorem tariff on a third tranche of Chinese goods with an approximate trade value of \$200 billion.

**Special 301:** In the *2018 Special 301 Report*, USTR examined the adequacy and effectiveness of intellectual property rights protection in more than 100 countries. The report listed 12 countries on the priority watch list (Algeria, Argentina, Canada, Chile, China, Colombia, India, Indonesia, Kuwait, Russia, Ukraine, and Venezuela) and 24 countries on the watch list. The *2018 Out-of-Cycle Review of Notorious Markets* report highlighted 33 internet-based markets and 25 physical marketplaces in 19 countries that reportedly engage in or facilitate substantial copyright piracy and trademark counterfeiting.

**Antidumping duty investigations:** The Commission instituted 31 new antidumping investigations and made 34 preliminary determinations and 52 final determinations during 2018. Antidumping duty orders were issued by the U.S. Department of Commerce (USDOC) in 41 of the final investigations on 16 products from 22 countries.

**Countervailing duty investigations:** The Commission instituted 22 new countervailing duty investigations, and made 25 preliminary determinations and 21 final determinations during 2018. Countervailing duty orders were issued by USDOC in 18 of the final investigations on 13 products from 8 countries.

**Sunset reviews:** During 2018, the Commission instituted 34 sunset reviews of existing antidumping duty and countervailing duty orders and suspension agreements, as required by law, either five years after their initial publication or five years after publication of a subsequent determination to continue them. The Commission completed 55 reviews, resulting in the continuation of 50 antidumping duty and countervailing duty orders for up to five additional years, as well as the termination of 2 orders and the revocation of 3 orders.

**Section 129 investigations:** Section 129 of the U.S. Uruguay Round Agreements Act established a procedure by which the Administration may respond to adverse WTO panel or Appellate Body reports in trade remedy cases. On March 29, 2018, India requested the establishment of a WTO compliance panel to review the consistency of the United States' section 129 determinations with its WTO obligations in connection with the recommendations and rulings of the WTO Dispute Settlement Body (DSB) in *United States—Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India* (DS436). The panel is expected to complete its work and issue its report in 2019.

On June 4, 2018, USDOC completed a section 129 proceeding, carried out in connection with the recommendations and rulings of the WTO DSB in *United States—Anti-Dumping and Countervailing*

*Measures on Large Residential Washers from Korea (DS464)*, and revised certain aspects of its original determination.

**Section 337 investigations:** During calendar year 2018, there were 130 active section 337 investigations and ancillary proceedings alleging unfair import practices, such as patent infringement. Sixty-four of these proceedings were instituted in 2018. Of the 64 new proceedings, 50 were new section 337 investigations and 14 were new ancillary (secondary) proceedings relating to previously concluded investigations. The Commission completed a total of 61 investigations and ancillary proceedings under section 337 in 2018, and issued 3 general exclusion orders, 12 limited exclusion orders, and 34 cease and desist orders.

Section 337 proceedings active in 2018 involved a wide variety of products. As in prior years, technology products were the single largest category, with approximately 38 percent of the active proceedings involving computer and telecommunications equipment and another 6 percent involving consumer electronics. The second-largest category was pharmaceuticals and medical devices, which were at issue in about 13 percent of the active proceedings. Automotive, manufacturing, and transportation products were at issue in about 12 percent of the active proceedings, and small consumer products were at issue in about 9 percent of the proceedings.

**Section 232 national security investigations:** On March 8, 2018, the United States announced an additional 25 percent ad valorem additional tariff on imports of certain steel products and a 10 percent ad valorem tariff on certain aluminum products, effective March 23, 2018 (see table ES.1 for a summary of related actions by major U.S. trading partners in response). These duties were applied following investigations into the national security implications of U.S. steel and aluminum imports under section 232 of the Trade Expansion Act of 1962. Certain countries were exempted from these tariffs, on a permanent or temporary basis. The Secretary of Commerce initiated two additional investigations under section 232 in 2018: one on imports of automobiles, including cars, SUVs, vans and light trucks, and automobile parts (initiated on May 23, 2018) and a second on imports of uranium (initiated on July 18, 2018).

**Table ES.1** Section 232 steel and aluminum tariffs and retaliatory actions, 2018 developments for major trading partners

Country	Subject to 25% tariff on steel exports and 10% tariff on aluminum exports to the United States at yearend 2018?	Date 232 tariffs applied to trading partner	Retaliation by trading partner in 2018?	WTO action in 2018?
EU	Yes	June 1, 2018	Yes. Retaliated with maximum 25% tariffs on a first stage of products effective June 22, 2018.	Yes (DS548). Consultations requested by EU on June 1, 2018.
China	Yes	March 23, 2018	Yes. Retaliated with 15–25% tariffs on a range of products effective April 2, 2018.	Yes (DS544). Consultations requested by China on April 5, 2018.
Canada <sup>a</sup>	Yes	June 1, 2018	Yes. Retaliated with tariffs on steel, aluminum and other products effective July 1, 2018.	Yes (DS550). Consultations requested by Canada on June 1, 2018.
Mexico <sup>a</sup>	Yes	June 1, 2018	Yes. Retaliated with suspension of North American Free Trade Agreement (NAFTA) preferential duty rates, imposing tariffs of up to 25% on steel, aluminum, and agricultural products effective June 5, 2018.	Yes (DS551). Consultations requested by Mexico on June 5, 2018.
Japan	Yes	March 23, 2018	No	Yes. Japan notified the WTO of its intent to impose retaliatory tariffs on May 18, 2018, but took no further action in 2018.
South Korea	Subject to quota on steel exports and 10% tariff on aluminum exports to the United States	May 1, 2018 (for both steel quota and aluminum tariff)	No	No
India	Yes	March 23, 2018	No	Yes (DS547). Consultations requested by India on May 18, 2018.
Taiwan	Yes	March 23, 2018	No	No

Source: Proclamation 9704, 83 Fed. Reg. 11619 (March 15, 2018); Proclamation 9705, 83 Fed. Reg. 11625 (March 15, 2018); Proclamation 9710, 83 Fed. Reg. 13355 (March 28, 2018); Proclamation 9711, 83 Fed. Reg. 13361 (March 28, 2018); Proclamation 9740, 83 Fed. Reg. 20683 (May 7, 2018); Proclamation 9759, 83 Fed. Reg. 25857 (June 5, 2018); WTO, “[Dispute Settlement: DS548; United States—Certain Measures on Steel and Aluminum Products](#)” (accessed July 2, 2019); WTO, “[Dispute Settlement: DS556; United States—Certain Measures on Steel and Aluminum Products](#)” (accessed July 1, 2019); WTO, “[Dispute Settlement: DS550; United States—Certain Measures on Steel and Aluminum Products](#)” (accessed July 1, 2019); WTO, “[Dispute Settlement: DS551; United States—Certain Measures on Steel and Aluminum Products](#)” (accessed June 5, 2019); WTO, “[Immediate Notification under Article 12.5 of the Agreement on Safeguards](#)” May 18, 2018; WTO, “[Dispute Settlement: DS547; United States—Certain Measures on Steel and Aluminum Products](#)” (accessed May 29, 2019).

<sup>a</sup> Canada and Mexico terminated their retaliatory actions and the WTO disputes were terminated in 2019 after the United States reached mutually agreed solutions in May 2019 with Canada and Mexico.

**Trade Adjustment Assistance (TAA):** In fiscal year (FY) 2018, the U.S. Department of Labor (USDOL) received 1,178 petitions for TAA, up 13.6 percent from the 1,037 petitions received in FY 2017. The USDOL certified 895 petitions covering 76,902 workers as eligible for TAA and denied 217 petitions covering 17,374 workers. In FY 2018, USDOC certified 82 petitions as eligible for assistance under the TAA for Firms program, and approved 98 adjustment proposals.

## Trade Preference Programs

**Generalized System of Preferences (GSP):** U.S. imports under GSP increased 10.7 percent, reaching \$23.6 billion in 2018. These imports accounted for 9.9 percent of total U.S. imports from GSP beneficiary countries and 0.9 percent of U.S. imports from all countries. The top five beneficiary countries (India, Thailand, Brazil, Indonesia, and Turkey) accounted for 73.2 percent of GSP imports.

Five country practice reviews were initiated in 2018 on India, Indonesia, Kazakhstan, Thailand, and Turkey. Effective January 1, 2018, Argentina's GSP eligibility was reinstated after a nearly six-year suspension. Ukraine's GSP eligibility was partially removed effective April 26, 2018, due to failure to adequately protect intellectual property rights.

**Nepal Trade Preferences Act (NTPA):** The NTPA was implemented in December 2016 to improve Nepal's export competitiveness and help Nepal's economic recovery following a 2015 earthquake. In 2018, the second full year that the NTPA was in effect, U.S. imports from Nepal under NTPA were \$3.1 million (an increase of 30.9 percent from the previous year), accounting for 3.1 percent of all U.S. imports from Nepal.

**African Growth and Opportunity Act (AGOA):** In 2018, 40 sub-Saharan African countries were eligible for AGOA benefits. Of these countries, 28 were also eligible for AGOA textile and apparel benefits for all or part of 2018. Apparel benefits for Eswatini (formerly known as Swaziland) were reinstated on July 3, 2018. Rwanda's apparel benefits were terminated on July 31, 2018, as a result of an out-of-cycle review initiated by USTR on June 20, 2017, for Rwanda, Tanzania, and Uganda. The President determined that Tanzania and Uganda were in compliance with AGOA's eligibility requirements on March 29, 2018.

In 2018, imports entering the United States exclusively under AGOA (excluding GSP) were valued at \$10.8 billion, an 11.9 percent decrease from 2017. These imports entering the United States under AGOA comprised 43.9 percent of all imports from AGOA beneficiary countries in 2018. The decline in U.S. imports under AGOA in 2018 can be attributed to a decline in the value and quantity of imports of crude petroleum and passenger motor vehicles. An additional \$1.2 billion from AGOA beneficiary countries entered the United States duty-free under GSP. In total, AGOA and GSP preference programs accounted for 48.8 percent of all imports from AGOA beneficiary countries in 2018.

**Caribbean Basin Economic Recovery Act (CBERA):** At yearend 2018, 17 countries and dependent territories were eligible for CBERA preferences, and 8 of those countries were designated eligible for Caribbean Basin Trade Partnership Act (CBTPA) preferences. In 2018, the value of U.S. imports under CBERA (including CBTPA) increased by 9.1 percent to \$1.7 billion, mainly reflecting an increase in U.S. imports of apparel from Haiti and methanol from Trinidad and Tobago, which are both major imports under CBERA. U.S. imports under CBERA of crude petroleum continued to decline as U.S. production increased. Haiti was the leading supplier of U.S. imports under CBERA in 2018, followed by Trinidad and



Tobago. Imports from CBERA programs accounted for 27.8 percent of all imports from CBERA beneficiary countries in 2018.

**Haiti initiatives:** Over the years, several amendments to CBERA have expanded trade benefits to Haiti, benefiting Haiti's apparel industry. Nearly all (97.0 percent) of U.S. imports of apparel from Haiti entered duty free under CBERA. U.S. imports from Haiti under CBERA are brought in under CBTPA, the Haitian Hemisphere Opportunity through Partnership Encouragement Act of 2006 and 2008 (HOPE Acts), and the Haiti Economic Lift Program of 2010 (HELP Act) in 2018, with a growing portion entering under the HOPE/HELP Acts. The value of U.S. imports of apparel entering under the HOPE/HELP Acts rose 11.9 percent to \$645.5 million in 2018, and represented nearly 70 percent of all U.S. apparel imports from Haiti.

## World Trade Organization (WTO)

**WTO developments:** The WTO Director-General reported toward the end of the year that little progress had been made in trade negotiations since the Eleventh WTO Ministerial Conference in December 2017. However, negotiations towards a plurilateral agreement on fisheries subsidies advanced, as did exploratory work aimed at future WTO negotiations on the trade-related aspects of e-commerce, according to the Director-General. WTO members also discussed the functioning of the multilateral trading system and the need for WTO reform and modernization efforts. WTO membership remained at 164 in 2018.

**WTO dispute settlement:** During 2018, WTO members filed 39 requests for WTO dispute settlement consultations in new disputes, more than double the 17 filed in 2017. The United States was the complainant in 8 of the 39 requests filed during 2018 and the named respondent in 19. Nearly half of the complaints (9) filed against the United States concerned U.S. national security tariffs on steel and aluminum products, and 6 of the 8 complaints filed by the United States concerned measures taken by other WTO members in response to the U.S. steel and aluminum tariffs. The remaining two new requests filed by the United States during 2018 concerned export subsidy measures taken by India and Chinese measures concerning the protection of intellectual property rights. The remaining 10 requests in which the United States was the respondent involved duties on softwood lumber, fish fillets, and other products, as well as safeguard measures on crystalline silicon photovoltaic cells and large residential washers, and sanitary and phytosanitary measures on seafood products, alleged subsidies in the U.S. energy sector, and certain tariff and nontariff measures placed on imports of goods and services.

Twenty-three dispute settlement panels were established in 2018 in which the United States was either the complainant or the respondent. The United States was the complaining party in 8 of the disputes, and the responding party in 15 disputes. All but 3 of the disputes were filed in 2018. Nine of the panels were established to review U.S. measures on steel and aluminum products, and 5 were established to review measures taken by other WTO members in response to the U.S. tariffs on steel and aluminum. Two panel reports were issued in 2018 involving the United States—both times as a respondent in disputes about U.S. countervailing duty measures, one brought by Canada and the other by Turkey.

## OECD, APEC, and TIFAs

**Organisation for Economic Co-operation and Development (OECD):** The OECD ministerial council meeting was held in Paris, France, on May 30–31, 2018. Discussions focused on how to harness international cooperation and improve economic policies to address global challenges. During the year, the OECD Trade Committee focused its work on broad areas involving trade in services, digital trade, trade in raw materials, and trade and investment. There were 37 OECD members following the accession of Lithuania and Colombia on May 30, 2018.

The Global Forum on Steel Excess Capacity, which is chaired by the OECD, held its second ministerial meeting in Paris, France, on September 20, 2018. At the meeting, members approved a report that included initial conclusions on a process to identify and remove subsidies and other state support to both public and private steel producers that can contribute to excess capacity in the steel sector.

**Asia-Pacific Economic Cooperation (APEC):** Under Papua New Guinea’s leadership in 2018, cooperation among APEC member economies highlighted the theme of “Harnessing Inclusive Opportunities, Embracing the Digital Future.” APEC accomplishments in 2018 include the completion of *APEC’S Bogor Goals Progress Report*, progress made in constructing the APEC trade in value added (TiVA) database, and various activities conducted to facilitate digital trade and e-commerce in the APEC region.

**Trade and Investment Framework Agreements (TIFAs):** TIFAs provide a framework to expand trade and investment and a forum to resolve trade and investment issues between the United States and various trading partners. By yearend 2018, the United States had entered into 57 TIFAs, with no new TIFAs in 2018. Though the U.S.-Paraguay TIFA was signed in 2017, it has not yet entered into force. A number of TIFA Council meetings took place in 2018, including those with Algeria, Argentina, Armenia, Bangladesh, Central Asia, Indonesia, Laos, Nepal, New Zealand, Thailand, and Ukraine.

## U.S. Free Trade Agreements

**U.S. free trade agreements (FTAs) in force in 2018:** The United States was party to 14 FTAs involving a total of 20 countries as of December 31, 2018. Starting with the most recent agreement, the FTAs in force during 2018 were with Panama (which entered into force in 2012); Colombia (2012); South Korea (2012); Oman (2009); Peru (2009); several countries of Central America and the Dominican Republic (CAFTA-DR), which includes the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua (2006–07) and Costa Rica (2009); Bahrain (2006); Morocco (2006); Australia (2005); Chile (2004); Singapore (2004); Jordan (2001); Canada and Mexico (1994); and Israel (1985).

**FTA merchandise trade flows with FTA partners:** In 2018, total two-way (exports and imports) merchandise trade between the United States and its 20 FTA partners was \$1.6 trillion, which accounted for 39.1 percent of total U.S. merchandise trade with the world. U.S. trade with its partner countries under the North American Free Trade Agreement (NAFTA)—Canada and Mexico—continued to contribute the most to all U.S. trade with FTA partners, accounting for \$1.2 trillion, or 74.8 percent of such trade. From 2017 to 2018, U.S. exports to the NAFTA countries rose 7.3 percent to \$563.7 billion while U.S. imports from the NAFTA countries increased 8.4 percent to \$664.9 billion. As a result, the U.S. merchandise trade deficit with its NAFTA partners increased by 15.1 percent to \$101.2 billion in 2018.

U.S. trade with its non-NAFTA FTA partners was valued at \$414.2 billion in 2018, a 9.6 percent increase from 2017. U.S. exports to these FTA partners increased 11.2 percent to \$216.5 billion in 2018, while U.S. imports from these partners increased 8.0 percent to \$197.7 billion. As result, the U.S. merchandise trade surplus with these countries increased 62.1 percent to \$18.8 billion in 2018.

The value of imports that entered into the United States under FTAs and are subject to FTA duty reductions and eliminations totaled \$408.0 billion in 2018, up 5.8 percent from 2017. Imports subject to FTA duty reductions and eliminations accounted for nearly half (47.3 percent) of total imports from FTA partners in 2018 and 16.1 percent of total U.S. imports from the world. (The majority of U.S. imports from FTA partners that do not enter under an FTA generally enter free of duty under normal trade relations rates, although some also face duties.) Imports under the FTA with Singapore, which grew \$2.7 billion or 147.1 percent, represented the largest percentage increase in 2018, while imports from Mexico accounted for the greatest absolute change in value, rising by \$17.4 billion (9.5 percent). Imports under FTAs from Panama and Oman also increased significantly, rising by 41.5 percent (\$24 million) and 28.8 percent (\$202 million), respectively.

**FTA negotiations:** On October 16, 2018, USTR Lighthizer notified Congress of the President's intent to negotiate trade agreements with the United Kingdom (UK), the EU, and Japan. However, the UK cannot launch formal negotiations for a new trade agreement before it exits the EU.

On November 30, 2018, the United States, Mexico, and Canada signed the United States-Mexico-Canada Agreement (USMCA), which the USTR stated is intended to modernize and rebalance the North American Free Trade Agreement. Notable differences between USMCA and NAFTA include revised rules of origin for automobiles, updated rules regarding sanitary and phytosanitary measures and technical barriers to trade, better market access for agricultural products, new protections for intellectual property, and limitations on investor-state dispute settlement. The agreement also includes new chapters on digital trade, anticorruption, competitiveness, good regulatory practices, small and medium-sized enterprises, macroeconomic policies and exchange rates, labor, and the environment.

**Developments with FTAs already in force:** U.S. officials met with a number of partners representing member states of the 14 U.S. FTAs in force during 2018. Discussions with U.S. partners focused on a range of trade-related issues, as well as the labor and environmental provisions included in most of these agreements. The United States and South Korea signed a number of modifications and amendments to the U.S.-Korea FTA (KORUS) on September 24, 2018. In November 2018, the United States and Israel held the first round of negotiations on a permanent agreement to succeed the 2004 U.S.-Israel Agreement on Trade in Agricultural Products.

**NAFTA developments:** The pre-existing NAFTA remains in effect pending final actions approving the USMCA by each of the three countries. Per article 2205 of the agreement, any of the countries may also withdraw from NAFTA six months after issuing written notice to the other parties.

NAFTA parties undertook commitments concerning enforcement of environmental laws and other environment-related matters in a companion agreement to NAFTA called the North American Agreement on Environmental Cooperation. At the end of 2018, five cases regarding enforcement of environmental laws subject to the review of NAFTA's Commission for Environmental Cooperation remained active under Articles 14 and 15. Two involved Canada: one was submitted in 2017, and the other in 2018; and three involved Mexico, all submitted in 2018. There were three submissions under

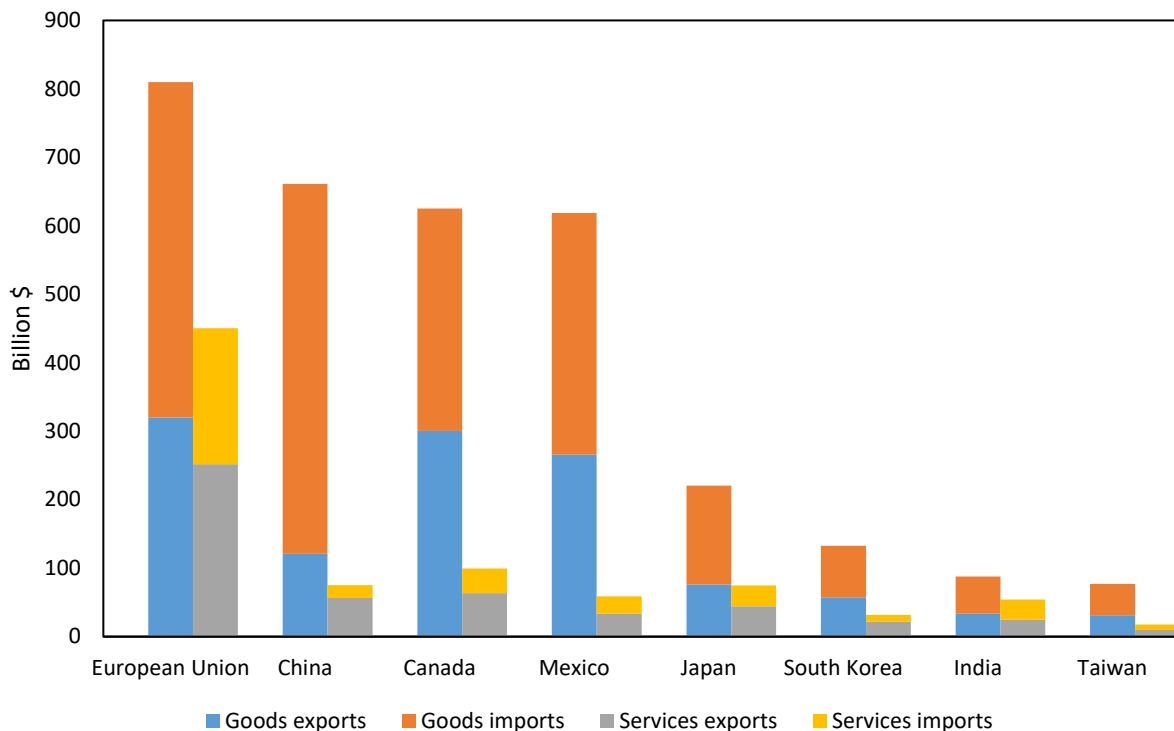
review at the North American Agreement on Labor Cooperation at the end of 2018: two involved Mexico, and one involved the United States.

**NAFTA dispute settlement:** In 2018, 1 active Chapter 11 (investor-state dispute settlement) case was filed against the United States by Canadian investors; 6 cases were filed by U.S. investors against Canada; and 2 were filed against Mexico by U.S. investors. At the end of 2018, the NAFTA Secretariat listed 5 binational panels active under Chapter 19 (Review and Dispute Settlement in Anti-dumping and Countervailing Duty Matters); these are reviews of final determinations made by national authorities in antidumping and countervailing duty cases. One of the reviews concerns a case filed by the United States contesting Mexico’s determinations; three concern cases filed by Canada contesting U.S. determinations; and one concerns a case filed by Mexico contesting U.S. determinations.

## Trade Activities with Major Trading Partners

This report includes a review of U.S. bilateral trade relations with its largest trading partners each year. This year, the report covers the following eight trading partners: the EU, China, Canada, Mexico, Japan, South Korea, India, and Taiwan (ordered by the value of their two-way merchandise trade). Two-way merchandise and private services trade for each trading partner are presented in figure ES.2.

**Figure ES.2** U.S. goods and services trade with major bilateral trading partners, 2018



Source: USITC DataWeb/USDOC (accessed May 9, 2019); USDOC, BEA, Interactive data, International Transactions, Services, & IIP, International Transactions, tables 1.2 and 1.3, June 20, 2019.

Note: Underlying data can be found in appendix table [B.2](#).

## European Union

The EU as a single entity continued to be the United States' largest merchandise trading partner in 2018, while EU member countries comprised 6 of the top 15 U.S. trading partners in terms of two-way (exports plus imports) trade. U.S. two-way merchandise trade with the EU increased 12.4 percent to \$806.4 billion in 2018, accounting for 19.2 percent of total U.S. merchandise trade with the world. U.S. exports to the EU were \$318.6 billion, which placed the EU as the top U.S. export market for the third year in a row. U.S. merchandise imports from the EU were \$487.8 billion, second to those from China. Both U.S. exports and U.S. imports with the EU increased in 2018, but U.S. imports grew more, widening the U.S. merchandise trade deficit with the EU to \$169.1 billion, an increase of 11.8 percent from the previous year. Leading U.S. exports to the EU included civilian aircraft, engines, and parts; crude petroleum; medicaments (medicines); refined petroleum products; and nonmonetary gold. Leading U.S. imports were passenger motor vehicles, medicaments, certain immunological products, light oils, and parts of turbojets and turbopropellers.

The EU was also the United States' largest trading partner in terms of private services in 2018, accounting for 33.4 percent of total U.S. trade in private services. U.S. services exports increased more than U.S. services imports, widening the U.S. trade surplus in services with the EU from \$50.3 billion in 2017 to \$53.2 billion in 2018.

Among the important U.S.-EU trade developments in 2018 were the announcement of the establishment of a U.S.-EU Executive Working Group aimed at reducing transatlantic barriers to trade, a joint U.S.-EU-Japan scoping paper on damaging nonmarket economic policies of third countries, and a joint review of the EU-U.S. Privacy Shield Framework.

## China

In 2018, China remained the United States' largest single-country trading partner based on two-way merchandise trade, accounting for 15.7 percent of total U.S. merchandise trade with the world. U.S. two-way merchandise trade with China amounted to \$659.8 billion in 2018, an increase of 3.9 percent from 2017. The U.S. merchandise trade deficit with China remained far higher than the U.S. trade deficit with any other trading partner in 2018, amounting to \$419.2 billion. Its \$43.6 billion increase (11.6 percent) relative to the year before reflected a \$34.0 billion increase in U.S. merchandise imports from China and a \$9.6 billion decrease in U.S. merchandise exports to China in 2018. U.S. merchandise imports from China totaled \$539.5 billion in 2018, while U.S. merchandise exports to China totaled \$120.3 billion. Leading U.S. exports to China in 2018 were civilian aircraft, engines, and parts; crude petroleum; passenger motor vehicles; semiconductors; and soybeans. Leading U.S. imports from China were cellphones; portable computers and tablets; telecommunications equipment; and computer parts and accessories.

In 2018, China was the United States' third-largest services trading partner, with two-way services trade totaling \$75.0 billion—5.6 percent of total U.S. cross-border services trade in 2018. The U.S. cross-border trade surplus in services with China increased \$240 million in 2018 to \$38.5 billion. However, the rate of growth in the United States' services imports from China outpaced that of the United States' services exports to China. From 2017 to 2018, U.S. services exports to China grew by \$1.2 billion, or 2.1 percent, while U.S. services imports from China grew by \$915 million, or 5.8 percent.

In May 2018, prominent bilateral trade issues were addressed in consultations between the U.S. Trade Representative, the Secretary of the Treasury, and the Secretary of Commerce on the U.S. side, and the Chinese State Council Vice Premier, and other high-ranking Chinese officials on China's side. Major topics addressed by U.S. and Chinese officials as part of these consultations were increasing U.S. agricultural and energy exports to China, intellectual property protection, and encouraging two-way bilateral investment.

China also imposed 25 percent ad valorem tariffs on selected U.S. products in response to U.S. tariffs at that level on approximately \$50 billion of Chinese imports, which the United States imposed following USTR's section 301 investigation. Both the United States and China imposed the first tranche of their tariffs on July 6, 2018, and the second tranche on August 23, 2018. USTR took further action under section 301, imposing an additional 10 percent tariff on approximately \$200 billion of Chinese imports on September 24, 2018.

### Canada

In 2018, Canada was the United States' second-largest single-country trading partner after China for the fourth consecutive year. The value of U.S. two-way merchandise trade with Canada rose 6.1 percent to \$617.1 billion in 2018, accounting for 14.7 percent of total U.S. merchandise trade with the world. Both U.S. merchandise exports and imports with Canada increased in 2018 from the previous year, but imports outpaced exports, resulting in a \$2.6 billion increase (15.8 percent) in the U.S. merchandise trade deficit with Canada to \$19.7 billion. Leading U.S. exports to Canada included crude petroleum; civilian aircraft, engines, and parts; motor vehicles—both for passengers and for goods transport—as well as their parts and accessories; and light oils. Top U.S. imports from Canada included crude petroleum; passenger motor vehicles and their parts and accessories; refined petroleum products; natural gas; and coniferous wood and products.

Canada remained the second-largest single-country U.S. trading partner for services in 2018, after the UK. Two-way services trade with Canada grew in 2018 to \$99.3 billion, while the U.S. surplus in services increased to \$28.0 billion, up from \$24.9 billion the year before.

In 2018, a major focus of U.S.-Canada trade relations was the proposed USMCA, which all parties signed on November 30, 2018. Pending final actions by the three countries, NAFTA remained in force. The WTO established a dispute settlement panel in a case requested by Canada concerning U.S. antidumping and countervailing duties on Canadian softwood lumber products. However, no new negotiations on the softwood lumber agreement took place between the United States and Canada in 2018. In other developments, U.S. and Canadian officials signed a memorandum of understanding on the Canada-United States Regulatory Cooperation Council, reaffirming commitments to closer regulatory alignment.

### Mexico

In 2018, Mexico was the United States' third-largest single-country merchandise trading partner. U.S. two-way merchandise trade with Mexico amounted to \$611.5 billion in 2018, an increase of 9.7 percent from 2017. Mexico accounted for 14.5 percent of U.S. trade with the world. U.S. merchandise exports to Mexico totaled \$265.0 billion in 2018, and U.S. merchandise imports from Mexico amounted to \$346.5 billion. Both U.S. merchandise imports and exports with Mexico increased in 2018 from the previous year. As the growth in imports outpaced that of exports, the merchandise trade deficit grew by \$10.6

billion (14.9 percent) from the previous year, totaling \$81.5 billion in 2018. Leading U.S. exports to Mexico included light oils; refined petroleum products; computer parts and accessories; diesel engines; semiconductors; parts and accessories of bodies (including cabs) for motor vehicles; and civilian aircraft, engines, and parts. Leading U.S. imports from Mexico included passenger motor vehicles, motor vehicles for goods transport, telecommunications equipment, road tractors for semi-trailers, color TV reception apparatus, and insulated ignition wiring sets.

Mexico was the United States' sixth-largest single-country trading partner for services in 2018. U.S. exports of services to Mexico increased 4.0 percent (\$1.3 billion) to \$33.4 billion in 2018, while U.S. services imports from Mexico increased 1.2 percent (\$310 million) to \$25.6 billion. This resulted in a U.S. services trade surplus of \$7.7 billion with Mexico in 2018.

A major focus of U.S.-Mexico trade relations in 2018 was the signing of USMCA on November 30, 2018. Joint efforts to modernize border procedures and facilities also continued in 2018, with the creation of new customs and inspection processes, pedestrian and vehicle inspection facilities, and vehicle processing lanes. Since the 2015 conclusion of a pilot program to address cross-border trucking between the United States and Mexico under NAFTA, the Federal Motor Carrier Safety Administration has been accepting applications from Mexico-domiciled motor carriers interested in conducting long-haul operations beyond the U.S. commercial zones.

## Japan

In 2018, Japan remained the United States' fourth-largest single-country trading partner in terms of two-way trade, accounting for 5.2 percent of total U.S. merchandise trade. The value of U.S. two-way merchandise trade with Japan grew 6.6 percent from 2017, to \$217.6 billion in 2018. U.S. merchandise exports to Japan totaled \$75 billion in 2018, and U.S. merchandise imports from Japan amounted to \$142.6 billion. Although both imports and exports grew from 2017 to 2018, U.S. exports to Japan outpaced U.S. imports from Japan, and the U.S. merchandise trade deficit with Japan declined by \$1.2 billion from 2017 (1.7 percent), totaling \$67.6 billion in 2018. Leading U.S. exports to Japan were civilian aircraft, engines, and parts; liquefied propane; corn; semiconductor manufacturing machines; and medicaments. Leading U.S. imports from Japan were passenger motor vehicles, parts for airplanes or helicopters, motor vehicle gearboxes, and parts for printers.

In 2018, Japan remained the United States' third-largest single-country services trading partner, representing 5.5 percent of U.S. services trade. U.S. cross-border services exports to Japan fell by \$805 million, or 1.8 percent, to \$44.4 billion in 2018, while U.S. cross-border services imports from Japan increased by \$1.4 billion, or 4.8 percent, to \$34.5 billion. As a result, the U.S. surplus in services trade with Japan declined to \$14.0 billion from \$16.2 billion the year before.

In 2018, President Trump and Prime Minister Abe of Japan agreed to initiate bilateral trade negotiations for a possible U.S.-Japan Trade Agreement. The United States has sought to increase regulatory compatibility in key goods sectors, and to obtain more fair and equitable trade in the motor vehicle sector. Both the United States and Japan have reaffirmed their common interests in addressing nonmarket economic issues including excess capacity and forced technology transfer. Other trade-related developments in 2018 include a reduction in Japan's safeguard tariff on imports of frozen beef, the reopening of the Japanese market to U.S. lamb and goat meat exports, and reforms to the requirements for drug producers supplying the Japanese pharmaceutical market.



## Republic of Korea

The Republic of Korea (South Korea) continued to be the United States' sixth-largest single-country merchandise trading partner in 2018 (behind Germany and ahead of the United Kingdom), accounting for 3.1 percent of U.S. trade with the world. Two-way merchandise trade grew 9.0 percent from the previous year to \$130.6 billion in 2018. U.S. merchandise exports to South Korea were valued at \$56.3 billion in 2018, while U.S. merchandise imports from South Korea totaled \$74.2 billion. The resulting trade deficit with South Korea was \$17.8 billion in 2018, down 22.7 percent from 2017, as the increase in U.S. exports to South Korea from 2017 to 2018 outpaced the increase in U.S. imports from South Korea over the same period. Leading U.S. exports to South Korea included crude petroleum; machines for the manufacture of semiconductor devices or electronic integrated circuits; civilian aircraft, engines, and parts; beef; passenger motor vehicles; liquefied propane; natural gas; and semiconductors. Leading U.S. imports from South Korea included passenger motor vehicles, cellphones, computer parts and accessories, refined petroleum products, and immunological products.

In 2018, South Korea remained the United States' ninth-largest single-country services trading partner based on two-way trade. U.S. services exports to South Korea fell 6.7 percent in 2018 to \$21.9 billion, while U.S. services imports from South Korea rose by 7.0 percent in 2018 to reach \$9.9 billion. As a result, the U.S. services trade surplus with South Korea decreased by 15.6 percent, from \$14.3 billion in 2017 to \$12.0 billion in 2018.

In 2018, the United States and South Korea negotiated and signed modifications to the U.S.-Korea FTA (KORUS), which originally entered into force on March 15, 2012. The new modifications were signed on September 24, 2018, and entered into force on January 1, 2019. The 2018 modifications to KORUS included a 20-year extension to the phaseout of the 25 percent U.S. tariff on South Korean trucks, provisions on doubling the annual quota per manufacturer of U.S.-origin trucks that can meet U.S. safety standards and enter the South Korean market without further modification eliminating duplicative emissions testing for U.S. exports of automotive vehicles, changing the treatment of U.S. exports under KORUS by South Korean customs to better process claims for preferential tariff treatment, and ensuring nondiscriminatory treatment for U.S. pharmaceutical exports, among others.

## India

In 2018, India was the United States' ninth-largest single-country trading partner based on two-way merchandise trade (behind France and ahead of Italy). U.S. two-way merchandise trade with India increased by 17.8 percent to \$87.1 billion in 2018, accounting for 2.1 percent of U.S. merchandise trade with the world. Both U.S. exports to India and U.S. imports from India grew from 2017 to 2018, with the increase in exports exceeding the increase in imports. U.S. merchandise exports to India were \$33.1 billion in 2018 and U.S. merchandise imports from India were \$54.0 billion, resulting in a U.S. merchandise trade deficit with India of \$20.9 billion in 2018, down 7.6 percent from 2017. Leading U.S. exports to India in 2018 were nonindustrial diamonds; crude petroleum; civilian aircraft, engines, and parts; nonmonetary gold; and bituminous coal. Leading U.S. imports from India in 2017 were nonindustrial diamonds, certain medicaments, frozen shrimp, light oils, and gold jewelry.

India was the United States' seventh-largest single-country trading partner for services and was the only country among the top eight services trading partners with which the United States had a services trade



deficit in 2018, though this deficit has been narrowing since 2015. The services trade deficit with India decreased by 0.6 percent to \$4.8 billion in 2018. U.S. cross-border services exports to India amounted to \$24.8 billion, while U.S. cross-border services imports from India amounted to \$29.5 billion in 2018.

Among U.S.-India trade developments in 2018, USTR announced that it was reviewing India's eligibility for tariff preferences under GSP due to concerns with program compliance. At the WTO, the United States submitted a counternotification to the WTO Committee on Agriculture regarding India's price supports for wheat, rice, and cotton.

## Taiwan

In 2018, Taiwan remained the 11th-largest single-country U.S. trading partner (behind Italy and ahead of the Netherlands). U.S. two-way merchandise trade with Taiwan grew 11.5 percent to \$76.0 billion in 2018, accounting for 1.8 percent of total U.S. merchandise trade with the world. U.S. merchandise exports to Taiwan were \$30.2 billion in 2018 and U.S. merchandise imports from Taiwan were \$45.8 billion. The U.S. merchandise trade deficit with Taiwan narrowed 7.3 percent to \$15.5 billion in 2018, as U.S. exports to Taiwan rose by a larger amount than U.S. imports from Taiwan. The top U.S. exports to Taiwan during the year were crude petroleum; civilian aircraft, engines, and parts; machines for semiconductor or integrated circuit manufacturing; semiconductors; and computer memories. The top U.S. imports from Taiwan during the year were computer parts and accessories, microchips, telecommunications equipment, semiconductor storage devices, and semiconductors.

U.S. services exports to Taiwan increased by 2.5 percent to \$9.6 billion, while U.S. services imports from Taiwan grew 3.4 percent to \$8.2 billion. As a result, the U.S. services trade surplus with Taiwan continues to decline; it decreased by 1.6 percent, from \$1.40 billion in 2017 to \$1.37 billion in 2018.

The primary forum for bilateral discussions on trade and investment issues is the U.S.-Taiwan Trade and Investment Framework Agreement (TIFA). In 2018, while there was no TIFA Council meeting, the U.S.-Taiwan trade relationship continued through other mechanisms. The key issues remain technical barriers to trade, digital piracy, investment, and agriculture.



# Chapter 1

## Introduction and Overview of U.S. Trade

### Scope and Approach of the Report

This report provides factual information on the operation of the U.S. trade agreements program and its administration for calendar year 2018. Section 163(c) of the Trade Act of 1974 (19 U.S.C. 2213(c)) states that “the International Trade Commission shall submit to the Congress at least once a year, a factual report on the operation of the trade agreements program.” Section 1 of Executive Order 11846 defines the trade agreements program to include “all activities consisting of, or related to, the negotiation or administration of international agreements which primarily concern trade,”<sup>3</sup> and section 163(a) of the Trade Act of 1974 sets out the types of information that the President is to include in his annual report to the Congress on the operation of the trade agreements program.<sup>4</sup> This report seeks to provide information on the activities defined in the Executive Order and, to the extent appropriate and to the extent that there were developments to report and information was publicly available, the elements set out in section 163(a). This year marks the 70th edition of the USITC’s report on the operation of the trade agreements program.

### Organization of the Report

This first chapter gives an overview of the international economic and trade environment within which U.S. trade policy was conducted in 2018. It also provides a timeline of selected key trade activities. Chapter 2 covers the administration of U.S. trade laws and regulations in 2018, including tariff preference programs such as the Generalized System of Preferences (GSP). Chapter 3 focuses on U.S. participation in the World Trade Organization (WTO), including developments in major WTO dispute settlement cases during 2018. Chapter 4 covers 2018 developments at the Organisation for Economic Co-operation and Development (OECD) and Asian-Pacific Economic Cooperation (APEC) forum, as well as

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<sup>3</sup> Exec. Order No. 11846 of March 27, 1975, Administration of the Trade Agreements Program, 40 Fed. Reg. 14291, 3 C.F.R., 1971–1975 Comp., 971.

<sup>4</sup> Section 163(a)(2) of the Trade Act of 1974 states that the President’s report is to cover the following: “(A) new trade negotiations; (B) changes made in duties and nontariff barriers and other distortions of trade of the United States; (C) reciprocal concessions obtained; (D) changes in trade agreements (including the incorporation therein of actions taken for import relief and compensation provided therefor); (E) the extension or withdrawal of nondiscriminatory treatment by the United States with respect to the products of foreign countries; (F) the extension, modification, withdrawal, suspension, or limitation of preferential treatment to exports of developing countries; (G) the results of actions to obtain the removal of foreign trade restrictions (including discriminatory restrictions) against United States exports and the removal of foreign practices which discriminate against United States service industries (including transportation and tourism) and investment; (H) the measures being taken to seek the removal of other significant foreign import restrictions; (I) each of the referrals made under section 2171(d)(1)(B) of this title and any action taken with respect to such referral; and (J) other information relating to the trade agreements program and to the agreements entered into thereunder.”

developments involving trade and investment framework agreements. Chapter 5 describes U.S. negotiation of and participation in free trade agreements (FTAs) in 2018, and chapter 6 covers trade data and trade relations in 2018 with major U.S. trading partners.

## Sources

This report is based on primary-source materials about U.S. trade programs and administrative actions pertaining to them. These materials chiefly encompass U.S. government reports, *Federal Register* notices, and news releases, including publications and news releases by the U.S. International Trade Commission (USITC or the Commission) and the Office of the United States Trade Representative (USTR). Other primary sources of information include publications of international institutions, such as the International Monetary Fund, World Bank, OECD, WTO, United Nations, and foreign governments. When primary-source information is unavailable, the report draws on professional journals, trade publications, and news reports for supplemental factual information.

Like past reports, *The Year in Trade 2018* relies on data from the U.S. Census Bureau (U.S. Census) of the U.S. Department of Commerce (USDOC) for the U.S. merchandise trade statistics presented throughout the report. Most tables in the report present U.S. merchandise trade statistics using “total exports” and “general imports” as measures,<sup>5</sup> except for data on imports that have entered the United States with a claim of eligibility under trade preference programs and FTAs. Such data require an analysis of U.S. “imports for consumption”—the total of all goods that have been cleared by U.S. Customs and Border Protection (U.S. Customs) to enter the customs territory of the United States with required duties paid.<sup>6</sup> Also, much of the trade data used in the report, including U.S. services and merchandise trade data, are revised over time, so the trade statistics for earlier years in this report may not always match the data presented in previous reports. New this year, a supplemental merchandise trade dataset reflecting the data used in this report will also be released. The most current version of the merchandise trade data used in this report can be accessed using the USITC’s DataWeb database (<https://dataweb.usitc.gov>).<sup>7</sup>

Chapters 1 and 6 also offer data on services trade. The information on services trade is based on data for cross-border trade in private services, which exclude government sales and purchases of goods and services not included elsewhere. The source of these data is the Bureau of Economic Analysis (BEA) of the USDOC.

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<sup>5</sup> “Total exports” measures the total physical movement of goods out of the United States to foreign countries, whether such goods are exported from the U.S. customs territory or from a U.S. Customs bonded warehouse or a U.S. foreign trade zone. Total exports is the sum of domestic exports and “foreign exports” (also known as re-exports). “General imports” measures the total physical arrivals of merchandise from foreign countries, whether such merchandise enters the U.S. customs territory immediately or is entered into bonded warehouses or foreign trade zones under U.S. Customs custody. These two measures—total exports and general imports—are the broadest measures of U.S. merchandise trade reported by the U.S. Census Bureau and they are used by the Bureau of Economic Analysis with adjustments to report on U.S. trade flows in official government balance of payment statistics. These are also the measures most commonly used internationally.

<sup>6</sup> For more information about measures of U.S. merchandise exports and imports, see the “Trade Measure Definitions” section of USITC, *Shifts in U.S. Merchandise Trade, 2015*, September 2016.

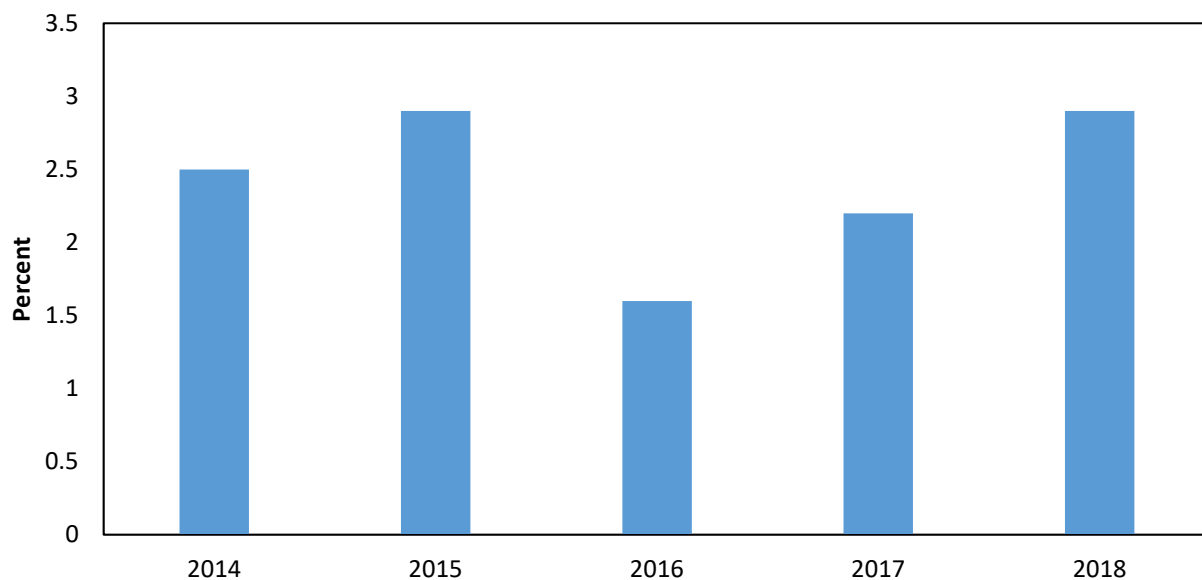
<sup>7</sup> Due to annual data revisions, data obtained from DataWeb may not always match the data presented in this report, even when these data are queried in the same year that the report is published.

# Overview of the U.S. and Global Economies in 2018

## U.S. Economic Trends in 2018

The level of U.S. imports and exports of goods and services depends on many factors, including the strength of the U.S. and global economies. The United States had a \$20.5 trillion economy in 2018.<sup>8</sup> The U.S. economy grew faster in 2018 than in 2017: U.S. real gross domestic product (GDP) increased 2.9 percent in 2018, compared to the growth rate of 2.2 percent in 2017 (figure 1.1).<sup>9</sup> The industries driving the higher growth rate were professional and business services; manufacturing; information; and educational services, health care, and social assistance.<sup>10</sup>

**Figure 1.1** U.S. real gross domestic product, percentage change, 2014–18



Source: USDOC, BEA, Interactive data, National data, National Income and Product Accounts “Table 1.1.1, Percent Change from Preceding Period in Real Gross Domestic Product,” June 20, 2019.

Note: Underlying data can be found in appendix table [B.3](#).

## Global Economic Trends in 2018

The global economic growth rate fell slightly from 3.8 percent in 2017 to 3.6 percent in 2018 (figure 1.2).<sup>11</sup> Growth in the advanced economies slowed to 2.2 percent in 2018, down from 2.4 percent the

<sup>8</sup> USDOC, BEA, “[Gross Domestic Product: Fourth Quarter and Annual 2018 \(Third Estimate\)](#),” March 28, 2019.

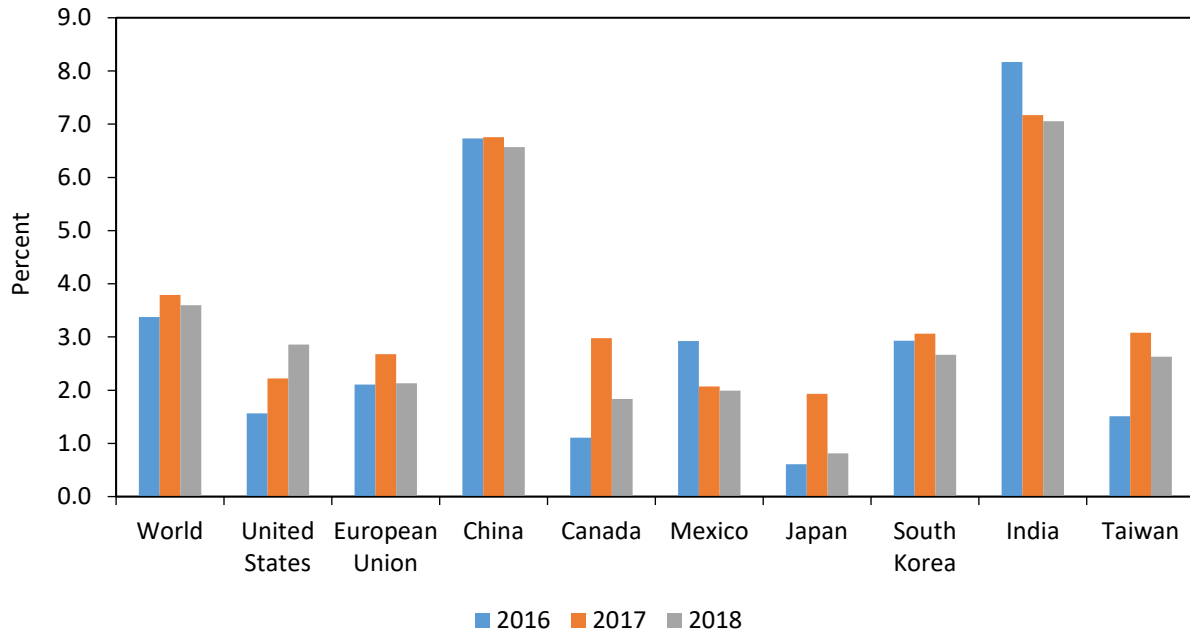
<sup>9</sup> Real GDP is a measure of the value of the goods and services produced by the nation’s economy less the value of the goods and services used up in production, adjusted for price changes.

<sup>10</sup> USDOC, BEA, “[Contributions to Percent Change in Real Gross Domestic Product by Industry](#),” April 19, 2019.

<sup>11</sup> IMF, [World Economic Outlook](#), April 2019, 156.

previous year. The growth rate of emerging market and developing economies also fell—decreasing 0.3 percentage points from 4.8 percent in 2017 to 4.5 percent 2018. This decline was primarily due to a slight dip in the growth rates of the Chinese and Indian economies over this period.<sup>12</sup> All of the United States’ top eight trading partners based on two-way trade showed slower growth rates in 2018 than in 2017 (figure 1.2).

**Figure 1.2** Economic growth (real GDP) trends in the world, the United States, and major trading partners, 2016–18



Source: IMF, [World Economic Outlook](#), April 2019.  
 Note: Underlying data can be found in appendix table [B.4](#).

The moderation in global growth in 2018 can be attributed to short-term uncertainty in certain economies, due to trade tensions and financial market pressures in large emerging markets and a convergence towards modest long-term growth rates among advanced economies.<sup>13</sup> Compared to its major trading partners, the United States was the only economy to show an improvement in its growth rate from 2017 to 2018. While growth in China (6.6 percent) and India (7.1 percent) remained relatively steady—decreasing only 0.2 percentage points for each country from 2017 levels—other economies experienced steeper declines.<sup>14</sup> Canada’s growth rate fell by 1.2 percentage points in 2018, due in part to lower prices for oil exports, pipeline capacity constraints, and slowing household spending.<sup>15</sup> Japan’s growth fell from 1.9 percent in 2017 to 0.8 percent in 2018, due, in part, to natural disasters,<sup>16</sup> and the

<sup>12</sup> IMF, [World Economic Outlook](#), April 2019, 156.

<sup>13</sup> World Bank, [Global Economic Prospects](#), January 2019, 5–7.

<sup>14</sup> IMF, [World Economic Outlook](#), April 2019, 160.

<sup>15</sup> Conference Board of Canada, “[Canadian Outlook](#),” December 2018; IMF, [World Economic Outlook](#), April 2019, 157.

<sup>16</sup> IMF, [World Economic Outlook](#), January 2019, 157. Two events in September 2018—Typhoon Jebi, the strongest typhoon to hit Japan in 25 years, and a severe earthquake in Hokkaido—noticeably affected Japanese economic activity. The infrastructure damage and power outages that resulted from these events affected nuclear energy

EU saw a decrease of 0.6 percentage points in its growth rate over the same time period. Growth rates among the United States' top trading partners were mostly below the world average of 3.6 percent in 2018, with the exception of China and India.<sup>17</sup> For the latter countries, continued levels of high growth were largely due to changes in government policies that encourage consumption and investment as well as an expansionary stance on monetary policy.<sup>18</sup>

Overall world trade volume for goods and services increased in 2018 by 3.8 percent, a slower rate than the 5.4 percent increase seen in 2016–17.<sup>19</sup> Both advanced and emerging economies showed slower growth rates in imports and exports in 2018.<sup>20</sup> In 2018, exports from emerging economies grew by 4.3 percent, down from 7.2 percent in 2017. Exports from advanced economies grew by 3.1 percent, down from 4.4 percent in 2017. Emerging economies' imports grew by 5.6 percent in 2018, down from 7.5 percent the previous year, and in advanced economies they grew by 3.3 percent, down from 4.3 percent, over the same period.<sup>21</sup>

## Exchange Rate Trends

The U.S. dollar appreciated relative to the currencies in the broad dollar index,<sup>22</sup> rising 5.5 percent between January and December 2018. This was in contrast to a 6.3 percent depreciation of the U.S. dollar as measured by the broad dollar index from January to December 2017. The 2018 trend was driven by the appreciation of the U.S. dollar against major world currencies, including most of the currencies of its main trading partners (figure 1.3). Between January 1 and December 31, 2018, the U.S. dollar appreciated by 9.6 percent against the Indian rupee; 9.1 percent against the Canadian dollar; 6.5 percent against the British pound sterling; 5.9 percent against the Chinese yuan; 5.2 percent against the euro; and 0.8 percent against the Mexican peso. Over the same period, the U.S. dollar depreciated by 2.2 percent against the Japanese yen.<sup>23</sup>

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production, production and trade in several key industrial sectors, and tourism. BBC News, "[Japan's Strongest Typhoon in 25 Years](#)," September 5, 2018; BBC News, "[Fears Grow for Japan Quake Survivors](#)," September 7, 2018; EIU, "[Country Report, Japan](#)," October 2018, 28; EIU, "[Country Report, Japan](#)," November 2018, 33.

<sup>17</sup> IMF, [World Economic Outlook](#), April 2019, 156.

<sup>18</sup> IMF, [World Economic Outlook](#), April 2019, xv.

<sup>19</sup> IMF, [World Economic Outlook](#), April 2019, 169.

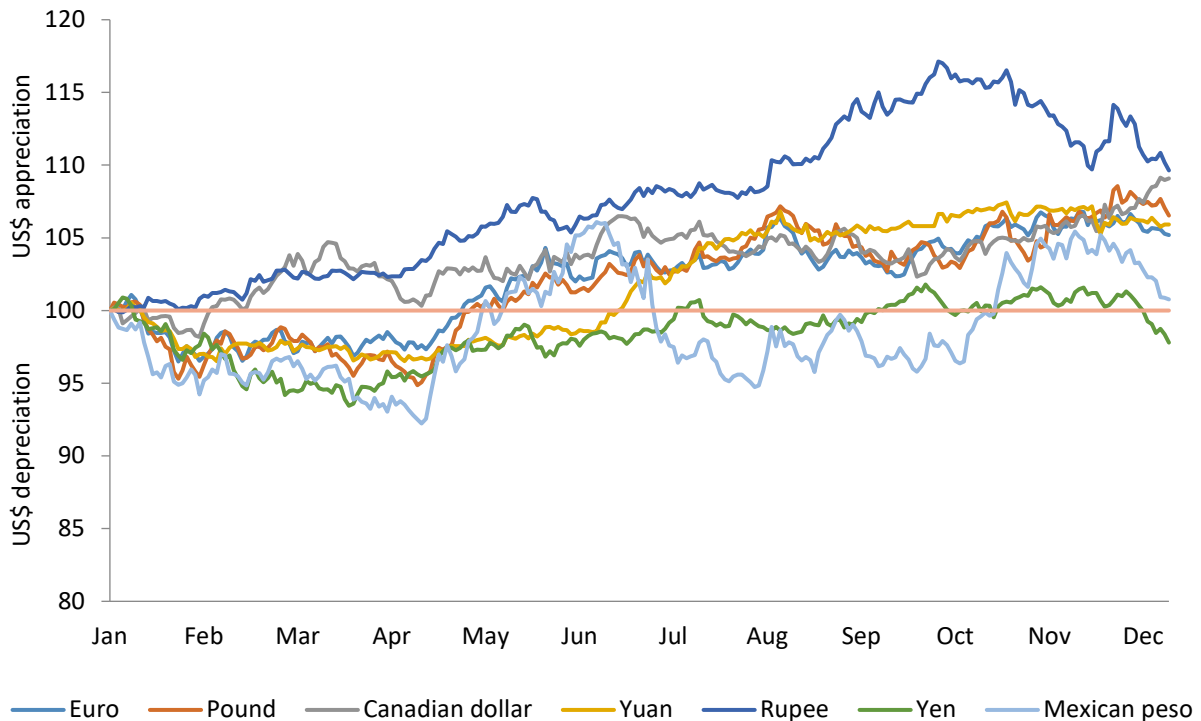
<sup>20</sup> The IMF divides the world into two groups: advanced and emerging economies. There are 39 advanced economies and 154 emerging economies. Both groups are listed in IMF, [World Economic Outlook](#), April 2019, 136–37.

<sup>21</sup> IMF, [World Economic Outlook](#), April 2019, 169.

<sup>22</sup> The broad dollar index is 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. In this study, dollar appreciation is measured as the increase in the broad dollar index from January 2, 2018, to December 31, 2018. Federal Reserve System, "[Real Trade Weighted U.S. Dollar Index: Broad](#)" (accessed June 7, 2019).

<sup>23</sup> Federal Reserve System, "[Foreign Exchange Rates](#)" (accessed June 10, 2019).

**Figure 1.3** Indexes of U.S. dollar exchange rates for selected major foreign currencies, daily, 2018



Source: Federal Reserve System, “[Foreign Exchange Rates](#)” (accessed June 10, 2019).

Note: This figure shows the units of the foreign currency per unit of the U.S. dollar. A decrease in the index represents a depreciation of the U.S. dollar relative to the foreign currency, and an increase in the index represents an appreciation of the U.S. dollar relative to the foreign currency.

The dollar’s rise was partly driven by the Federal Open Market Committee’s four interest rate hikes from the 1.25–1.50 percent range to the 2.25–2.50 range against a backdrop of stronger growth and a lower-than-expected unemployment rate.<sup>24</sup> Investors contributed to the rise by increasing the demand for the dollar in response to the uncertainty related to the trade conflict between the United States and China. Investors continued to hold the dollar throughout the conflict, anticipating that the U.S. economy would be less affected than the economies of other countries by the uncertainty.<sup>25</sup> The appreciation of the dollar eventually tapered off in late 2018 following a shift in market expectations about the pace and extent of monetary policy tightening and the U.S. government shutdown at the end of the year.<sup>26</sup>

<sup>24</sup> Initially there were only three interest rate increases scheduled in 2018. White House, [Economic Report of the President, Together with the Annual Report of the Council of Economic Advisers](#), March 2019, 512–13.

<sup>25</sup> Iosebashvili, “[U.S. Dollar Posted 4.3% Gain in 2018](#),” January 1, 2019; BofA Merrill Lynch Global Research, “[Foreign Exchange 2019 Outlook](#),” December 4, 2019, 1.

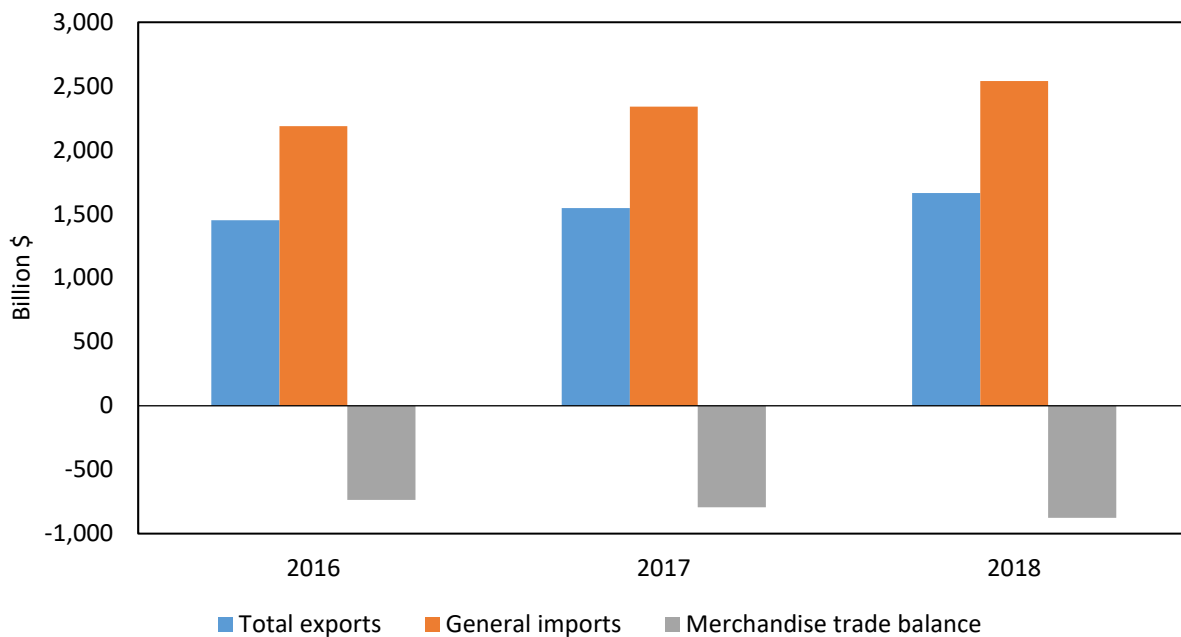
<sup>26</sup> J.P. Morgan, “[U.S. Dollar Strength: A Cyclical Pause](#),” October 29, 2018, 2.



## U.S. Trade in Goods in 2018

The value of U.S. merchandise exports was \$1,664.1 billion in 2018, a 7.6 percent increase from the 2017 level (figure 1.4 and appendix table A.1). The value of U.S. merchandise imports totaled \$2,541.3 billion over the same period, an 8.6 percent increase from the 2017 level (figure 1.4 and appendix table A.2).<sup>27</sup> U.S. imports grew more than U.S. exports, leading to an \$82.7 billion increase in the U.S. merchandise trade deficit to \$877.2 billion in 2018.<sup>28</sup> None of the 11 broad merchandise sectors that make up the U.S. economy experienced a trade surplus in 2018: these include agricultural products, forest products, chemicals, energy, textiles and apparel, footwear, minerals and metals, machinery, transportation equipment, electronic products, and miscellaneous manufactures.<sup>29</sup>

**Figure 1.4** U.S. merchandise trade with the world, 2016–18



Source: USITC DataWeb/USDOD (accessed May 9, 2019).

Note: Underlying data can be found in appendix table [B.5](#).

Exports of energy-related products had the largest absolute and relative (percentage) increase in terms of value. Imports in this sector also experienced the largest relative (percentage) increase, but were

<sup>27</sup> USITC DataWeb/USDOD (accessed April 22, 2019).

<sup>28</sup> USITC DataWeb/USDOD (accessed April 22, 2019).

<sup>29</sup> These merchandise sectors are defined by the Commission. Each USITC digest sector encompasses a number of 8-digit subheadings in the [Harmonized Tariff Schedule of the United States](#) (HTS), which classifies tradable goods. The sectors are listed and defined in USITC, “[Frequently Asked Questions](#),” [Shifts in U.S. Merchandise Trade, 2016](#), September 2017. “Special provisions” is not considered a merchandise sector; it represents trade under HTS chapters 98 and 99. Exports in this category primarily represent goods that have been returned with no value added abroad and articles that have been repaired. Imports in this category primarily represent goods that have been returned with no value added abroad, goods that have been repaired, and low-value imports.

second to imports of chemicals and related products in terms of absolute increase. Energy exports rose 35.7 percent in 2018, and imports increased by 19.4 percent over the same period (table 1.1 and table 1.2).

Several factors contributed to the increase in exports and imports by value in the energy sector in 2018. Crude petroleum,<sup>30</sup> which accounts for a large portion of the trade in the energy products sector (24.1 percent of the exports and 66.8 percent of the imports), drove much of the large changes in energy sector exports and imports in 2018.<sup>31</sup> First, both U.S. production of and demand for crude petroleum increased in 2018, but the increase in production exceeded the increase in demand, lowering the demand for U.S. imports and increasing U.S. exports in volume terms. The increase in U.S. production of crude petroleum was larger than the increase in domestic refinery demand for the second year in a row, with domestic consumption growing from 16.6 million to 17.0 million barrels a day (3.8 percent), compared to an increase in production from 9.4 million to 11.0 million barrels a day (17.2 percent) in 2018.<sup>32</sup> As a result, the volume of U.S. imports of crude petroleum decreased by 77.4 million barrels (2.7 percent) in 2018,<sup>33</sup> and the volume of U.S. exports of crude petroleum grew by 308.9 million barrels (73.1 percent) from 2017 to 2018.<sup>34</sup> In addition, prices for crude petroleum rose substantially in 2018.<sup>35</sup> This price increase contributed to the 108.9 percent (\$24.6 billion) increase in the value of crude petroleum exports<sup>36</sup> and resulted in an 18.1 percent (\$24.1 billion) increase in the value of imports, outweighing the decline in import volume (appendix tables A.3 and A.4).

## U.S. Merchandise Trade by Product Category

### Exports

Transportation equipment continued to be the largest U.S. export sector in 2018, accounting for 20.3 percent of all U.S. exports. It was followed by electronic products (16.6 percent of exports) and chemicals and related products (14.6 percent of exports) (table 1.1 and appendix table A.1). The top

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<sup>30</sup> Crude petroleum is classified under HTS 2709.00.

<sup>31</sup> USITC DataWeb/USDOC (accessed May 9, 2019).

<sup>32</sup> EIA, "[Short-Term Energy Outlook- June 2019](#)" (accessed July 8, 2019). The United States surpassed Russia as the world's leading crude petroleum producer in August 2018, maintaining this position for the rest of the year. Also, increased production has drawn more investment in U.S. energy infrastructure, improving U.S. capacity to export both crude petroleum and natural gas. EIA, "[U.S. Monthly Crude Oil Production](#)," November 1, 2018; EIA, "[Short-Term Energy Outlook—July 2019](#)," July 9, 2019, 9.

<sup>33</sup> EIA, "[U.S. Imports by Country of Origin Database](#)" (accessed July 8, 2019); USITC DataWeb/USDOC (accessed May 9, 2019).

<sup>34</sup> EIA, "[Exports by Destination](#)" (accessed July 8, 2019).

<sup>35</sup> The Brent benchmark (a reference price for buyers and sellers of crude oil worldwide based on Brent Crude, a major trading classification of sweet light crude oil) increased from an average of \$54.12 to \$71.34 per barrel (31.8 percent) from 2017 to 2018. EIA, "[Spot Prices](#)" (accessed May 29, 2019).

<sup>36</sup> Crude petroleum exports have been rapidly rising from a relatively low base. The low base is a result of a 40-year U.S. government ban on most exports of crude petroleum to countries other than Canada. This ban was lifted in December 2015.

export products were civilian aircraft, engines, and parts; refined petroleum products; crude petroleum; light oils; nonmonetary gold; and nonindustrial diamonds (appendix table A.3).

**Table 1.1** U.S. merchandise total exports to the world, by USITC digest sector, 2017–18

Sector	2017	2018	change 2017–18	% change 2017–18
	Million \$			
Agricultural products	152,965	154,944	1,979	1.3
Forest products	39,592	40,862	1,270	3.2
Chemicals and related products	227,526	243,436	15,910	7.0
Energy-related products	144,319	195,897	51,578	35.7
Textiles and apparel	22,146	22,712	565	2.6
Footwear	1,432	1,559	127	8.8
Minerals and metals	136,447	146,274	9,827	7.2
Machinery	136,204	143,279	7,075	5.2
Transportation equipment	325,578	337,942	12,364	3.8
Electronic products	268,546	276,896	8,350	3.1
Miscellaneous manufactures	49,081	52,096	3,015	6.1
Special provisions	42,437	48,160	5,723	13.5
Total	1,546,273	1,664,056	117,783	7.6

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Because of rounding, figures may not add to totals shown. For a definition of special provisions, see footnote 43.

Exports in all merchandise sectors increased in 2018 (table 1.1).<sup>37</sup> The largest increase in both value and percentage terms occurred in the energy-related products sector (up \$51.6 billion to \$195.9 billion). It was followed in value by chemicals and related products (up \$15.9 billion to \$243.4 billion) and transportation equipment (up \$12.4 billion to \$337.9 billion). At the product level, there were both increases and decreases in top exports. The largest increases at the product level were all in the energy-related products sector, including exports of crude petroleum (up \$24.6 billion to \$47.2 billion), light oils (up \$9.6 billion to \$39.2 billion), refined petroleum products (up \$6.8 billion to \$55.0 billion), liquefied propane products (up \$2.5 billion to \$14.9 billion), and bituminous coal (up \$2.2 billion to \$11.7 billion). Exports of civilian aircraft, engines, and parts increased \$9.4 billion to \$130.4 billion. The largest decline was in soybeans, exports of which declined by \$4.4 billion (20.3 percent) to \$17.1 billion. It was followed by passenger motor vehicles, for which exports declined by \$2.7 billion (4.6 percent) to \$56.5 billion (appendix table A.3).<sup>38</sup>

## Imports

Electronic products and transportation equipment continued to be the top two import sectors in 2018, accounting respectively for 19.9 percent and 18.1 percent of total 2018 U.S. imports (table 1.2 and

<sup>37</sup> These merchandise sectors are defined by the Commission. Each USITC digest sector encompasses a number of 8-digit subheadings in the *Harmonized Tariff Schedule of the United States* (HTS), which classifies tradable goods. The sectors are listed and defined in USITC, “Frequently Asked Questions,” *Shifts in U.S. Merchandise Trade, 2016*, September 2017. “Special provisions” is not considered a merchandise sector; it represents trade under HTS chapters 98 and 99. Exports in this category primarily represent low-value goods and articles that have been repaired.

<sup>38</sup> USITC DataWeb/USDOC (accessed April 22, 2019). “Passenger motor vehicles” includes the following 15 HTS 6-digit lines: 8703.21, 8703.22, 8703.23, 8703.24, 8703.31, 8703.32, 8703.33, 8703.40, 8703.50, 8703.60, 8703.70, 8703.80, 8703.90, 8704.21, and 8704.31.

appendix table A.2). Passenger motor vehicles were the largest U.S. import product, valued at \$195.5 billion in 2018.<sup>39</sup> They were followed by crude petroleum (\$157.0 billion), medicaments (\$56.0 billion), cellphones (\$52.8 billion), and telecommunications equipment (\$47.3 billion) (appendix table A.4).

**Table 1.2** U.S. merchandise general imports from the world, by USITC digest sector, 2017–18

Sector	2017	2018	change 2017–18	% change 2017–18
	Million \$			
Agricultural products	147,329	156,588	9,259	6.3
Forest products	44,821	48,696	3,875	8.6
Chemicals and related products	268,131	311,210	43,079	16.1
Energy-related products	196,833	234,983	38,150	19.4
Textiles and apparel	121,372	127,662	6,291	5.2
Footwear	25,640	26,567	927	3.6
Minerals and metals	200,577	215,281	14,704	7.3
Machinery	196,319	214,652	18,333	9.3
Transportation equipment	434,860	459,726	24,866	5.7
Electronic products	484,121	506,065	21,944	4.5
Miscellaneous manufactures	130,338	139,019	8,681	6.7
Special provisions	90,426	100,817	10,390	11.5
<b>Total</b>	<b>2,340,768</b>	<b>2,541,267</b>	<b>200,498</b>	<b>8.6</b>

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Because of rounding, figures may not add to totals shown. For a definition of special provisions, see footnote 46.

The value of U.S. imports in all 11 sectors increased in 2018 (table 1.2 and appendix table A.2).<sup>40</sup> The largest increase in value occurred in the chemicals and related products sector (up \$43.1 billion to \$311.2 billion, an increase of 16.1 percent), followed by the energy-related products sector, which also showed the largest percentage increase. Imports of energy-related products grew by \$38.2 billion (19.4 percent), from \$196.8 billion in 2017 to \$235.0 billion in 2018; U.S. crude petroleum imports alone grew by \$24.1 billion to \$157.0 billion in 2018.<sup>41</sup> Other large increases in imports were recorded in the transportation equipment sector (up \$24.9 billion to \$459.7 billion in 2018) and electronic products sector (up \$21.9 billion to \$506.1 billion). After crude petroleum, the largest import increases at the product level were in petroleum oils (up \$8.3 billion to \$35.1 billion); computers (up \$8.3 billion to \$31.7 billion); medicaments (up \$5.8 billion to \$56.0 billion); and computer parts (up \$5.1 billion to \$27.1 billion).

## U.S. Merchandise Trade with Leading Partners

Table 1.3 shows U.S. trade with major trading partners, ranked by total trade (exports plus imports) in 2018. In 2018, the European Union (EU) remained the United States' top trading partner in terms of two-way merchandise trade, followed by China, Canada, and Mexico. Ranked by exports, the EU was the leading market for U.S. exports at \$318.6 billion (19.1 percent of total exports). Canada followed closely

<sup>39</sup> USITC DataWeb/USDOC (accessed April 22, 2019). "Passenger motor vehicles" includes the following 15 HTS 6-digit lines: 8703.21, 8703.22, 8703.23, 8703.24, 8703.31, 8703.32, 8703.33, 8703.40, 8703.50, 8703.60, 8703.70, 8703.80, 8703.90, 8704.21, and 8704.31.

<sup>40</sup> The category "Special Provisions" represents trade under HTS chapters 98 and 99. Imports in this category primarily represent goods that have been returned with no value added abroad, goods that have been repaired, and low-value imports.

<sup>41</sup> Crude petroleum is classified under HTS 2709.00.

at \$298.7 billion (18.0 percent) (figure 1.5). Ranked by U.S. imports, China was the leading source of imports into the United States at \$539.5 billion (21.2 percent of imports), followed by the EU at \$487.8 billion (19.2 percent) (figure 1.6).<sup>42</sup>

**Table 1.3** U.S. merchandise trade with major trading partners and the world, 2018 (million dollars), ranked by two-way trade

Major trading partner	U.S. total exports	U.S. general imports	Trade balance	Two-way trade (exports plus imports)
EU	318,619	487,753	-169,134	806,372
China	120,341	539,495	-419,153	659,836
Canada	298,719	318,414	-19,695	617,133
Mexico	265,010	346,524	-81,514	611,534
Japan	74,967	142,596	-67,629	217,562
South Korea	56,344	74,223	-17,879	130,568
India	33,120	54,007	-20,887	87,127
Taiwan	30,243	45,761	-15,519	76,004
All others	466,692	532,494	-65,802	999,186
Total	1,664,056	2,541,267	-877,211	4,205,322

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

U.S. merchandise exports to nearly all leading trading partners increased from 2017 to 2018 (table 1.4). Exports declined only to China (down by \$9.6 million or 7.4 percent). The largest increase in value was a \$35.4 billion increase in exports to the EU (\$318.6 billion in 2018, up from \$283.3 billion in 2017). It was followed by a \$21.7 billion increase in exports to Mexico (\$265 billion in 2018, up from \$243.3 billion in 2017). In percentage terms, the largest increase in exports between 2017 and 2018 was to India (28.9 percent), followed by Taiwan (17.5 percent) and South Korea (16.6 percent).

**Table 1.4** U.S. merchandise total exports to major trading partners and the world, 2017–18, ranked by total exports 2018

Trading partner	2017	2018	change 2017–18	% change 2017–18
	Million \$			
EU	283,269	318,619	35,350	12.5
Canada	282,265	298,719	16,454	5.8
Mexico	243,314	265,010	21,696	8.9
China	129,894	120,341	-9,552	-7.4
Japan	67,605	74,967	7,362	10.9
South Korea	48,326	56,344	8,018	16.6
India	25,689	33,120	7,431	28.9
Taiwan	25,730	30,243	4,513	17.5
All others	440,180	466,692	26,512	6.0
Total	1,546,273	1,664,056	117,783	7.6

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

<sup>42</sup> For U.S. trade with the top 15 single-country U.S. trading partners, including the EU member states listed separately, see appendix tables A.5–A.7.

U.S. merchandise imports from all of the major trading partners increased in 2018 (table 1.5). The largest rise in value was a \$53.3 billion increase in imports from the European Union (up 12.3 percent), followed by a \$34 billion increase in imports from China (up 6.7 percent) and a \$32.3 billion increase in imports from Mexico (up 10.3 percent). In percentage terms, the largest increases in imports between 2017 and 2018 were from the EU (12.3 percent), followed by India (11.8 percent) and Mexico (10.3 percent).

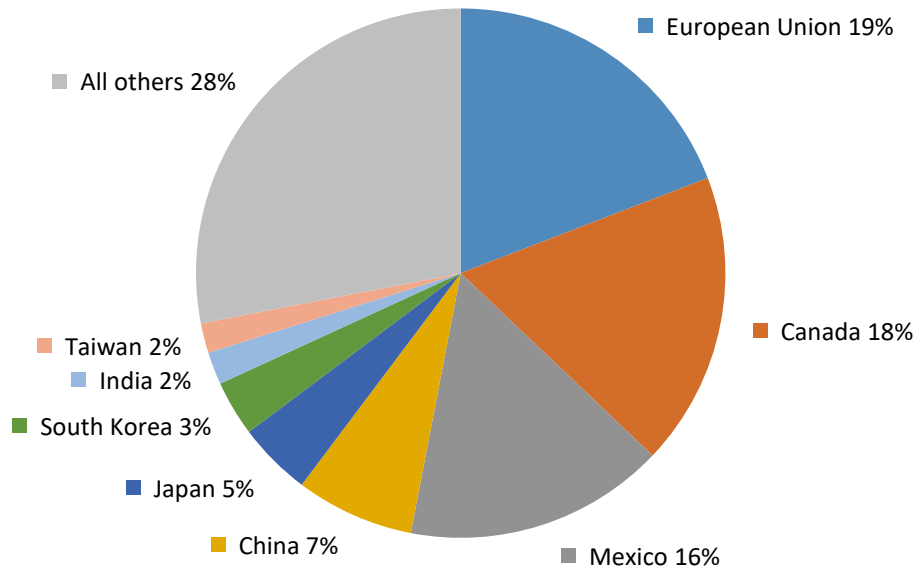
**Table 1.5** U.S. merchandise general imports from major trading partners and the world, 2017–18, ranked by general imports 2018

Trading partner	2017	2018	change 2017–18	% change 2017–18
Million \$				
China	505,462	539,495	34,033	6.7
EU	434,459	487,753	53,294	12.3
Mexico	314,262	346,524	32,262	10.3
Canada	299,280	318,414	19,135	6.4
Japan	136,480	142,596	6,115	4.5
South Korea	71,444	74,223	2,779	3.9
India	48,297	54,007	5,709	11.8
Taiwan	42,462	45,761	3,300	7.8
All others	488,622	532,494	43,872	9.0
<b>Total</b>	<b>2,340,768</b>	<b>2,541,267</b>	<b>200,498</b>	<b>8.6</b>

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

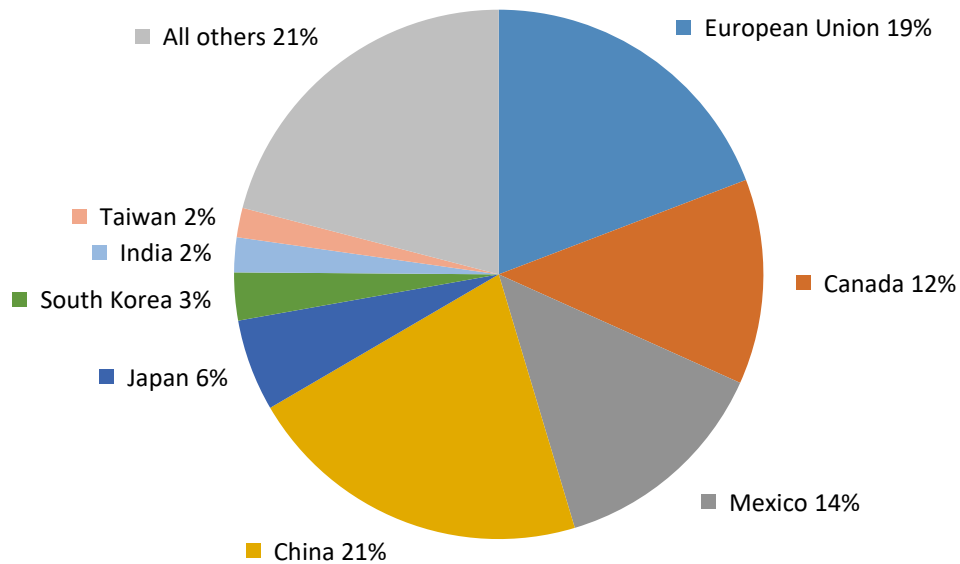
Note: Because of rounding, figures may not add to totals shown.

**Figure 1.5** Leading U.S. export markets, by share, 2018



Source: DataWeb/USDOC (accessed May 9, 2019).  
 Note: Underlying data can be found in appendix table [B.6](#).

**Figure 1.6** Leading U.S. import sources, by share, 2018



Source: DataWeb/USDOC (accessed May 9, 2019).  
 Note: Underlying data can be found in appendix table [B.6](#).

## U.S. Trade with Free Trade Agreement Partners

In 2018, two-way merchandise trade (total exports plus general imports) between the United States and its FTA partners totaled \$1.6 trillion, accounting for 39.1 percent of total U.S. merchandise trade with the world (\$4.2 trillion).<sup>43</sup> This was higher than in 2017, when the value of two-way merchandise trade between the United States and its FTA partners was \$1.5 trillion; however, the share in 2018 was only slightly higher than 2017, when trade with FTA partners accounted for 39.0 percent of total U.S. merchandise trade.

The value of U.S. imports for consumption<sup>44</sup> entered under FTAs was \$408.0 billion in 2018, a 5.8 percent increase from the 2017 value of \$385.7 billion. These imports accounted for 47.3 percent of all imports from FTA partners in 2018 and for 16.1 percent of total U.S. imports from the world.

## U.S. Imports under Trade Preference Programs

U.S. imports under trade preference programs increased by 3.2 percent, from \$35.0 billion in 2017 to \$36.1 billion in 2018; they accounted for 1.4 percent of total U.S. imports during 2018, whereas in 2017 they accounted for 1.5 percent of all imports. Imports that claimed eligibility under the U.S. Generalized System of Preferences program totaled \$23.6 billion in 2018; imports under the African Growth and Opportunity Act totaled \$10.8 billion; imports under the Caribbean Basin Economic Recovery Act and the Caribbean Basin Trade Partnership Act totaled \$1.7 billion; imports under the Haiti initiatives totaled \$0.7 billion; and imports under the Nepal Trade Preference Program totaled \$0.003 billion (\$3.1 million).<sup>45</sup>

## U.S. Trade in Services in 2018

Total U.S. cross-border trade in private services (hereafter “services”) grew by 3.8 percent between 2017 and 2018.<sup>46</sup> During that period, U.S. exports of services increased by 3.4 percent from \$779.3 billion to \$805.7 billion, while U.S. services imports grew 4.3 percent from \$521.8 billion to \$544.3

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<sup>43</sup> U.S. trade with its FTA partners is discussed in chapter 5.

<sup>44</sup> Imports for consumption (sometimes called “special imports”) are merchandise that has physically cleared through Customs, either entering consumption channels immediately or entering for consumption after withdrawal from bonded warehouses or FTZs under Customs custody. For more information about measures of U.S. merchandise exports and imports, see the “Trade Measure Definitions” section of USITC, [Shifts in U.S. Merchandise Trade, 2015](#), September 2016.

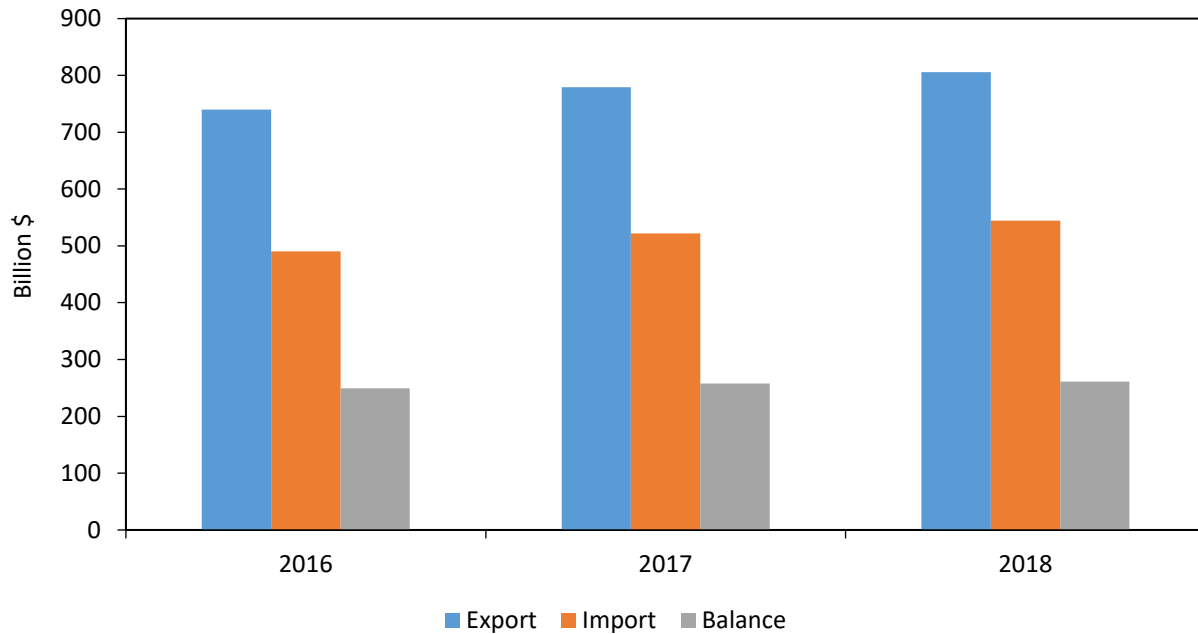
<sup>45</sup> U.S. imports under preferential trade programs are discussed in chapter 2.

<sup>46</sup> USDOC, BEA, International Transactions data, “Table 3.1. U.S. International Trade in Services,” June 20, 2019. These data represent U.S. cross-border trade in private services, which exclude data on imports and exports of government goods and services and which roughly correspond to modes 1, 2, and 4 (cross-border trade, consumption abroad, and the presence of natural persons) in the “modes of supply” framework for services trade set out by the General Agreement on Trade in Services (GATS). BEA data on foreign affiliate transactions, which roughly correspond to mode 3 (commercial presence). Data on mode 3 transactions are published with a two-year lag, and are not covered in this report. For more information on the four modes of supply under GATS, see WTO, [“Basic Purpose and Concepts”](#) (accessed May 10, 2019). See also the Commission’s annual *Recent Trends in U.S. Services Trade* report series, which covers all four modes of supply for U.S. cross-border services trade.



billion.<sup>47</sup> The U.S. surplus in cross-border services trade increased 1.5 percent in 2018 to \$261.4 billion (figure 1.7). All of the 10 largest U.S. services export categories grew in 2018. The services export categories with the highest growth rates in 2018 included maintenance and repair services (15.2 percent), professional and management consulting services (10.0 percent), and air transport (8.6 percent). U.S. imports of services grew in 8 of the top 10 services import categories, with declines in insurance services (down 16.0 percent) and research and development services (down 1.7 percent).

**Figure 1.7** U.S. cross-border trade in private services with the world, 2016–18



Source: USDOC, BEA, Interactive data, International Transactions, Services, and International Investment Position, International Transactions, Table 3.1, “U.S. International Trade in Services,” June 20, 2019.

Note: Data for 2018 are preliminary. Underlying data can be found in appendix table [B.7](#).

<sup>47</sup> While BEA did revise the preliminary 2017 trade in services data reported in [The Year in Trade 2017](#), BEA reported no services-specific methodological adjustments that would have impacted the revision. USITC, [The Year in Trade 2017](#), August 2018; USDOC, BEA, [“U.S. International Transactions, 1st Quarter 2018 and Annual Update,”](#) June 2018.

## U.S. Services Trade by Product Category<sup>48</sup>

### Exports

U.S. travel services exports, valued at \$214.7 billion in 2018, accounted for the largest share (26.6 percent) of total U.S. cross-border services exports in 2018 (appendix table A.8).<sup>49</sup> Other major U.S. services export categories included charges for the use of intellectual property not included elsewhere (n.i.e.)<sup>50</sup> (\$128.8 billion or 16.0 percent of total exports), financial services<sup>51</sup> (\$112.0 billion or 13.9 percent), and professional and management consulting services (\$86.8 billion or 10.8 percent). Total U.S. services exports grew by 3.4 percent in 2018, slightly slower than the 5.2 percent growth recorded in 2017. Maintenance and repair services n.i.e.<sup>52</sup> grew the fastest, increasing by 15.2 percent in 2018, compared to 6.9 percent growth in 2017. Professional and management consulting services also experienced rapid growth, rising 10.0 percent in 2018, compared to 5.9 percent in 2017. However, 6 of the 10 services categories experienced slower growth in 2018 than in previous years. These notably included technical, trade-related, and other business services (rising 1.2 percent in 2018, compared to 13.3 percent growth in 2017) and research and development services<sup>53</sup> (rising 0.8 percent in 2018, compared to 10.3 percent growth in 2017).

### Imports

Travel services also accounted for the largest share of U.S. cross-border services imports in 2018 (\$144.5 billion or 26.5 percent of total U.S. cross-border services imports) (appendix table A.9). Other categories with large shares included charges for the use of intellectual property n.i.e. (\$56.1 billion or 10.3

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<sup>48</sup> Appendix tables A.8 and A.9 provide additional data on U.S. cross-border trade in private services, broken down by product category.

<sup>49</sup> Travel services comprise purchases of goods and services by U.S. residents traveling abroad (U.S. imports of travel services) and by foreign travelers in the United States (U.S. exports of travel services). These goods and services include food, lodging, recreation, gifts, entertainment, local transportation in the country of travel, and other items incidental to business or personal travel by a foreign visitor USDOC, BEA, "[U.S. International Trade in Goods and Services, March 2019: Additional Information, Explanatory Notes](#)," May 9, 2019.

<sup>50</sup> U.S. exports of charges for the use of intellectual property "not included elsewhere" (n.i.e.) include "charges for the use of proprietary rights, such as patents, trademarks, and copyrights, and charges for licenses to use, reproduce, distribute, and sell or purchase intellectual property." USDOC, BEA, "[U.S. International Trade in Goods and Services, March 2019: Additional Information, Explanatory Notes](#)," May 9, 2019.

<sup>51</sup> U.S. exports of financial services include "financial intermediary and auxiliary services, except insurance services." USDOC, BEA, "[U.S. International Trade in Goods and Services, March 2019: Additional Information, Explanatory Notes](#)," May 9, 2019.

<sup>52</sup> U.S. exports of maintenance and repair services n.i.e. include "services performed by residents of one country on goods that are owned by residents of another country. The repairs may be performed at the site of the repair facility or elsewhere." USDOC, BEA, "[U.S. International Trade in Goods and Services, March 2019: Additional Information, Explanatory Notes](#)," May 9, 2019.

<sup>53</sup> According to BEA, research and development includes "work aimed at discovering new knowledge or developing new or significantly improved goods and services." This category includes both commercial and noncommercial product development, as well as several types of fees: fees associated with the development of intellectual property protected by patents, trademarks, or copyrights; fees for the development of general-use software; and fees for testing related to product development. These services are traded by providing research services to foreign clients. USDOC, BEA, "[Quarterly Survey of Transactions](#)," October 2018, 24.

percent), professional and management consulting services (\$47.6 billion or 8.7 percent), insurance services (\$42.5 billion or 7.8 percent), and air passenger fares (\$42.0 billion or 7.7 percent). The fastest-growing categories of services imports were professional and management consulting services; technical, trade-related, and other business services;<sup>54</sup> air passenger fares; and financial services (with growth rates of 12.8 percent, 10.6 percent, 8.1 percent, and 8.1 percent, respectively). By comparison, U.S. imports in 2 of the top 10 services categories fell in 2018. Imports of both insurance services and research and development services declined in 2018 following growth in 2017; insurance services fell 16.0 percent<sup>55</sup> after an increase of 0.9 percent in 2017, while research and development services fell 1.7 percent after an increase of 3.4 percent in 2017.

## U.S. Services Trade with Leading Partners

In 2018, the EU was the largest market for U.S. services exports and the largest foreign supplier of U.S. services imports (table 1.6).<sup>56</sup> In that year, the EU accounted for \$251.8 billion (31.3 percent) of total U.S. services exports and \$198.6 billion (36.6 percent) of total U.S. services imports (figures 1.8 and 1.9).<sup>57</sup> Following the EU, the top markets for U.S. services exports were Canada, China, and Japan, while the top sources of imports were Canada, Japan, and India. The United States maintained a services trade surplus with every major services trading partner except for India, with which it posted a \$4.8 billion deficit in 2018.<sup>58</sup> The posted U.S. trade deficits with India in 2018 are primarily in telecommunications and other business services sectors, such as research and development services and professional and management consulting services.<sup>59</sup> While the U.S. trade deficit in other business services widened by \$1.0 billion during 2017–18, the total private services trade deficit with India has remained steady at \$4.8 billion due to a \$1.0 billion increase in the trade balance in travel services over the same period.

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<sup>54</sup> Technical, trade-related, and other business services include architectural and engineering, construction, audiovisual, waste treatment, operational leasing, trade-related, and other business services. USDOC, BEA, “[U.S. International Trade in Goods and Services, March 2019: Additional Information, Explanatory Notes](#),” May 9, 2019.

<sup>55</sup> This reduction in imports was in large part driven by the reinsurance sector, and likely can be attributed to a change in how firms operate in response to the Tax Cuts and Jobs Act of 2017, which increased the cost of offshore affiliated reinsurance arrangements. Hough et al., [Impact of US Tax Reform on Insurance Companies](#), February 20, 2018.

<sup>56</sup> The UK (an EU member) was the largest single-country market for both exports and imports of U.S. services in 2018. Despite legal proceedings to exit the European Union, the UK is still reported in BEA aggregate EU statistics. USDOC, BEA, “[U.S. International Trade in Goods and Services, March 2019: Additional Information, Explanatory Notes](#),” May 9, 2019.

<sup>57</sup> Data on U.S. services imports from the EU include government goods and services not included elsewhere. According to BEA, trade data from EU-based government services providers are “suppressed to avoid the disclosure of data of individual companies.” USDOC, BEA, International Services Data, “Table 2.3, U.S. Trade in Services, by Country or Affiliation and by Type of Service, European Union,” September 12, 2019. Exports and imports of government services primarily consist of services supplied in support of operations by the U.S. military and embassies abroad. USITC, [Recent Trends in U.S. Services Trade, 2018 Annual Report](#), June 2018, 12.

<sup>58</sup> The United States also registers a services trade deficit with Italy, which is a member state of the EU. Among single-country trading partners, Italy ranked as the United States’ 15th-largest services trading partner in 2018. This deficit with Italy is driven by U.S. tourist travel to Italy. USDOC, BEA, International Services Data, “Table 2.3, U.S. Trade in Services, by Country or Affiliation and by Type of Service, Italy,” October 18, 2018.

<sup>59</sup> USDOC, BEA, International Services Data, “Table 2.3, U.S. Trade in Services, by Country or Affiliation and by Type of Service, India,” October 18, 2018.

Before 2018, the total private services trade deficit with India had decreased steadily each year from \$7.5 billion in 2014 to \$4.8 billion in 2017.

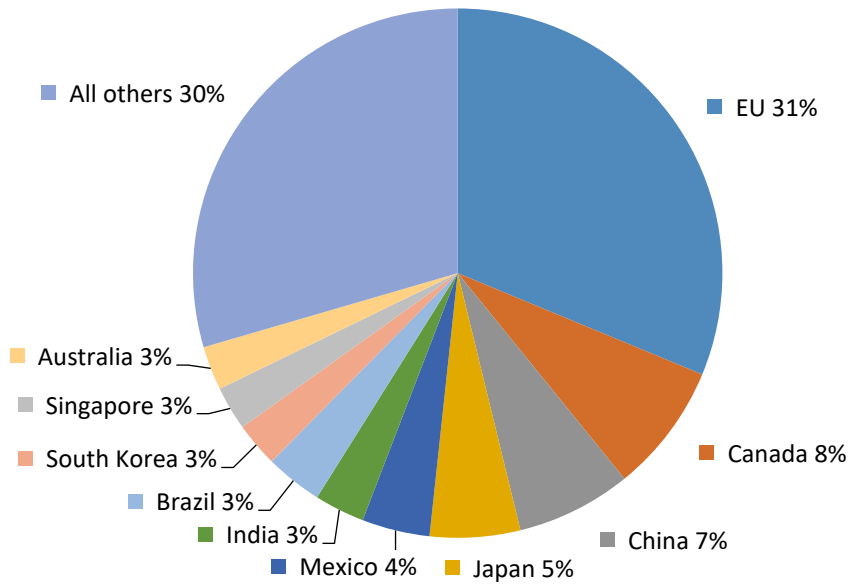
**Table 1.6** U.S. cross-border trade in private services with major trading partners and the world, 2018 (million dollars)

Major trading partner	U.S. exports	U.S. imports	Trade balance	Two-way trade (exports plus imports)
EU	251,824	<sup>(a)</sup> 198,621	53,203	450,445
Canada	63,648	35,635	28,013	99,283
China	56,710	18,261	38,449	74,971
Japan	44,422	30,397	14,025	74,819
Mexico	33,374	25,664	7,710	59,038
India	24,769	29,530	-4,761	54,299
Brazil	28,061	6,051	22,010	34,112
South Korea	21,902	9,871	12,031	31,773
Singapore	21,597	9,255	12,342	30,852
Australia	21,610	7,779	13,831	29,389
All others	237,828	371,904	64,545	411,111
Total	805,745	544,347	261,398	1,350,092

Source: USDOC, BEA, Interactive data, International Transactions, Services, and International Investment Position, International Transactions, table 3.2 and 3.3, "U.S. International Trade in Services, by Area and Country," June 20, 2019.

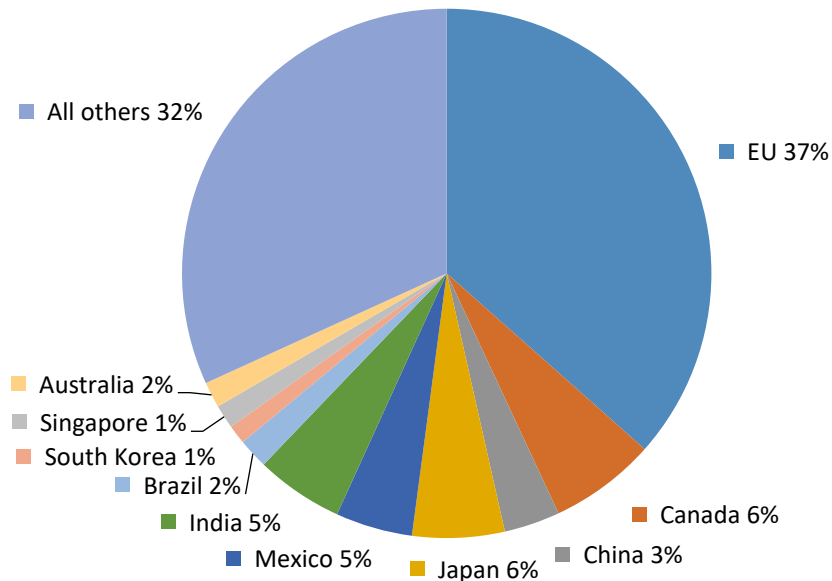
<sup>a</sup> U.S. imports from the EU in 2018 are overstated because the data include government goods and services n.i.e.

**Figure 1.8** Leading U.S. export markets for private services, by share, 2018



Source: USDOC, BEA, Interactive data, International Transactions, Services, and International Investment Position, International Transactions, tables 3.2 and 3.3, "U.S. International Trade in Services, by Area and Country," June 20, 2019.  
 Note: Data are preliminary. Because of rounding, figures may not add to 100 percent. Underlying data can be found in appendix table [B.8](#).

**Figure 1.9** Leading U.S. import sources for private services, by share, 2018



Source: USDOC, BEA, Interactive data, International Transactions, Services, and International Investment Position, International Transactions, tables 3.2 and 3.3, "U.S. International Trade in Services, by Area and Country," June 20, 2019.  
 Note: Data are preliminary. Because of rounding, figures may not add to 100 percent. Underlying data can be found in appendix table [B.8](#).

## Timeline of Selected Key Trade Activities in 2018

The following timeline presents selected key trade events between the United States and its trading partners in 2018. Some of these developments are presented in more detail in chapters 2 through 6.

### January

**5:** The United States and South Korea meet in Washington, DC, to negotiate modifications and amendments to the U.S.-Korea Free Trade Agreement (KORUS). The two sides address crosscutting and sector-specific barriers to trade affecting U.S. exports.

**8:** Vietnam requests World Trade Organization (WTO) dispute settlement consultations with the United States regarding certain U.S. antidumping measures on fish fillets from Vietnam (DS536).

**19:** The Office of the U.S. Trade Representative (USTR) releases its *2017 Report to Congress on China's WTO Compliance*.

**22:** President Donald Trump approves relief for U.S. manufacturers in the form of safeguard tariffs on large residential washers and crystalline silicon photovoltaic cells under section 201 of the Trade Act of 1974. Canadian imports are excluded from the safeguard measures for washers.

**23–29:** The sixth round of North American Free Trade Agreement (NAFTA) renegotiations takes place in Montreal, Canada.

**January 31–February 1:** The United States and South Korea meet in Seoul, South Korea, to negotiate amendments and modifications to KORUS. Discussions focus on proposals related to market access and tariffs.

**31:** The United States and Laos meet in Vientiane, Laos, under the U.S.-Laos Trade and Investment Framework Agreement (TIFA).

### February

**14:** South Korea requests WTO dispute settlement consultations with the United States regarding antidumping and countervailing duty measures imposed on certain products from South Korea (DS539).

**22:** Vietnam requests WTO dispute settlement consultations with the United States regarding certain measures affecting U.S. imports of pangasius seafood from Vietnam (DS540).

**February 25–March 5:** The seventh round of NAFTA renegotiations takes place in Mexico City, Mexico.

**28:** In response to a request from India involving a WTO case (DS456) brought by the United States on certain Indian measures relating to solar cells and solar modules, the WTO Dispute Settlement Board (DSB) refers compliance proceedings to the original panel. The compliance proceedings concern a U.S. complaint that India has failed to comply with the DSB's recommendations and rulings within a reasonable period of time.

**28:** USTR releases its *2018 Trade Policy Agenda and 2017 Annual Report*.

### March

**6:** The United States and European Union (EU) hold the first meeting of the Joint Committee established under the U.S.-EU bilateral agreement on prudential insurance and reinsurance measures.

**8:** President Trump issues Proclamation 9705 to impose a 25 percent tariff on steel, and Proclamation 9704 to impose a 10 percent tariff on aluminum under section 232 of the Trade Expansion Act of 1962. Imports of aluminum and steel from Canada and Mexico are exempted pending ongoing discussions.

**10:** USTR Lighthizer meets with EU Commissioner for Trade Cecilia Malmström and the Japanese Minister of Economy, Trade and Industry Hiroshige Seko in Brussels. The ministers agree to take initial joint actions to address issues of market distortion and overcapacity.

**14:** The United States requests WTO dispute settlement consultations with India regarding Indian export subsidies (DS541).

**19:** The United States and Armenia meet in Washington, DC, under the U.S.-Armenia TIFA. Topics including information and communication technology, renewable energy, and wine-making are discussed.

**20:** The United States and United Kingdom (UK) hold the inaugural meeting of the new U.S.-UK Small and Medium-sized Enterprises (SME) Dialogue. More than 100 SMEs from the United States and UK, as well as officials from both governments, discuss ways to enhance SME cooperation and trade participation.

**21–22:** The United States and the UK hold the third meeting of the U.S.-UK Trade and Investment Working Group, set up to strengthen the bilateral trade relationship ahead of a possible UK exit from the EU. Topics including intellectual property rights and enforcement and regulatory issues related to trade are discussed.

**22:** President Trump issues Proclamation 9711 adjusting imports of steel into the United States, and Proclamation 9710 adjusting imports of aluminum into the United States

under section 232 of the Trade Expansion Act of 1962. Steel and aluminum imports from Australia, Argentina, South Korea, Brazil, and the EU are temporarily exempted from the steel tariffs pending further discussion of satisfactory alternative means to address the national security concern.

**22:** USTR releases a report on the investigation of China's acts, policies and practices related to technology transfer, intellectual property, and innovation under section 301 of the Trade Act of 1974.

**23:** The United States requests WTO dispute settlement consultations with China regarding the protection of intellectual property rights (DS542).

**28:** The United States and South Korea reach an agreement on the revisions for KORUS.

**29:** President Trump suspends duty-free treatment of Rwandan goods in the apparel sector that would otherwise be eligible for such treatment under African Growth and Opportunity Act (AGOA).

**30:** USTR releases its *National Trade Estimate on Foreign Trade Barriers* for 2018.

#### April

**2:** Chinese retaliatory tariffs on select U.S. exports go into effect, in response to U.S. steel and aluminum tariffs applied under section 232 of the Trade Expansion Act of 1962. The tariffs range from 15 to 25 percent and cover various agricultural, iron, steel, and aluminum products.

**3:** USTR determines that the acts, policies, and practices of the Government of China related to technology transfer, intellectual property, and innovation covered in the investigation under section 301 of the Trade Act of 1974 are unreasonable or discriminatory and burden or restrict U.S. commerce. USTR requests comments and announces a public hearing on its proposed list of additional tariffs on Chinese products.

**4:** China requests WTO dispute settlement consultations with the United States concerning proposed U.S. tariff measures on goods from China under section 301 of the Trade Act of 1974 (DS543).

**5:** China requests WTO dispute settlement consultations with the United States concerning U.S. duties on imports of steel and aluminum products (DS544).

**9:** The United States and Bahrain sign a Memorandum of Understanding on Trade in Food and Agriculture Products.

**9:** The WTO DSB establishes a dispute settlement panel in response to a request from Canada regarding U.S. countervailing measures on softwood lumber from Canada (DS533).

**9:** The WTO DSB establishes a dispute settlement panel in response to a request from Canada regarding U.S. antidumping measures applying differential pricing methodology to softwood lumber (DS534).

**10:** The United States and Thailand meet under the U.S.-Thailand TIFA. Both countries discuss ways to resolve customs, intellectual property, and labor barriers to U.S. exports.

**13:** U.S. Secretary of Agriculture Sonny Perdue and USTR Lighthizer announce Argentina's finalization of technical requirements that will allow the resumption of U.S. pork exports to Argentina for the first time since 1992.

**27:** USTR releases its *2018 Special 301 Report* on the global state of intellectual property rights protection and enforcement. This year's report identifies 12 countries on USTR's Priority Watch List; these are the countries USTR deems most problematic with respect to protection and enforcement of intellectual property rights. The countries are Algeria, Argentina, Canada, Chile, China, Colombia, India, Indonesia, Kuwait, Russia, Ukraine, and Venezuela.

## May

**1:** A quota on U.S. steel imports from South Korea and a 10 percent tariff on U.S. aluminum imports from South Korea goes into effect under section 232 of the Trade Expansion Act of 1962.

**4:** The United States submits a counter-notification to the WTO Committee on Agriculture on India's market price support for wheat and rice. This marks the first ever notification made to this committee under the WTO Agreement on Agriculture regarding another country's measures.

**14:** The United States and Indonesia meet in Jakarta under their TIFA.

**14:** South Korea requests dispute settlement consultations with the United States concerning definitive safeguard measures on U.S. imports of certain crystalline silicon photovoltaic products (DS545).

**14:** South Korea requests dispute settlement consultations with the United States concerning definitive safeguard measures on U.S. imports of large residential washers (DS546).

**15:** The WTO DSB panel circulates the Appellate Body report in ongoing compliance proceedings related to the complaint by the United States concerning EU subsidies for large civil aircraft (DS316).



**15–17:** USTR holds public hearings at the USITC regarding the proposed additional tariffs on approximately \$50 billion worth of Chinese imports under section 301 of the Trade Act of 1974.

**18:** India requests WTO dispute settlement consultations with the United States regarding certain U.S. measures on steel and aluminum products (DS547).

**25:** The EU General Data Protection Regulation (GDPR) enters into force.

**25–26:** The Asia-Pacific Economic Cooperation (APEC) holds its 24th meeting of the Ministers Responsible for Trade in Papua, New Guinea. Discussions focus on enabling trade within the internet and digital economy, improvements to customs procedures and regulatory standards conformance, and the reduction of nontariff measures.

**28:** The WTO DSB establishes a dispute settlement panel to review the complaint by South Korea regarding U.S. antidumping and countervailing duties on certain products (DS539).

**28:** The WTO DSB establishes a dispute settlement panel to review the complaint by the United States regarding Indian export subsidies (DS541).

**31:** USTR Lighthizer meets with EU Commissioner for Trade Malmström and the Japanese Minister of Economy, Trade and Industry Seko in Paris. Officials agreed to develop stronger rules on industrial subsidies and state-owned enterprises, and discussed technology transfer policies and practices and the maintenance of market-oriented conditions in global trade.

## June

**1:** Following a statement by the United States that it has failed to find an alternative means to remove the threat to U.S. national security, a 25 percent tariff on steel and a 10 percent tariff on aluminum imports from the EU, Canada, and Mexico to the United States go into effect under section 232 of the Trade Expansion Act of 1962. The 10 percent tariff on aluminum is also applied to U.S. imports from Brazil.

**1:** President Trump permanently exempts Argentina and Brazil from steel tariffs and Argentina from aluminum tariffs under section 232 of the Trade Expansion Act of 1962. But both countries are made subject to absolute quotas, applied to Brazil for steel products, and to Argentina for aluminum and steel products.

**1:** The EU requests WTO dispute settlement consultations with the United States regarding certain U.S. measures on steel and aluminum products (DS548).

**1:** Canada requests WTO dispute settlement consultations with the United States regarding certain U.S. measures on steel and aluminum products (DS550).

**5:** Mexico requests WTO dispute settlement consultations with the United States regarding certain U.S. measures on steel and aluminum products (DS551).

**5:** The Mexican government suspends NAFTA preferential duty rates on U.S. products classified under 71 codes in the international Harmonized Commodity Description and Coding System (HS); 50 of the codes correspond to various steel products. Retaliatory tariffs imposed by Mexico range up to 25 percent.

**12:** Norway requests WTO dispute settlement consultations with the United States regarding certain U.S. measures on steel and aluminum products (DS552).

**21:** Turkish retaliatory tariffs on select U.S. exports go into effect, in response to U.S. steel and aluminum tariffs applied under section 232 of the Trade Expansion Act of 1962. The tariffs range from 4 to 70 percent and cover various products including agricultural, chemical, forest and consumer goods; and passenger motor vehicles.

**22:** The first stage of EU retaliatory tariffs on the United States goes into effect, in response to U.S. steel and aluminum tariffs applied under section 232 of the Trade Expansion Act of 1962.

**29:** USTR delivers the *2018 Biennial Report on the Implementation of the African Growth and Opportunity Act* to Congress.

**29:** The U.S. Department of Agriculture sets the in-quota quantity for the fiscal year (FY) 2019 refined sugar tariff-rate quota at 192,000 metric tons raw value.

**29:** Russia requests WTO dispute settlement consultations with the United States regarding certain U.S. measures on steel and aluminum products (DS554).

## July

**1:** Canadian retaliatory tariffs on select U.S. exports go into effect, in response to U.S. steel and aluminum tariffs applied under section 232 of the Trade Expansion Act of 1962. The tariffs range from 10 to 25 percent and cover various steel and aluminum products, as well as some food, chemical, and consumer goods.

**5:** The WTO DSB circulates its panel report on the complaint by Canada regarding U.S. countervailing duties on supercalendered paper from Canada (DS505).

**6:** U.S. tariffs of 25 percent come into effect on approximately \$34 billion of Chinese imports in response to the section 301 investigation.

**9–12:** The 17th AGOA Forum is convened in Washington, DC, with government officials, civil society leaders, and business representatives in attendance.

**9:** The second meeting of the U.S.-UK SME Dialogue is convened in London.

**9:** Switzerland requests WTO dispute settlement consultations with the United States regarding certain U.S. measures on steel and aluminum products (DS556).

**10–11:** The fourth meeting of the bilateral U.S.-UK Trade and Investment Working Group is held in London. Participants discuss opportunities to strengthen the relationship in regard to trade in industrial and agricultural goods, services and investment, digital trade, intellectual property rights, regulatory issues, and SMEs.

**16:** The United States requests WTO dispute settlement consultations with Canada (DS557), China (DS558), the EU (DS559), Mexico (DS560), and Turkey (DS561) regarding the increased duties imposed by these trading partners on certain U.S. exports.

**17:** USTR announces FY 2019 country-specific in-quota tariff-rate quota allocations for raw cane sugar.

**19–20:** The United States and New Zealand meet under their TIFA.

**20:** The WTO DSB establishes a dispute settlement panel in response to a request from the United States in a case concerning regulations governing the sale of wine in Canada (DS531).

**20:** The WTO DSB establishes a dispute settlement panel in response to a request from Vietnam concerning certain U.S. antidumping measures on fish fillets from Vietnam (DS536).

**25:** President Trump meets with EU President Jean-Claude Juncker at the White House and establish the U.S.-EU Executive Working Group. The Working Group aims to make progress on reducing tariff and nontariff barriers to trade between the two countries.

**30:** President Trump issues a proclamation suspending the application of duty-free treatment available under AGOA for all apparel products from Rwanda.

### **August**

**2:** The United States and Colombia hold the second meeting of the U.S.-Colombia Free Trade Commission in Washington, DC. Issues related to intellectual property, digital trade, services, agriculture, truck scrappage, and textiles and apparel are discussed.

**6:** Russian retaliatory tariffs on select U.S. exports go into effect, in response to U.S. steel and aluminum tariffs applied under section 232 of the Trade Expansion Act of 1962. The tariffs range from 25 to 40 percent and cover various transport vehicle, machinery, and equipment goods.

**10:** USTR Lighthizer and Japanese Minister for Economic Revitalization Toshiimitsu Motegi meet for ministerial consultations in Washington, DC.

**14:** China requests WTO dispute settlement consultations with the United States concerning safeguard measures on U.S. imports of certain crystalline silicon photovoltaic products (DS562).

**14:** China requests WTO dispute settlement consultations with the United States over alleged subsidies given and alleged domestic content requirements imposed by U.S. states and municipalities in connection with products in the energy sector (DS563).

**15:** Turkey increases its retaliatory tariffs on 20 out of 21 products on the list of select U.S. exports issued in June, in response to U.S. steel and aluminum tariffs applied under section 232 of the Trade Expansion Act of 1962. Tariffs now range from 4 to 140 percent.

**15:** Turkey requests WTO dispute settlement consultations with the United States regarding certain U.S. measures on steel and aluminum products (DS564).

**23:** U.S. tariffs of 25 percent come into effect on a second tranche of Chinese imports of approximately \$16 billion in response to the section 301 investigation.

**23:** China requests WTO dispute settlement consultations with the United States over tariff measures imposed on certain goods from China (DS565).

**27:** USTR Lighthizer and Kenyan Cabinet Secretary for Industry, Trade and Cooperatives Peter Munya announce the establishment of a U.S.-Kenya Trade and Investment Working Group to explore ways to deepen the trade and investment ties between the two countries.

**27:** The United States requests consultations with Russia concerning additional duties on certain products of U.S. origin (DS566).

**31:** USTR announces that the United States and Mexico have reached a preliminary agreement on a United States-Mexico-Canada agreement, while negotiations with Canada continue.

**31:** President Trump notifies Congress of his intention to enter into a trade agreement with Mexico, and Canada if it is willing. USTR requests an investigation by the USITC of the likely impact of the agreement on the U.S. economy.

## September

**1:** USTR and the 10 Economic Ministers of the Association of Southeast Asian Nations (ASEAN) hold consultations in Singapore. The implementation of the U.S.-ASEAN TIFA and harmonization of standards in trade between the United States and ASEAN economies are discussed.

**3:** USTR publishes agreed outcomes of the negotiations to update KORUS, including amendments and modifications to KORUS.

**4–5:** OECD holds the Blockchain Policy Forum in Paris. The impact of blockchain on government activities and global trade is discussed.

**13:** USTR and Bangladesh hold the Fourth Trade and Investment Cooperation Forum Agreement Council Meeting in Washington, DC. Discussions focus on the digital economy, transparency in government procurement, market access for U.S. cotton, and labor reforms in Bangladesh.

**24:** U.S. tariffs of 10 percent come into effect on additional Chinese imports with an approximate trade value of \$200 billion in response to the section 301 investigation.

**24:** USTR announces FY2019 first-come first-served in-quota allocations pertaining to tariff-rate quotas for refined and specialty sugar and sugar-containing products.

**24:** The United States and South Korea sign an agreement on modifications and amendments to KORUS in New York.

**25:** USTR Lighthizer meets with EU Commissioner for Trade Malmström and the Japanese Minister of Economy, Trade and Industry Seko in New York. They discuss issues related to third countries' non-market-oriented policies and practices and forced technology transfers; industrial subsidies and state-owned enterprises; WTO reform; and digital trade and e-commerce.

**26:** The WTO DSB establishes a panel in response to a request from South Korea concerning a U.S. safeguard measure on imports of crystalline silicon photovoltaic products (DS545).

**26:** The WTO DSB establishes a panel in response to a request from South Korea concerning a U.S. safeguard measure on large residential washers (DS546).

**30:** Canada and the United States reach an agreement, joining Mexico on a new trilateral trade agreement, the United States-Mexico-Canada Agreement (USMCA).

## October

**16:** Officials from the United States, Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan convene at a meeting of the U.S.-Central Asia TIFA Council in Washington, DC.

**16:** USTR Lighthizer notifies Congress of President Trump's intention to negotiate three separate trade agreements with Japan, the EU, and the United Kingdom.

**17:** The 12th meeting of the U.S.-Chile Free Trade Commission is held in Washington, DC. Issues related to intellectual property rights protection, pharmaceutical patents, nutritional labeling, and rules of origin are discussed.

**19:** The second meeting held under the U.S.-Argentina TIFA takes place in Washington, DC.

**23:** The eighth meeting of the United States and Ukraine under their Trade and Investment Council (TIC) convenes in Washington, DC.

## November

**1:** The third meeting of the U.S.-UK SME Dialogue is convened in Washington, DC.

**2–7:** The fifth meeting of the U.S.-UK Trade and Investment Working Group is convened in Washington, DC.

**9:** The United States submits a counter-notification to the WTO Committee on Agriculture on India's market price support for cotton.

**13:** The fourth meeting of the U.S.-Nepal TIFA council is held in Washington, DC.

**15:** The second meeting of the U.S.-Ecuador TIC is held in Washington, DC. This is the first meeting of the TIC since 2009 and reflects a new interest in deepening trade and investment ties.

**15:** The 2018 APEC Ministerial Meeting is held in Port Moresby, Papua New Guinea.

**15:** The ninth U.S.-EU SME Workshop is held in Vienna, Austria. Discussions focus on best practices for providing access to finance, intellectual property protection, and entrepreneurship skills training to SMEs.

**20:** USTR releases its report updating information to its section 301 investigation of China's acts, policies, and practices related to technology transfer, intellectual property, and innovation.

**21:** The WTO DSB establishes seven dispute settlement panels regarding certain U.S. measures on steel and aluminum products in response to requests from China (DS544), the EU (DS548), Canada (DS550), Mexico (DS551), Norway (DS552), the Russian Federation (DS554), and Turkey (DS564).

**21:** The WTO DSB establishes four dispute settlement panels to review U.S. complaints regarding increased duties imposed by Canada (DS557), China (DS558), the EU (DS559), and Mexico (DS560) on certain products of U.S. origin.

**21:** The WTO DSB establishes a dispute settlement panel in response to a U.S. request in a case regarding the protection of intellectual property rights in China (DS542).

**30:** The United States, Canada, and Mexico sign the United States-Mexico-Canada Agreement (USMCA) in Buenos Aires, Argentina.

#### **December**

**4:** The WTO DSB establishes two dispute settlement panels regarding certain U.S. measures on steel and aluminum products in response to requests from India (DS547) and Switzerland (DS556).

**6:** The United States-Moldova Joint Commercial Council meets in Washington, DC.

**6:** Morocco grants market access to U.S. beef exports under the U.S.-Morocco Free Trade Agreement.

**14:** The WTO DSB circulates the Appellate Body compliance report in the case brought by Mexico regarding U.S. dolphin-safe labeling provisions for tuna and tuna products (DS381).

**18:** The WTO DSB establishes a dispute settlement panel to review a U.S. complaint regarding additional duties imposed by Russia on certain products of U.S. origin (DS566).

**18:** The WTO DSB circulates its panel report on the complaint by Turkey regarding U.S. countervailing measures on certain pipe and tube products (DS523).

**19:** The U.S. Department of the Treasury and USTR notify Congress of their intention to sign the U.S.-UK Covered Agreement on prudential measures regarding insurance and reinsurance, which is consistent with the U.S.-EU Covered Agreement signed in 2017.

**21:** USTR grants the first round of product exclusions from the tariffs that went into effect on July 6, 2018, on approximately \$34 billion of imports from China.

**28:** Venezuela requests WTO dispute settlement consultations with the United States regarding measures imposed by the United States on goods of Venezuelan origin, gold

imported from Venezuela, liquidity and the Venezuelan public debt, Venezuelan digital currency, and services supplied and consumed by certain Venezuelan nationals (DS574).

Source: Compiled from official and private sources, including the U.S. Department of Agriculture, Office of the U.S. Trade Representative, White House, *Federal Register*, Asia-Pacific Economic Cooperation, Organisation for Economic Co-operation and Development, World Trade Organization, Government of South Korea, Embassy of Armenia to the United States, U.S. Embassy in Laos, and *Inside U.S. Trade*.

# Chapter 2

## Administration of U.S. Trade Laws and Regulations

This chapter surveys activities related to the administration of U.S. trade laws during 2018, covering import relief laws, laws against unfair trade practices, national security investigations, trade adjustment assistance programs, and tariff preference programs. Tariff preference programs encompass the U.S. Generalized System of Preferences, the Nepal Trade Preferences Act, the African Growth and Opportunity Act, and the Caribbean Basin Economic Recovery Act, including initiatives aiding Haiti.<sup>60</sup>

### Import Relief Laws

#### Safeguard Actions

This section covers safeguard actions under statutes administered by the Commission, including the global safeguard provisions in sections 201–204 of the Trade Act of 1974,<sup>61</sup> and statutes implementing safeguard provisions in various bilateral free trade agreements involving the United States. The Commission conducted no new safeguard investigations during 2018 under sections 201–204 of the Trade Act of 1974 or under any of the provisions that implement safeguard provisions in free trade agreements involving the United States.

Two global safeguard measures, however, were in effect during most of 2018. In early 2018, the President imposed new safeguard measures on imports of crystalline silicon photovoltaic cells (CSPV cells)<sup>62</sup> and of large residential washers (washers).<sup>63</sup> On January 23, 2018, the President issued

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<sup>60</sup> The President’s authority to provide preferential treatment under the Andean Trade Preference Act, as amended by the Andean Trade Promotion and Drug Eradication Act, expired in 2013 and had not been renewed as of July 2019.

<sup>61</sup> 19 U.S.C. §§ 2251–2254. Under the section 201 of the Trade Act of 1974, if the Commission determines that an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury or threat of serious injury to a domestic industry producing a like or directly competitive product, it recommends to the President relief that would remedy the injury and facilitate industry adjustment to import competition. The President makes the final decision concerning whether to provide relief and the type and duration of relief. Relief is temporary and for the purpose of providing time for the industry to adjust to import competition. Relief may take the form of increased tariffs, tariff-rate quotas, quotas, adjustment measures (including trade adjustment assistance), and negotiation of agreements with foreign countries. In making its determination, the Commission is not required to find an unfair trade practice. USITC, “[Global and Special Safeguard Investigations](#)” (accessed August 14, 2019).

<sup>62</sup> USITC, [Crystalline Silicon Photovoltaic Cells \(Whether or not Partially or Fully Assembled into Other Products\)](#), November 2017. For more information, including a detailed description of the imported article, see the Commission’s notice of investigation and hearing published in the *Federal Register* of June 1, 2017 (82 Fed. Reg. 25331).

<sup>63</sup> USITC, [Large Residential Washers](#), December 2017. For more information, including a detailed description of the imported article, see the Commission’s notice of investigation and hearing published in the *Federal Register* of June 13, 2017 (82 Fed. Reg. 27075).

Proclamation 9693 “to facilitate positive adjustment to competition from imports of certain crystalline silicon photovoltaic cells (whether or not partially or fully assembled into other products) and for other purposes.” The proclamation imposed a tariff-rate quota on imports of solar cells not partially or fully assembled into other products and an increase of duties on imports of modules for a period of four years, with annual reductions in the second, third, and fourth years. The measure was made effective as of February 7, 2018, and applied to imports from all countries except certain developing countries.<sup>64</sup> Also on January 23, 2018, the President issued Proclamation 9694 “to facilitate positive adjustment to competition from imports of large residential washers.” The proclamation imposed a tariff-rate quota on imports of washers and a tariff-rate quota on imports of covered washer parts for a period of three years and one day, with annual reductions in the second and third years. The measure was made effective as of February 7, 2018, and applied to imports from all countries except for products of Canada and certain developing countries.<sup>65</sup>

The President imposed the measures after receiving affirmative serious injury determinations and remedy recommendations from the Commission in late 2017. The Commission made the determinations and recommendations following the completion of investigations. It had instituted the investigations for CSPV cells and washers in May and June 2017, respectively, following receipt of petitions filed by domestic producers of the named articles.<sup>66</sup> The global safeguard measures issued in January 2018 were the first such measures imposed by the President since 2002, when the President imposed measures on imports of certain steel products.

## Laws against Unfair Trade Practices

### Section 301

Section 301 of the Trade Act of 1974 is the principal U.S. statute for addressing unfair foreign practices affecting U.S. exports of goods or services.<sup>67</sup> Section 301 may be used to enforce U.S. rights under bilateral and multilateral trade agreements or to respond to unjustifiable, unreasonable, or discriminatory foreign government practices that burden or restrict U.S. commerce. Interested persons may petition the Office of the U.S. Trade Representative (USTR) to investigate foreign government policies or practices, or USTR may initiate an investigation itself.

If the investigation involves a trade agreement and consultations do not lead to a mutually acceptable resolution, section 303 of the Trade Act of 1974 requires USTR to use the dispute settlement procedures available under the agreement in question. If the matter is not resolved by the conclusion of the

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<sup>64</sup> Proclamation 9693, published in the *Federal Register* of January 25, 2018 (83 Fed. Reg. 3541).

<sup>65</sup> Proclamation 9694, published in the *Federal Register* of January 25, 2018 (83 Fed. Reg. 3553). On February 15, 2019, the Commission issued a notice announcing that it had initiated an investigation to prepare the midterm report to the President and the Congress required by section 204(a)(2) of the Trade Act of 1974 on its monitoring of developments in the domestic industry following the President’s action on washers and washer parts. Notice of the investigation—Investigation No. TA-204-013, *Large Residential Washers: Monitoring Developments in the Domestic Industry*—was published in the *Federal Register* of February 22, 2019 (84 Fed. Reg. 5715).

<sup>66</sup> The petition in *CSPV Cells* was filed by Suniva Inc., and the firm SolarWorld later joined Suniva as co-petitioner. The petition in *Large Residential Washers* was filed by Whirlpool Corporation.

<sup>67</sup> Section 301 refers to sections 301–310 of the Trade Act of 1974, as amended (19 U.S.C. §§ 2411–2420).



consultations, section 304 of the Trade Act of 1974 requires USTR to determine whether the practices in question fulfill any of three conditions: (1) they deny U.S. rights under a trade agreement; (2) they are unjustifiable, and burden or restrict U.S. commerce; or (3) they are unreasonable or discriminatory, and burden or restrict U.S. commerce. If the practices fulfill either of the first two conditions, USTR must take action.<sup>68</sup> If the practices fulfill the third condition—that is, if they are unreasonable or discriminatory, and they burden or restrict U.S. commerce—USTR must determine whether action is appropriate.<sup>69</sup> In either case, the USTR must determine the appropriate action to take in response to the practice. The time period for making these determinations varies according to the type of practices alleged.

## Section 301 Investigations

During 2018, there were two ongoing section 301 investigations: first, on various European Union (EU) meat hormone directives, which prohibit the use of certain hormones that promote growth in farm animals; and a second, a USTR self-initiated investigation under section 301 regarding China’s acts, policies, and practices related to technology transfer, intellectual property, and innovation.

**EU Meat Hormones.** The first section 301 investigation that was active during 2018 related to a longstanding dispute with respect to EU measures concerning meat and meat products. The investigation concerned various meat hormone directives of the EU, which prohibit the use of certain hormones that promote growth in farm animals. The United States had successfully challenged the EU measures at the WTO, and in 1999 had imposed additional ad valorem duties<sup>70</sup> of 100 percent on about \$117 million in imports from the EU in retaliation for the EU measures.<sup>71</sup>

After a series of consultations aimed at resolving the dispute, on May 13, 2009, the United States and the EU signed a memorandum of understanding (MOU).<sup>72</sup> Under the MOU, the EU agreed to establish a tariff-rate quota (TRQ)<sup>73</sup> with an in-quota tariff rate of zero for high-quality beef in the amount of 20,000 metric tons (mt).<sup>74</sup> The MOU was later revised, establishing a TRQ for high-quality beef in the amount of 45,000 mt, open to the United States and other qualifying suppliers.<sup>75</sup>

In February 2016, Congress amended section 301 to authorize USTR to reinstate any additional duties that had been previously imposed under section 301 and then subsequently terminated.<sup>76</sup> The 2016

<sup>68</sup> Section 301(a) of the Trade Act of 1974, as amended (19 U.S.C. § 2411(a)).

<sup>69</sup> Section 301(b) of the Trade Act of 1974, as amended (19 U.S.C. § 2411(b)).

<sup>70</sup> Ad valorem duties or tariffs are taxes that are levied as a percentage of the value of the imported goods.

<sup>71</sup> 64 Fed. Reg. 40638 (July 27, 1999); WTO, “[Dispute Settlement: DS26; European Communities—Measures Concerning Meat and Meat Products](#)” (accessed March 6, 2017).

<sup>72</sup> *Memorandum of Understanding between the United States of America and the European Commission Regarding the Importation of Beef from Animals Not Treated with Certain Growth-Promoting Hormones and Increased Duties Applied by the United States to Certain Products of the European Communities*, May 13, 2009.

<sup>73</sup> A tariff-rate quota (TRQ) is a trade restriction that typically imposes a relatively low “in-quota” tariff on imports until the quota level (sometimes an annual allocation) is met. Any imports beyond the quota level are subject to a higher over-quota tariff.

<sup>74</sup> Article VI of the U.S.-EU Beef MOU defines “high-quality beef.” All beef sold in the EU, including high-quality beef imports, must be produced without the use of growth-promoting hormones. U.S.-EU Beef MOU, Art. II(1).

<sup>75</sup> For more details, see USITC, *The Year in Trade 2017*, August 2018, 55–56.

<sup>76</sup> Section 602 of the Trade Facilitation and Trade Enforcement Act of 2015 (Pub. L. 114-125) (19 U.S.C. 2416(c), as amended).

amendment provides that USTR may reinstate a section 301 action following receipt of a written request from a petitioner or any representative of the domestic industry. It requires that USTR, following the receipt of such a request, consult with the petitioner and representatives of the domestic industry and provide an opportunity for public comments. In addition, it requires that USTR review the effectiveness of the reimposed additional duties. The amendment also allows USTR to suspend concessions in the meat hormone dispute with the EU.

On December 9, 2016, representatives of the U.S. beef industry filed a request with USTR asking that the additional duties be reinstated.<sup>77</sup> In 2017, USTR held a hearing<sup>78</sup> and engaged in discussions with the EU about possible modifications of the TRQ for high-quality beef.<sup>79</sup> In September 2018, the EU Commission requested a mandate from the EU Council to negotiate with the United States, suggesting that the United States be allocated a part of the existing quota that is also available to other qualifying exporting countries.<sup>80</sup> The EU Council adopted the mandate in October 2018, enabling formal negotiations to begin.<sup>81</sup> According to European Commissioner for Agriculture Phil Hogan, the negotiation “will not entail any changes to the level of the existing quota or the quality of beef imported into the EU.”<sup>82</sup>

**China Technology Transfer.** On August 14, 2017, the President issued a memorandum directing USTR to determine, pursuant to section 302(b) of the Trade Act of 1974, whether to investigate any of China’s laws, policies, practices, or actions that may be unreasonable or discriminatory and that may be harming American intellectual property rights (IPRs), innovation, or technology development.<sup>83</sup> In accordance with the President’s memorandum, on August 18, 2017, USTR initiated an investigation to determine whether any acts, policies, or practices of the government of China related to technology transfer, intellectual property, or innovation are unreasonable or discriminatory and whether the acts, policies, or practices burden or restrict U.S. commerce.<sup>84</sup>

Following publication of a report under section 302(b) of the Trade Act of 1974 on March 22, 2018,<sup>85</sup> and a determination under section 301(b) of the Trade Act of 1974 that certain acts, policies, and practices by China are unreasonable or discriminatory and burden or restrict U.S. commerce, USTR (1) initiated a World Trade Organization (WTO) dispute by requesting consultations with China regarding certain specific aspects of China’s technology regulations, and (2) at the direction of the President,

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<sup>77</sup> Kendal Frazier, CEO, National Cattlemen’s Beef Association; Barry Carpenter, CEO, North American Meat Institute; and Philip M. Seng, President and CEO, U.S. Meat Export Federation, “[Letter to the Honorable Michael Froman, Ambassador, Office of the U.S. Trade Representative](#),” December 9, 2016.

<sup>78</sup> 81 Fed. Reg. 95724 (December 28, 2016). The public hearing was held February 15–16, 2017, in Washington, DC.

<sup>79</sup> USTR, [2018 Trade Policy Agenda and 2017 Annual Report](#), March 2018, 43.

<sup>80</sup> EC, “[EU-US Trade: European Commission Recommends Settling Longstanding WTO Dispute](#),” September 3, 2018.

<sup>81</sup> EC, “[European Commission Welcomes Member States’ Support to Settle WTO Dispute with the United States](#),” October 19, 2018.

<sup>82</sup> EC, “[European Commission Welcomes Member States’ Support to Settle WTO Dispute with the United States](#),” October 19, 2018. In June 2019, the United States and the EU reached an agreement setting a country-specific quota for U.S. high-quality beef in the amount of 35,000 mt, to be phased in over seven years. USDA, FAS, [EU-28 Livestock and Products: Annual EU Pork Exports Will Reach a New Record](#), September 6, 2019; EC, “[The European Union and the United States Reach an Agreement on Imports of Hormone-free Beef](#),” June 14, 2019.

<sup>83</sup> 82 Fed. Reg. 39007 (August 17, 2017).

<sup>84</sup> 82 Fed. Reg. 40213 (August 24, 2017).

<sup>85</sup> USTR, [Findings of the Investigation into China’s Acts, Policies, And Practices Related to Technology Transfer, Intellectual Property, and Innovation under Section 301 of the Trade Act of 1974](#), March 22, 2018.

determined to impose additional 25 percent duties on certain Chinese products with an annual trade value of approximately \$50 billion.<sup>86</sup> In response to the U.S. action, China imposed retaliatory tariffs on U.S. goods. In accordance with the specific direction of the President, the USTR determined to modify the prior action in the investigation by imposing additional duties on products of China with an approximate trade value of \$200 billion.<sup>87</sup> These tariffs went into effect on September 24, 2018.<sup>88</sup>

The Trade Representative determined that the following actions by China are unreasonable or discriminatory and burden or restrict U.S. commerce:<sup>89</sup>

- China uses foreign ownership restrictions, such as joint venture requirements and foreign equity limitations, and various administrative review and licensing processes, to require or pressure technology transfer from U.S. companies.
- China's regime of technology regulations forces U.S. companies seeking to license technologies to Chinese entities to do so on non-market-based terms that favor Chinese recipients.
- China directs and unfairly facilitates the systematic investment in, and acquisition of, U.S. companies and assets by Chinese companies to obtain cutting-edge technologies and intellectual property and to generate the transfer of technology to Chinese companies.
- China conducts and supports unauthorized intrusions into, and theft from, the computer networks of U.S. companies to access their sensitive commercial information and trade secrets.<sup>90</sup>

The Trade Representative determined to address the second category of acts, policies, and practices (involving technology-licensing regulations) through recourse to WTO dispute settlement.<sup>91</sup> USTR initiated a WTO dispute on March 23, 2018, titled *China—Certain Measures Concerning the Protection of Intellectual Property Rights* (DS542).<sup>92</sup> This report also describes this dispute in the WTO dispute settlement section in chapter 3.

USTR imposed the added 25 percent ad valorem duties on certain Chinese goods in two tranches after public comment and public hearings. The first tranche covered 818 tariff subheadings, with an approximate annual trade value of \$34 billion, and the second tranche covered 279 tariff subheadings, with an approximate annual trade value of \$16 billion.<sup>93</sup> USTR established a process under which U.S. interests may request that particular products classified within a tariff subheading be excluded from the additional 25 percent duties. On December 21, 2018, USTR approved approximately 1,000 exclusion requests, and stated it would continue to issue decisions on pending requests on a periodic basis.<sup>94</sup>

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<sup>86</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 42–43.

<sup>87</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 43.

<sup>88</sup> 83 Fed. Reg. 47974 (September 18, 2018).

<sup>89</sup> 83 Fed. Reg. 14906 (April 6, 2018).

<sup>90</sup> 83 Fed. Reg. 14906 (April 6, 2018), as reproduced in USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 43.

<sup>91</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 43.

<sup>92</sup> WTO, "[Dispute Settlement: DS542; China—Certain Measures Concerning the Protection of Intellectual Property Rights](#)" (accessed July 2, 2019).

<sup>93</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 43.

<sup>94</sup> 83 Fed. Reg. 67463 (December 28, 2018) as described in USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 43.

As noted above, at the direction of the President, the USTR determined to modify the prior action by imposing additional duties on products of China with an approximate trade value of \$200 billion. The rate of this additional duty was set initially at 10 percent ad valorem and took effect September 24, 2018. This rate was scheduled to increase to 25 percent ad valorem on March 2, 2019.<sup>95</sup>

USTR issued an update of its March 2018 report on November 21, 2018. The update explained “that China fundamentally had not altered its acts, policies, and practices related to technology transfer, intellectual property, and innovation, and that in certain areas, China’s acts, policies, and practices had become of even greater concern.”<sup>96</sup>

## Special 301

The Special 301 law<sup>97</sup> requires that USTR annually identify and issue a list of foreign countries that (1) deny adequate and effective protection of IPRs, or (2) deny fair and equitable market access to U.S. persons who rely on IPR protection.<sup>98</sup>

Under the statute, a country denies adequate and effective IPR protection if the country does not allow foreign persons “to secure, exercise, and enforce rights relating to patents, process patents, registered trademarks, copyrights, trade secrets, and mask works.”<sup>99</sup>

A country denies fair and equitable market access if it denies access to a market for a product that is protected by a copyright or related right, patent, trademark, mask work, trade secret, or plant breeder’s right using laws and practices that violate international agreements or that constitute discriminatory nontariff trade barriers.<sup>100</sup> A country may 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).<sup>101</sup>

In addition, the Special 301 law directs USTR to identify so-called “priority foreign countries.”<sup>102</sup> Priority foreign countries are countries that have the most onerous or egregious acts, policies, or practices with the greatest adverse impact (actual or potential) on the relevant U.S. products, and that are not entering into good-faith negotiations or making significant progress in bilateral or multilateral negotiations to

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<sup>95</sup> 83 Fed. Reg. 47974 (September 21, 2018) and 83 Fed. Reg. 65198 (December 19, 2018), as cited in USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 43–44. Imposition of this additional duty was subsequently deferred several times, and as of early July 2019 it had not been imposed.

<sup>96</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 44.

<sup>97</sup> The Special 301 law is set forth in section 182 of the Trade Act of 1974, as amended (19 U.S.C. § 2242).

<sup>98</sup> “Persons who rely on IPR protection” means persons involved in “(A) the creation, production or licensing of works of authorship . . . that are copyrighted, or (B) the manufacture of products that are patented or for which there are process patents.” Section 182(d)(1) of the Trade Act of 1974, as amended (19 U.S.C. § 2242(d)(1)).

<sup>99</sup> A “mask work” is a “series of related images, however fixed or encoded—(A) having or representing the predetermined, three-dimensional pattern of metallic, insulating, or semiconductor material present or removed from the layers of a semiconductor chip product; and (B) in which series the relation of the images to one another is that each image has the pattern of the surface of one form of the semiconductor chip product.” Section 182(d)(2) of the Trade Act of 1974, as amended (19 U.S.C. § 2242(d)(2)). Section 901(a)(2) of the Semiconductor Chip Protection Act (17 U.S.C. § 901(a)(2)) defines “mask work.”

<sup>100</sup> Section 182(d)(3) of the Trade Act of 1974, as amended (19 U.S.C. § 2242(d)(3)).

<sup>101</sup> Section 182(d)(4) of the Trade Act of 1974, as amended (19 U.S.C. § 2242(d)(4)).

<sup>102</sup> Section 182(a)(2) of the Trade Act of 1974, as amended (19 U.S.C. § 2242(a)(2)).

provide adequate and effective IPR protection.<sup>103</sup> The identification of a country as a priority foreign country triggers a section 301 investigation,<sup>104</sup> unless USTR determines that the investigation would be detrimental to U.S. economic interests.<sup>105</sup>

USTR has adopted a practice of naming countries to a “watch list” or a “priority watch list” when the countries’ IPR laws and practices fail to provide adequate and effective IPR protection, but the deficiencies do not warrant listing the countries as priority foreign countries.<sup>106</sup> The priority watch list identifies countries with significant IPR concerns that warrant close monitoring and bilateral consultation. If a country on the priority watch list makes progress, it may be moved to the watch list or removed from any listing. On the other hand, a country that fails to make progress may be raised from the watch list to the priority watch list or from the priority watch list to the list of priority foreign countries.

In February 2016, Congress enacted amendments to the Special 301 statute that provided that USTR should develop an action plan for each country that has been identified as a priority watch list country and that has remained on the priority watch list for at least one year.<sup>107</sup> The action plan should contain benchmarks designed to assist the country to achieve, or make significant progress toward achieving, adequate and effective protection of IPRs, and fair and equitable market access for U.S. persons that rely on IPR protection.

In the 2018 Special 301 review, USTR examined the adequacy and effectiveness of IPR protection in more than 100 countries.<sup>108</sup> In conducting the review, USTR focused on a wide range of issues and policies, including inadequate IPR protection and enforcement worldwide, compulsory technology licensing and transfer, and the unauthorized use of unlicensed software by foreign governments.<sup>109</sup>

Although no country was identified as a priority foreign country in the *2018 Special 301 Report*, the report identified 12 countries on the priority watch list: Algeria, Argentina, Canada, Chile, China, Colombia, India, Indonesia, Kuwait, Russia, Ukraine, and Venezuela.<sup>110</sup> In addition, the report identified 24 countries on the watch list.<sup>111</sup>

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<sup>103</sup> Section 182(b)(1) of the Trade Act of 1974, as amended (19 U.S.C. § 2242(b)(1)).

<sup>104</sup> Section 302(b)(2)(A) of the Trade Act of 1974, as amended (19 U.S.C. § 2412(b)(2)(A)).

<sup>105</sup> Section 302(b)(2)(B) of the Trade Act of 1974, as amended (19 U.S.C. § 2412(b)(2)(B)).

<sup>106</sup> USTR, [2018 Special 301 Report](#), April 2018, Annex 1.

<sup>107</sup> Section 610(b) of the Trade Facilitation and Trade Enforcement Act of 2015 (Pub. L. 114-125) (19 U.S.C. 2242(g)), as amended.

<sup>108</sup> USTR, [2018 Special 301 Report](#), April 2019; USTR, “[USTR Releases Special 301 Report on Intellectual Property Protection and Review of Notorious Markets for Piracy and Counterfeiting](#),” April 25, 2019.

<sup>109</sup> USTR, [2018 Special 301 Report](#), April 2019, 5–6, 14, 27.

<sup>110</sup> USTR, [2018 Special 301 Report](#), April 2019, 9.

<sup>111</sup> The countries on the 2018 watch list are Barbados, Bolivia, Brazil, Costa Rica, the Dominican Republic, Ecuador, Egypt, Greece, Guatemala, Jamaica, Lebanon, Mexico, Pakistan, Peru, Romania, Saudi Arabia, Switzerland, Tajikistan, Thailand, Turkey, Turkmenistan, the United Arab Emirates, Uzbekistan, and Vietnam. USTR, [2018 Special 301 Report](#), April 2019, 9.

In keeping China on the priority watch list, and continuing Section 306 monitoring,<sup>112</sup> the report highlighted the urgent need for fundamental structural changes to strengthen IPR protection and enforcement, as well as equitable market access for U.S. persons that rely on IPR protection.<sup>113</sup> The report cites many longstanding concerns, such as coercive technology transfer requirements, structural impediments to effective IPR enforcement, and widespread infringing activity, including trade secret theft, rampant online piracy and counterfeiting, and high levels of pirated and counterfeit exports. India remained on the priority watch list in 2018 due to a lack of measurable improvement to its IPR framework on issues—both longstanding and new—that have negatively affected U.S. rights holders over the past year.<sup>114</sup>

As part of the annual Special 301 process, USTR also issues a separate report on so-called notorious markets. USTR defines notorious markets as online or physical marketplaces that are reported to engage in or facilitate commercial-scale copyright piracy and trademark counterfeiting. The most recent report, *2018 Out-of-Cycle Review of Notorious Markets*, was issued in April 2019.<sup>115</sup> The report highlights markets where the scale of this activity is such that it can cause significant harm to U.S. IPR holders. The 2018 report listed 33 online markets and 25 physical markets in 19 countries, including markets in China and India, “in which pirated or counterfeit products and services reportedly are available or that facilitate substantial piracy and counterfeiting.”<sup>116</sup>

The 2018 Notorious Markets list highlights free trade zones (FTZs) and the role they may play in facilitating trade in counterfeit and pirated goods. FTZs have become major facilitators of illegal and criminal activity, including the illicit trade in pirated and counterfeit goods, smuggling, and money laundering. FTZs are designated economic areas that are not subject to the customs duties, taxes, or normal customs procedures of their host countries. They can range in size from a single warehouse to entire harbors and cities encompassing thousands of businesses. FTZs are an increasingly important part of global trade, and they play a particularly prominent role in the economies of developing countries. The number of FTZs grew from 79 zones in 25 economies in 1975 to over 3,500 zones in 130 economies in 2018.<sup>117</sup>

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<sup>112</sup> Section 306 of the Trade Act of 1974 requires USTR to monitor a trading partner’s compliance with measures that are the basis for resolving an investigation under Section 301. USTR may apply sanctions if a country fails to implement such measures satisfactorily. USTR, [2018 Special 301 Report](#), April 2019, 82.

<sup>113</sup> USTR, [2018 Special 301 Report](#), April 2018, 5.

<sup>114</sup> USTR, [2018 Special 301 Report](#), April 2018, 5. For more information on IPR in China and India, see Section II Country Reports.

<sup>115</sup> USTR, [2018 Out-of-Cycle Review of Notorious Markets](#), April 2019, 3.

<sup>116</sup> USTR, [2018 Out-of-Cycle Review of Notorious Markets](#), April 2019, 13.

<sup>117</sup> USTR, [2018 Out-of-Cycle Review of Notorious Markets](#), April 2019, 8.



# Antidumping and Countervailing Duty Investigations and Reviews

## Antidumping Investigations

The U.S. antidumping law is found in Title VII of the Tariff Act of 1930, as amended.<sup>118</sup> This law offers relief to U.S. industries that are materially injured by imports that are dumped—that is, sold at “less than fair value” (LTFV). The U.S. government provides a remedy by imposing an additional duty on LTFV imports.

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

In general, imports are considered to be sold at LTFV when a foreign firm sells merchandise in the U.S. market at a price that is lower than the “normal value” of the merchandise.<sup>119</sup> Generally, normal value is the price the foreign firm charges for a comparable product sold in its home market.<sup>120</sup> Under certain circumstances, the foreign firm’s U.S. sales price may also be compared with the price the foreign firm charges in other export markets or with the firm’s cost of producing the merchandise, taking into account the firm’s “selling, general, and administrative expenses” and its profit. Under the law, this latter basis for comparison is known as “constructed value.”<sup>121</sup> Finally, where the producer is located in a nonmarket economy, a comparison is made between U.S. prices and a “surrogate” normal value (its factors of production, as valued by use of a “surrogate” country).<sup>122</sup> A nonmarket-economy country means any foreign country that the administering authority determines does not operate on market principles of cost or pricing structures, so that prices paid on sales of merchandise in such country do not reflect the fair value of the merchandise.<sup>123</sup>

In all three instances, the amount by which the normal value exceeds the U.S. sales price is the “dumping margin.” The duty specified in an antidumping duty order reflects the weighted average dumping margins found by USDOC, both for the specific exporters it examined and for all other

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<sup>118</sup> 19 U.S.C. § 1673 et seq.

<sup>119</sup> 19 U.S.C. § 1677(35)(A); see also 19 U.S.C. § 1677a(a) (defining export price), § 1677a(b) (defining constructed export price).

<sup>120</sup> 19 U.S.C. § 1677b.

<sup>121</sup> 19 U.S.C. § 1677b(a)(4), § 1677b(e).

<sup>122</sup> 19 U.S.C. § 1677b(c). Some examples of factors of production include hours of labor required, quantity of raw materials employed, amount of energy and other utilities consumed, and representative capital cost, including depreciation. 19 U.S.C. § 1677b(c)(3).

<sup>123</sup> 19 U.S.C. § 1677(18)(A).

exporters.<sup>124</sup> This rate of duty (in addition to any ordinary customs duty owed) will be applied to subsequent imports from the specified producers/exporters in the subject country, but it may be adjusted if USDOC receives a request for an annual review.<sup>125</sup>

The Commission instituted 31 new antidumping investigations, and made 34 preliminary determinations and 52 final determinations in 2018.<sup>126</sup> As a result of affirmative final USDOC and Commission determinations, in 2018, USDOC issued 41 antidumping duty orders on 16 products from 22 countries (table 2.1). The status of all antidumping investigations active at the Commission during 2018—including, if applicable, the date of final action—is presented in appendix table A.10. A list of all antidumping duty orders and suspension agreements (agreements to suspend investigations)<sup>127</sup> in effect as of the end of 2018 appears in appendix table A.11.

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<sup>124</sup> 19 U.S.C. § 1677(35)(B); 19 U.S.C. § 1673d(c).

<sup>125</sup> 19 U.S.C. § 1675(a).

<sup>126</sup> 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.

<sup>127</sup> 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 completely eliminate the injurious effect of exports of the merchandise in question to the United States. A suspended investigation is resumed, assuming it was not continued after the suspension agreement was issued, if USDOC determines that the suspension agreement has been violated. See 19 U.S.C. § 1673c.



**Table 2.1** Antidumping duty orders that became effective during 2018<sup>a</sup>

Trade partner	Product	Range of dumping margins (percent)
Argentina	Biodiesel	60.44–86.41
Belarus	Carbon and Alloy Steel Wire Rod	280.02
Belgium	Citric Acid and Certain Citrate Salts	19.3
Canada	Softwood Lumber Products	3.20–7.28
China	Hardwood Plywood Products	183.36
China	Aluminum Foil	48.64–105.80
China	Carton-Closing Staples	115.65–263.40
China	Tool Chests and Cabinets	97.11–244.29
China	Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel	45.13–186.89
China	Fine Denier Polyester Staple Fiber	65.17–103.06
China	Stainless Steel Flanges	257.11
China	Cast Iron Soil Pipe Fittings	33.44–360.39
China	Sodium Gluconate	213.15
China	Forged Steel Fittings	8.00–142.72
Colombia	Citric Acid and Certain Citrate Salts	28.48
Germany	Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel	3.11–209.06
India	Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel	8.26–33.80
India	Fine Denier Polyester Staple Fiber	21.43
India	Stainless Steel Flanges	14.29–145.25
Indonesia	Biodiesel	92.52–276.65
Italy	Carbon and Alloy Steel Wire Rod	12.41–18.89
Italy	Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel	47.87–68.95
Italy	Forged Steel Fittings	49.43–80.20
South Korea	Carbon and Alloy Steel Wire Rod	41.1
South Korea	Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel	30.67–48.00
South Korea	Fine Denier Polyester Staple Fiber	30.15–45.23
South Korea	Low Melt Polyester Staple Fiber	16.27
Russia	Carbon and Alloy Steel Wire Rod	436.80–756.93
South Africa	Carbon and Alloy Steel Wire Rod	135.46–142.26
Spain	Carbon and Alloy Steel Wire Rod	10.11–32.64
Spain	Ripe Olives	16.88–25.50
Switzerland	Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel	7.66–30.48
Taiwan	Fine Denier Polyester Staple Fiber	24.43–48.86
Taiwan	Low Melt Polyester Staple Fiber	49.93
Taiwan	Forged Steel Fittings	116.17
Thailand	Citric Acid and Certain Citrate Salts	6.47–15.71
Turkey	Carbon and Alloy Steel Wire Rod	4.74–7.94
Ukraine	Carbon and Alloy Steel Wire Rod	34.98–44.03
United Arab Emirates	Carbon and Alloy Steel Wire Rod	84.10
United Kingdom	Carbon and Alloy Steel Wire Rod	147.63
Vietnam	Tool Chests and Cabinets	327.17

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

<sup>a</sup> Antidumping duty orders become effective following final affirmative determinations by USDOC and the Commission. The rates in the table apply in addition to any ordinary customs duty owed.

## 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 imposition of additional duties to offset (“countervail”) foreign subsidies on products imported into the United States.<sup>128</sup> In general, procedures for such investigations are similar to those under the antidumping law. Petitions are filed with USDOC (the administering authority) and with the Commission. Before a countervailing duty order can be issued, USDOC must find that a countervailable subsidy exists. In addition, the Commission must make an affirmative determination that a U.S. industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, because of the subsidized imports.

The Commission instituted 22 new countervailing duty investigations and made 25 preliminary determinations and 21 final determinations during 2018. USDOC issued 18 countervailing duty orders on 13 products from eight countries in 2018 as a result of affirmative USDOC and Commission determinations (table 2.2). The status of all countervailing duty investigations active at the Commission during 2018, and, if applicable, the date of final action, is presented in appendix table A.12. A list of all countervailing duty orders and suspension agreements<sup>129</sup> in effect at the end of 2018 appears in appendix table A.13.

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<sup>128</sup> A subsidy is defined as a financial benefit given by an authority (a government of a country or any public entity within the territory of the country) to a person, in which the authority either (1) provides a financial contribution, (2) provides any form of income or price support within the meaning of Article XVI of the General Agreement on Tariffs and Trade 1994, or (3) makes a payment to a funding mechanism to provide a financial contribution, or entrusts or directs a private entity to make a financial contribution, if providing the contribution would normally be vested in the government and the practice does not differ in substance from practices normally followed by governments. See 19 U.S.C. § 1677(5)(B).

<sup>129</sup> 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 agrees to completely eliminate the injurious effect of exports of the merchandise in question to the United States. A suspended investigation is resumed, assuming it had not previously been continued after issuance of the suspension agreement, if USDOC determines that the suspension agreement has been violated. See 19 U.S.C. § 1671c.

**Table 2.2** Countervailing duty orders that became effective during 2018<sup>a</sup>

Trade partner	Product	Range of countervailable subsidy rates (percent)
Argentina	Biodiesel	71.87–72.28
Canada	Softwood Lumber Products	3.34–17.99
China	Hardwood Plywood Products	22.98–194.90
China	Aluminum Foil	17.14–80.52
China	Tool Chests and Cabinets	14.03–95.96
China	Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel	18.27–21.41
China	Fine Denier Polyester Staple Fiber	38.00–47.57
China	Stainless Steel Flanges	174.73
China	Cast Iron Soil Pipe Fittings	7.37–133.94
China	Sodium Gluconate	194.67
China	Forged Steel Fittings	13.41
India	Fine Denier Polyester Staple Fiber	13.38–27.36
India	Stainless Steel Flanges	4.92–256.16
India	Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel	8.02–42.60
Indonesia	Biodiesel	34.45–64.73
Italy	Carbon and Alloy Steel Wire Rod	4.16–44.18
Spain	Ripe Olives	7.52–27.02
Turkey	Carbon and Alloy Steel Wire Rod	3.81–3.88

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

<sup>a</sup> Countervailing duty orders become effective following final affirmative determinations by USDOC and the Commission. The rates in the table apply in addition to any ordinary customs duty owed.

## Reviews of Outstanding Antidumping and Countervailing Duty Orders/Suspension Agreements

Section 751(a) of the Tariff Act of 1930 requires USDOC, if requested, to conduct annual reviews of outstanding antidumping duty and countervailing duty orders to ascertain the amount of any net subsidy or dumping margin and to determine compliance with suspension agreements. Section 751(b) also authorizes USDOC and the Commission, as appropriate, to review certain outstanding determinations and agreements after receiving information or a petition that shows changed circumstances.<sup>130</sup> Where a changed-circumstances review is directed to the Commission, the party that is asking to have an antidumping duty order or countervailing duty order revoked or a suspended investigation terminated has the burden of persuading the Commission that circumstances have changed enough to warrant revocation.<sup>131</sup> On the basis of either USDOC's or the Commission's review, USDOC may revoke an antidumping duty or countervailing duty order in whole or in part, or may either terminate or resume a suspended investigation.

The sunset process began in 1995. It is subject to section 751(c) of the Tariff Act of 1930, which requires both USDOC and the Commission to conduct "sunset" reviews of existing antidumping duty and countervailing duty orders and suspension agreements five years after their initial publication and five years after publication of any subsequent determination to continue them. These reviews are intended to determine whether revoking an order or terminating a suspension agreement would be likely to lead

<sup>130</sup> 19 U.S.C. § 1675(b).

<sup>131</sup> 19 U.S.C. § 1675(b)(3).

to the continuation or recurrence of dumping or a countervailable subsidy and to material injury.<sup>132</sup> If either USDOC or the Commission reach negative determinations, the order will be revoked or the suspension agreement terminated. During 2018, USDOC and the Commission instituted 34 sunset reviews of existing antidumping and countervailing duty orders or suspended investigations,<sup>133</sup> and the Commission completed 55 reviews. As a result of affirmative determinations by USDOC and the Commission, 50 antidumping duty and countervailing duty orders were continued. Appendix table A.14 lists, by date and action, the reviews of antidumping duty and countervailing duty orders and suspended investigations completed in 2018.<sup>134</sup>

## Section 129 Investigations

Section 129 of the U.S. Uruguay Round Agreements Act sets out a procedure by which the Administration may respond to an adverse WTO panel or Appellate Body report concerning U.S. obligations under the WTO agreements on safeguards, antidumping, or subsidies and countervailing measures. Specifically, section 129 establishes a mechanism permitting USTR to request that the agencies concerned—USDOC and the Commission—issue a consistency or compliance determination, where such action is appropriate, to respond to the recommendations in a WTO panel or Appellate Body report.<sup>135</sup>

**Hot-Rolled Steel from India.** Following the December 19, 2014, adoption by the WTO Dispute Settlement Body (DSB) of the panel and Appellate Body reports in *United States—Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India* (DS436), the United States stated its intent to implement the recommendations of the DSB in a manner that respects U.S. WTO obligations.<sup>136</sup> Subsequently, the Commission and USDOC issued consistency determinations pursuant to section 129 in March 2016 and May 2016, respectively.<sup>137</sup> On April 22, 2016, the United States notified the DSB that it had complied with the recommendations and rulings in this dispute.<sup>138</sup>

On March 29, 2018, India requested the establishment of a WTO panel pursuant to Articles 6 and 21.5 of the Dispute Settlement Understanding to review the consistency of the United States' section 129 determinations with its WTO obligations. India challenged USDOC's findings regarding "public body" specificity and the use of benchmarks, and the Commission's price effects and impact findings, in their respective consistency determinations. India also claimed that the United States had failed to implement a DSB finding that a never-used portion of U.S. law was "as such" inconsistent with WTO

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<sup>132</sup> 19 U.S.C. § 1675(c).

<sup>133</sup> Two of these instituted reviews (Ammonium Nitrate from Ukraine and Low Enriched Uranium from France) were subsequently terminated and the outstanding antidumping duty orders revoked because the domestic industries did not request that they be continued.

<sup>134</sup> For detailed information on reviews instituted, as well as Commission action in all reviews, see the Commission's website section "Sunset Review Database" at <https://pubapps2.usitc.gov/sunset/>.

<sup>135</sup> 19 U.S.C. § 3538; see also the Statement of Administrative Action submitted to Congress in connection with the Uruguay Round Agreements Act, 353.

<sup>136</sup> WTO, "[Dispute Settlement: DS436: United States—Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India](#)" (accessed July 8, 2019).

<sup>137</sup> USITC, *Hot-Rolled Steel Products from India, Inv. No. 701-TA-405 (Section 129 Consistency Determination)*, March 2016; 81 Fed. Reg. 27412 (May 6, 2016).

<sup>138</sup> For further discussion of the initial proceedings of this dispute, see USTR, [2017 Trade Policy Agenda and 2016 Annual Report](#), March 2017, 85–86.

obligations.<sup>139</sup> The parties have completed all briefing in this implementation proceeding, the panel has held its substantive meeting with the parties, and the dispute is currently under advisement.<sup>140</sup> The panel is expected to complete its work and issue its report in 2019.<sup>141</sup>

**Large Residential Washers from South Korea.** On September 26, 2016, the DSB adopted the panel and Appellate Body reports in *United States—Anti-Dumping and Countervailing Measures on Large Residential Washers from Korea* (DS464).<sup>142</sup> On September 26, 2016, the United States stated that it intended to implement the recommendations of the DSB in this dispute in a manner that respects U.S. WTO obligations, and that it would need a reasonable period of time in which to do so. On April 13, 2017, an Article 21.3(c) arbitrator determined that the requested time period implementation would expire on December 26, 2017.<sup>143</sup>

On December 15, 2017, USTR requested that USDOC make a determination under section 129 of the Uruguay Round Agreements Act to address the DSB’s recommendations related to USDOC’s CVD investigation of large residential washers from South Korea. On December 18, 2017, USDOC initiated a section 129 proceeding, and completed that proceeding on June 4, 2018, with the issuance of a final determination in which USDOC revised certain aspects of its original determination.<sup>144</sup>

## Section 337 Investigations

Section 337 of the Tariff Act of 1930, as amended,<sup>145</sup> prohibits certain unfair practices in the import trade, notably patent infringement. In this context, section 337 prohibits the importation into the United States, the sale for importation, and the sale within the United States after importation of articles that infringe a valid and enforceable United States patent, provided that an industry in the United States, relating to articles protected by the patent concerned, exists or is in the process of being established.<sup>146</sup> Similar requirements govern investigations involving infringement of other federally registered IPRs,

<sup>139</sup> Specifically, in the original dispute, the DSB found 19 U.S.C. § 1677(7)(G)(i)(III) to be WTO-inconsistent insofar as this provision requires cross-cumulation of subsidized and non-subsidized imports when USDOC self-initiates an antidumping (or countervailing duty) investigation on the same day a petitioner files a countervailing duty (or antidumping) petition.

<sup>140</sup> India submitted written arguments to the WTO panel in July 2018 and October 2018, while the United States submitted responding arguments in September 2018 and December 2018, respectively. The panel held substantive meetings with India, the United States, and third parties on January 30 and 31, 2019.

<sup>141</sup> WTO, “[United States—Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India—Communication from the Panel](#),” September 3, 2018.

<sup>142</sup> WTO, “[Dispute Settlement: DS464: United States—Anti-Dumping and Countervailing Measures on Large Residential Washers from Korea](#)” (accessed July 8, 2019).

<sup>143</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 189.

<sup>144</sup> WTO, “[United States—Anti-dumping and Countervailing Measures on Large Residential Washers from Korea](#),” June 12, 2018. On May 6, 2019, USDOC published a notice in the *Federal Register* announcing the revocation of the antidumping and countervailing duty orders on imports of large residential washers from South Korea (84 Fed. Reg. 19763 (May 6, 2019)). The United States represented to the DSB that, with this action, the United States has completed implementation of the DSB recommendations concerning those antidumping and countervailing duty orders. WTO, “[United States—Anti-dumping and Countervailing Measures on Large Residential Washers from Korea](#),” June 14, 2019.

<sup>145</sup> 19 U.S.C. § 1337.

<sup>146</sup> Section 337 also applies to articles that are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent. 19 U.S.C. § 1337(a)(1)(B)(ii).

including registered trademarks, registered copyrights, registered mask works, and registered vessel hull designs. In addition, the Commission has general authority to investigate other unfair methods of competition and unfair acts in the importation and sale of products in the United States (such as products manufactured abroad using stolen U.S. trade secrets), the threat or effect of which is to destroy or injure a U.S. industry, to prevent the establishment of a U.S. industry, or to restrain or monopolize trade and commerce in the United States.<sup>147</sup> The Commission may institute an investigation on the basis of a complaint or on its own initiative.<sup>148</sup>

If the Commission determines that a violation exists, it can issue an exclusion order directing U.S. Customs and Border Protection to block the imports in question from entry into the United States. The Commission can also issue cease and desist orders that direct the violating parties to stop engaging in the unlawful practices. The orders enter into force unless disapproved for policy reasons by USTR<sup>149</sup> within 60 days of issuance.<sup>150</sup>

During calendar year 2018, there were 130 active section 337 investigations and ancillary (secondary) proceedings, 64 of which were instituted that year. Of these 64 new proceedings, 50 were new section 337 investigations and 14 were new ancillary proceedings relating to previously concluded investigations. In 46 of the new section 337 investigations instituted in 2018, patent infringement was the only type of unfair act alleged. Of the remaining 4 investigations, 1 involved allegations of patent infringement and trademark infringement; 1 involved allegations of antitrust violations; 1 involved allegations of false advertising and unfair competition; and 1 involved allegations of registered and common law trademark infringement, trademark dilution, and trade dress infringement.

The Commission completed a total of 61 investigations and ancillary proceedings under section 337 in 2018, including 2 enforcement proceedings, 4 rescission proceedings, 2 proceedings relating to bond forfeiture and return, 1 remand proceeding, 2 modification proceedings, and 1 combined modification and rescission proceeding.<sup>151</sup> In addition, the Commission issued 3 general exclusion orders, 12 limited exclusion orders, and 34 cease and desist orders during 2018. The Commission terminated 26 investigations without determining whether there had been a violation. Of these terminated investigations, 15 were terminated on the basis of settlement agreements and/or consent orders, 9

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<sup>147</sup> Other unfair methods of competition and unfair acts have included common-law trademark infringement, trademark dilution, trade dress infringement, false advertising, false designation of origin, and antitrust violations. Unfair practices that involve the importation of dumped or subsidized merchandise must be pursued under antidumping or countervailing duty provisions, not under section 337.

<sup>148</sup> 19 U.S.C. § 1337(b)(1).

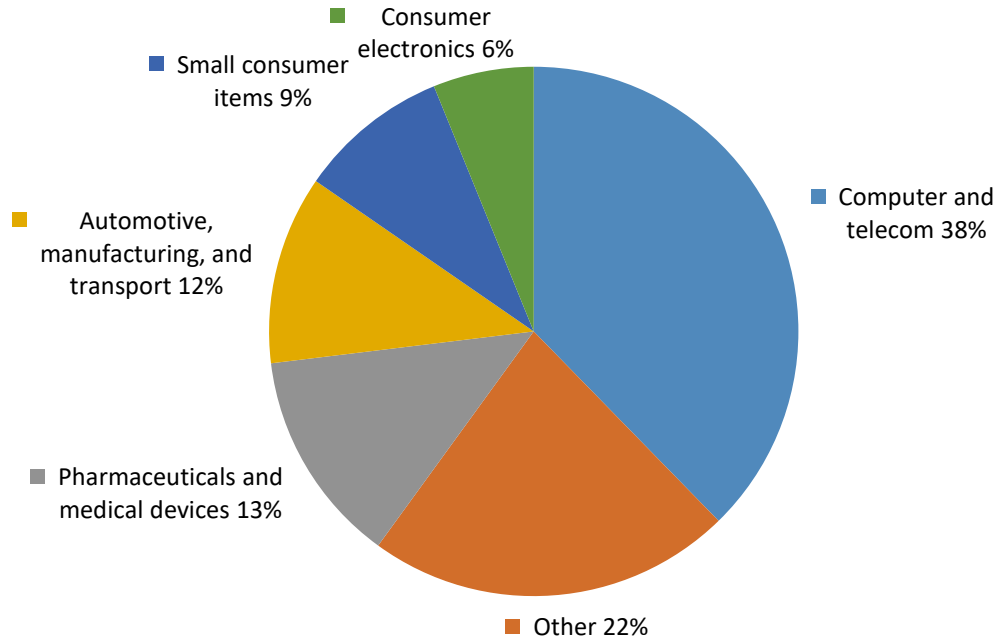
<sup>149</sup> 19 U.S.C. § 1337(j). Although the statute reserves the review for the President, since 2005 this function has been officially delegated to the USTR. 70 Fed. Reg. 43251 (July 26, 2005).

<sup>150</sup> Section 337 investigations at the Commission are conducted before an administrative law judge (ALJ) in accordance with the Administrative Procedure Act, 5 U.S.C. §§ 551 et seq. The ALJ conducts an evidentiary hearing and makes an initial determination, which is transmitted to the Commission for review. If the Commission finds a violation, it must determine the appropriate remedy, the amount of any bond to be collected while its determination is under review by USTR, and whether public-interest considerations preclude issuing a remedy.

<sup>151</sup> A rescission proceeding is a proceeding to determine whether or not to rescind a previously issued remedial order. A remand is a situation in which the U.S. Court of Appeals for the Federal Circuit has directed the Commission to conduct additional proceedings with respect to a previously concluded investigation.

were terminated based on withdrawal of the complaint, and 2 were terminated for other reasons. Commission activities involving section 337 proceedings in 2018 are presented in appendix table A.15.

**Figure 2.1** Products at issue in active proceedings, 2018



Source: USITC calculations.

Note: Underlying data can be found in appendix table [B.9](#).

The section 337 investigations active in 2018 continued to involve a broad spectrum of products. As in prior years, technology products were the single largest category, with approximately 38 percent of the active proceedings involving computer and telecommunications equipment and another 6 percent involving consumer electronics. The second-largest category was pharmaceuticals and medical devices, which were at issue in about 13 percent of the active proceedings. Automotive, manufacturing, and transportation products were at issue in about 12 percent of the active proceedings, and small consumer products were at issue in about 9 percent of the proceedings (figure 2.1). The remaining 22 percent of active proceedings involved a wide variety of other types of articles, including toner cartridges, heavy-duty industrial mats, LED concert lights, beer dispensers, convertible sofas, arrow rests, baby formula supplements, carburetors, refrigerator water filters, cover plates for switches and outlets, and strength training systems.

At the close of 2018, 69 section 337 investigations and related proceedings were pending at the Commission. As of December 31, 2018, there were 114 exclusion orders based on violations of section 337 in effect. Appendix table A.16 lists the investigations in which these exclusion orders were issued. Copies of the exclusion orders are available on the Commission's website at [https://www.usitc.gov/intellectual\\_property/exclusion\\_orders.htm](https://www.usitc.gov/intellectual_property/exclusion_orders.htm). For additional detailed information about 337 investigations instituted since October 1, 2008, see the Commission's "337Info" database, found at <https://pubapps2.usitc.gov/337external>.



## National Security Investigations

During 2018, USDOC completed two investigations and instituted two new investigations under the national security provisions in section 232 of the Trade Expansion Act of 1962.<sup>152</sup> In the two completed investigations, relating to steel and aluminum respectively and begun in 2017, the Secretary of Commerce (the Secretary) made affirmative findings and remedy recommendations. The President concurred with the Secretary's findings in both investigations and issued proclamations imposing higher duties on the subject imports. The Secretary instituted two new investigations under section 232 in May and July 2018, respectively, on imports of automobiles and uranium. Both investigations were pending at the end of 2018.

On March 8, 2018, the President issued two proclamations, Proclamation 9705 and 9704, imposing higher tariffs on certain steel and aluminum products, respectively. The proclamations were issued following receipt of reports and findings from the Secretary under the national security provision, section 232 of the Trade Expansion Act of 1962. The higher tariffs—25 percent ad valorem on certain steel products, and 10 percent ad valorem on certain aluminum products—remained in effect for the duration of 2018 and were still in effect when this report was prepared in 2019. The President modified the proclamations several times during 2018 to exempt certain countries and products.

On May 23, 2018, the Secretary initiated an investigation under section 232 of the Trade Expansion Act to determine the effects on national security of imports of automobiles, including cars, SUVs, vans and light trucks, and automobile parts. USDOC scheduled public hearings in the investigation for July 19–20, 2018.<sup>153</sup> The investigation was still in progress at the end of 2018.<sup>154</sup> For country-specific developments

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<sup>152</sup> 19 U.S.C. § 1862.

<sup>153</sup> USDOC, "Notice of Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Automobiles, Including Cars, SUVs, Vans and Light Trucks, and Automotive Parts," 83 Fed. Reg. 24735 (May 30, 2018).

<sup>154</sup> The Secretary transmitted his report to the President on February 17, 2019. On May 17, 2019, the President issued Proclamation 9888 (84 Fed. Reg. 23433 (May 21, 2019)). The proclamation noted that the Secretary found that "automobiles and certain automobile parts are being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security of the United States." It also noted that the Secretary found that "these imports are 'weakening our internal economy' and that '[t]he contraction of the American-owned automotive industry, if continued, will significantly impede the United States' ability to develop technologically advanced products that are essential to our ability to maintain technological superiority to meet defense requirements and cost effective global power protection.'" The President concurred with the Secretary's finding and proclaimed the following:

- (1) The Trade Representative, in consultation with the Secretary, the Secretary of the Treasury, and any other senior executive branch officials the Trade Representative deems appropriate, shall pursue negotiation of agreements contemplated in 19 U.S.C. 1862(c)(3)(A)(i) to address the threatened impairment of the national security with respect to imported automobiles and certain automobile parts from the European Union, Japan, and any other country the Trade Representative deems appropriate.
- (2) The Trade Representative, within 180 days, shall update [the President] on the outcome of the negotiations directed under clause (1).
- (3) The Secretary shall continue to monitor imports of automobiles and certain automobile parts and shall, from time to time, in consultation with any senior executive branch officials the Secretary deems appropriate, review the status of such imports with respect to the national security. The Secretary shall inform the President of any further actions that . . . might indicate the need for further action by the President under section 232.



in this investigation, see the European Union, Canada, Mexico, Japan, and South Korea sections in chapter 6.

On July 18, 2018, the Secretary initiated an investigation under section 232 of the Trade Expansion Act to determine the effects on the national security of imports of uranium. Interested parties were invited to submit written comments on the investigation by September 10, 2018;<sup>155</sup> this date was later extended to September 25, 2018.<sup>156</sup> The investigation was in progress at the end of 2018.<sup>157</sup>

Section 232 of the Trade Expansion Act requires the Secretary to submit a report to the President within 270 days of instituting an investigation. The report must include the Secretary's findings "with respect to the effect of the importation of such article in such quantities or under such circumstances upon the national security" and his recommendations for action or inaction. The statute also provides that if the Secretary finds that the imported article "is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security," he must so advise the President in his report.<sup>158</sup>

### Steel Proclamations

The Secretary initiated the steel investigation on April 19, 2017. On April 20, 2017, the President signed a memorandum directing the Secretary to proceed expeditiously in conducting the investigation. The Secretary transmitted his report to the President on his department's national security investigation of U.S. steel imports on January 11, 2018. Based on findings in the report, the Secretary found "the present quantities and circumstance of steel imports are 'weakening our internal economy' and threaten to impair the national security as defined in Section 232." He found that several important factors—including the level of global excess capacity, the level of U.S. imports, the reduction in basic U.S. oxygen furnace facilities since 2001, and the potential impact of further U.S. plant closures on capacity needed in a national emergency—supported recommending action under section 232.<sup>159</sup>

To address the threat and to enable U.S. steel producers to operate at about an 80 percent or better capacity utilization rate based on available capacity in 2017, the Secretary recommended two alternative courses of action: (1) apply a quota to imports of five categories of steel—flat, long, semi-

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(4) Any provision of previous proclamations and Executive Orders that is inconsistent with the actions taken in this proclamation is superseded to the extent of such inconsistency.

<sup>155</sup> USDOC, Notice of Request for Public Comments on Section 232 National Security Investigation on Imports of Uranium, 83 Fed. Reg. 35204 (July 25, 2018).

<sup>156</sup> USDOC, Change in Comment Deadline for Section 232 National Security Investigation on Imports of Uranium, 83 Fed. Reg. 45595 (Sept. 10, 2018).

<sup>157</sup> On July 12, 2019, the President issued a memorandum stating that the Secretary had transmitted his report to the President on April 14, 2019, and that the Secretary had found and advised that uranium is being imported into the United States in such quantities and under such circumstances as to threaten to impair the nation security of the United States as defined under section 232 of the Act. However, the President stated that he did not concur with the Secretary's finding that uranium imports threaten to impair the national security, and the President found that "a fuller analysis of national security considerations with respect to the entire nuclear fuel supply chain is necessary at this time." White House, "[Memorandum on the Effect of Uranium](#)," July 12, 2019.

<sup>158</sup> 19 U.S.C. § 1862(b)(3)(A).

<sup>159</sup> USDOC, BIS, OTE, [The Effect of Imports of Steel on the National Security](#), January 11, 2018.

finished, pipe and tube, and stainless (“subject steel”)—at a level of 63 percent of each country’s 2017 import levels, or (2) apply a tariff to imports of subject steel at a rate of 24 percent ad valorem.<sup>160</sup>

On March 8, 2018, the President issued Proclamation 9705, which imposed a tariff at a rate of 25 percent ad valorem on imports of subject steel,<sup>161</sup> but exempted imports of subject steel from Canada and Mexico pending ongoing discussions.<sup>162</sup> The President subsequently issued Proclamation 9711 of March 22, 2018, temporarily exempting Australia, Argentina, South Korea, Brazil, and the European Union (EU) from the tariff after having found satisfactory alternative means to address the national security concern.<sup>163</sup> The President subsequently issued several additional proclamations making further adjustments.<sup>164</sup>

### Aluminum Proclamations

The Secretary initiated the investigation on aluminum imports on April 26, 2017. On April 27, 2017, the President signed a memorandum directing the Secretary to proceed expeditiously in conducting his investigation. The President further directed that if the Secretary found that aluminum was being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, the Secretary should recommend actions and steps that should be taken to adjust aluminum imports so that they would not threaten to impair the national security.<sup>165</sup>

The Secretary transmitted his department’s report on U.S. aluminum imports to the President on January 19, 2018. In the report, the Secretary stated that “the present quantities and circumstances of aluminum imports are ‘weakening our internal economy’ and threaten to impair the national security as defined in Section 232.” He further stated that “the U.S. Department of Defense and critical domestic industries depend on large quantities of aluminum”; that “import trends have left the United States almost totally reliant on foreign producers of primary aluminum” (i.e., unwrought aluminum that is not from recycled sources); that “the United States is at risk of becoming completely reliant on foreign producers of high-purity aluminum essential for key military and commercial systems”; and that “the domestic aluminum industry is at risk of becoming unable to satisfy existing national security needs or respond to a national security emergency that requires a large increase in domestic production.”<sup>166</sup>

The Secretary again recommended two alternative courses of action. He recommended that the President (1) impose a worldwide quota on imports of primary aluminum and five types of wrought aluminum (collectively “subject aluminum”<sup>167</sup>) at a level of 86.7 percent of 2017 import levels, or apply

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<sup>160</sup> USDOC, BIS, OTE, [The Effect of Imports of Steel on the National Security](#), January 11, 2018, 5, 7.

<sup>161</sup> Subject steel products by HTS classification are listed in the annex to Proclamation 9705, 83 Fed. Reg. 11625 (March 15, 2018).

<sup>162</sup> Proclamation 9705, 83 Fed. Reg. 11625 (March 15, 2018). For more information on developments related to Canada and Mexico, see chapter 6.

<sup>163</sup> Proclamation 9711, 83 Fed. Reg. 13361 (March 28, 2018). For more information on developments related to South Korea and the EU, see chapter 6.

<sup>164</sup> See Proclamation 9740, 83 Fed. Reg. 20683 (May 7, 2018); Proclamation 9759, 83 Fed. Reg. 25857 (June 5, 2018); Proclamation 9772, 83 Fed. Reg. 40420 (August 15, 2019); and Proclamation 9777, 83 Fed. Reg. 45025 (September 4, 2018).

<sup>165</sup> 82 Fed. Reg. 21509 (May 9, 2017).

<sup>166</sup> USDOC, BIS, OTE, [The Effect of Imports of Aluminum on the National Security](#), January 17, 2018.

<sup>167</sup> Subject aluminum products by HTS classification are listed in the annex to Proclamation 9704, 83 Fed. Reg. 11619 (March 15, 2018).

a tariff on all imports of subject aluminum at a rate of 7.7 percent ad valorem; or (2) impose a tariff on imports of subject aluminum from a subset of economies (China, Hong Kong, Russia, Venezuela, and Vietnam) at a rate of 23.6 percent ad valorem. The Secretary stated that these five economies “are the source of substantial imports due to significant overcapacity, and/or are potential unreliable suppliers or likely sources of transshipped aluminum from China.”<sup>168</sup>

On March 8, 2018, the President issued Proclamation 9704, which imposed a tariff at a rate of 10 percent ad valorem, in addition to the current rate of duty, on imports of subject aluminum, but exempted imports of subject aluminum from Canada and Mexico pending ongoing discussions.<sup>169</sup> The President subsequently issued Proclamation 9710, temporarily exempting Australia, Argentina, South Korea, Brazil, and the EU from the tariff after having found satisfactory alternative means to address the national security concern,<sup>170</sup> and later issued additional proclamations making further adjustments.<sup>171</sup>

## Trade Adjustment Assistance

For several decades, the United States has provided trade adjustment assistance (TAA) to aid U.S. workers and firms adversely affected by import competition.<sup>172</sup> On June 29, 2015, President Barack Obama signed into law the Trade Preferences Extension Act (TPEA). Title IV of the TPEA—the Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA 2015)—amended and reauthorized TAA for six years, until June 30, 2021.<sup>173</sup> The main TAA programs in effect in fiscal year (FY) 2018 were TAA for Workers, administered by the U.S. Department of Labor (USDOL), and TAA for Firms, administered by the U.S. Department of Commerce (USDOC). A third program, TAA for Farmers, administered by the U.S. Department of Agriculture (USDA), was reauthorized by Congress under the TPEA of 2015.<sup>174</sup> However, the U.S. Congress did not appropriate funding for new participants in this program for FY 2018.<sup>175</sup> As a result, USDA did not accept any new petitions or applications for benefits in FY 2018.<sup>176</sup>

<sup>168</sup> USDOC, BIS, OTE, [The Effect of Imports of Aluminum on the National Security](#), January 17, 2018, 5–6, 8, 108.

<sup>169</sup> Proclamation 9704, 83 Fed. Reg. 11619 (March 15, 2018). For more information on developments related to Canada and Mexico, see chapter 6.

<sup>170</sup> Proclamation 9710, 83 Fed. Reg. 13355 (March 28, 2018). For more information on developments related to South Korea and the EU, see chapter 6.

<sup>171</sup> See Proclamation 9739, 83 Fed. Reg. 20677 (May 7, 2018); Proclamation 9758, 83 Fed. Reg. 25849 (June 5, 2018); and Proclamation 9776, 83 Fed. Reg. 45019 (September 4, 2018).

<sup>172</sup> Trade adjustment assistance (TAA) was first established by the Trade Expansion Act of 1962 (Pub. L. 87-793) and subsequently expanded and reauthorized numerous times. For more background on its history, see Guth and Lee, “[A Brief History](#),” January 2017. For recent history, see previous annual Year in Trade reports, found at [https://www.usitc.gov/research\\_and\\_analysis/year\\_in\\_trade.htm](https://www.usitc.gov/research_and_analysis/year_in_trade.htm).

<sup>173</sup> Pub. L. 114-27, sect. 403. TAARA of 2015 contains sunset provisions similar to those in the Trade Adjustment Assistance Extension Act (TAAEA) of 2011, which took effect in 2014. Beginning July 1, 2021, the TAA program is scheduled to revert to a more limited set of eligibility and benefit provisions that are similar to the Reversion 2014 provisions (e.g., services firms will no longer be eligible for the program). These provisions are scheduled to remain in place for one year; the authorization is set to expire after June 30, 2022, on which date the program is scheduled to begin to be phased out. CRS, [Trade Adjustment Assistance for Workers and the TAA Reauthorization Act of 2015](#), August 14, 2018, 13.

<sup>174</sup> The Trade Preferences Extension Act (TPEA) of 2015 reauthorized the TAA for Farmers Program for FY 2015 through FY 2021.

<sup>175</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 77.

<sup>176</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 77.

Selected developments in the TAA programs for workers and firms during FY 2018 are summarized below.<sup>177</sup>

## Assistance for Workers

The provisions relating to TAA for Workers are set out in chapter 2 of title II of the Trade Act of 1974.<sup>178</sup> The program provides federal assistance to eligible workers who have been adversely affected by import competition. The TAA program offers a variety of benefits and services to eligible workers, including training, help with healthcare premium costs, trade readjustment allowances, reemployment assistance, and employment and case management services.<sup>179</sup> Current information on provisions of the TAA for Workers program, as well as detailed information on program eligibility requirements, benefits, and available services, is available at USDOL's Employment and Training Administration (ETA) website for TAA, <https://www.doleta.gov/tradeact/>.

For petitioning workers to be eligible to apply for TAA, the Secretary of Labor must determine that they meet certain criteria relating to the reasons they were separated from their firm, including declining sales or production at their firm and increased imports of like or directly competitive articles.<sup>180</sup> (Workers often apply in groups based on their former firms.) Workers at firms that are or were suppliers to or downstream users of the output of TAA-certified firms may also be eligible for TAA benefits.<sup>181</sup>

In 2018, \$667.1 million was allocated to state governments to fund the TAA for Workers program. This funding included \$397.9 million for "training and other activities," which includes funds for training, job search allowances, relocation allowances, employment and case management services, and related state administration; \$242.6 million for trade readjustment allowance benefits; and \$26.7 million for reemployment trade adjustment assistance benefits.<sup>182</sup>

Groups of workers submitted 1,178 petitions for TAA in FY 2018, up 13.6 percent from the 1,037 petitions filed in FY 2017. USDOL certified 895 petitions covering 76,902 workers as eligible for TAA, and denied 217 petitions covering 17,374 workers.<sup>183</sup> The largest number of petitions certified in FY 2018 was in the Midwest census region, followed by the West, Northeast, and South (table 2.3).<sup>184</sup> By state, California had the most workers certified (6,193 workers), followed by Texas (5,125), Oregon (4,482), Pennsylvania (4,463), and Ohio (4,241).<sup>185</sup>

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<sup>177</sup> FY 2018 ran from October 1, 2017, to September 30, 2018.

<sup>178</sup> 19 U.S.C. § 2271 et seq.

<sup>179</sup> Trade Readjustment Allowances (TRAs) provide income support to eligible workers who participate in training. Reemployment TAA provides a wage supplement to eligible workers age 50 or older when they accept new employment at a lower wage. USDOL, ETA, "[TAA Program Benefits and Services under the 2015 Amendments](#)" (accessed May 28, 2019).

<sup>180</sup> See 19 U.S.C. § 2272.

<sup>181</sup> 19 U.S.C. § 2272.

<sup>182</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 77.

<sup>183</sup> USDOL, ETA, email message to USITC staff, May 30, 2019.

<sup>184</sup> The regional classification is based on definitions from the U.S. Census Bureau. See U.S. Census website, [https://www2.census.gov/geo/pdfs/maps-data/maps/reference/us\\_regdiv.pdf](https://www2.census.gov/geo/pdfs/maps-data/maps/reference/us_regdiv.pdf) (accessed June 7, 2019).

<sup>185</sup> USDOL, ETA, email message to USITC staff, May 30, 2019.

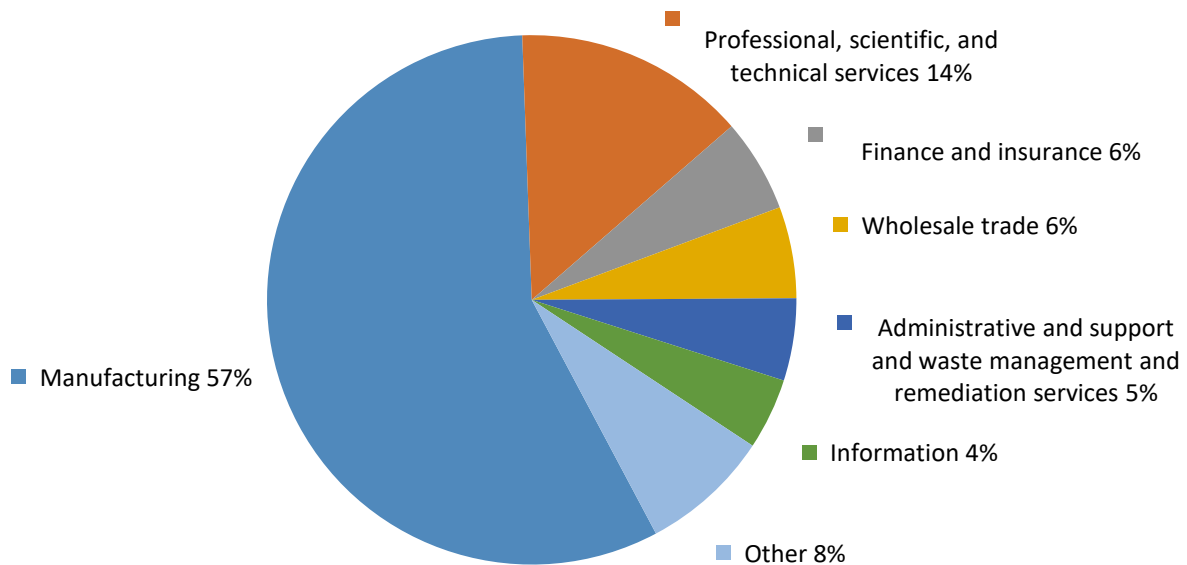
**Table 2.3** TAA certifications, by region, FY 2018

Census region	No. of petitions certified	No. of workers covered
Midwest	252	21,824
South	192	23,707
Northeast	217	16,025
West	233	15,336
Other	1	10

Source: USDOL, ETA, email message to USITC staff, May 30, 2019.

The majority (57.2 percent, 512 petitions) of the TAA petitions certified during FY 2018 were in the manufacturing sector, covering 50,849 workers, followed by the professional, scientific, and technical services sector (14.2 percent, 127 petitions) and the finance and insurance sector (5.7 percent, 51 petitions) (figure 2.2).<sup>186</sup>

**Figure 2.2** Share of TAA petitions certified by industry sector in FY 2018<sup>a</sup>



Source: USDOL, ETA, email message to USITC staff, June 8, 2019.

<sup>a</sup> "Other" includes all industry sectors where less than 20 petitions were certified in FY 2018.

Note: Underlying data can be found in appendix table [B.10](#).

## Assistance for Firms

The TAA for Firms program<sup>187</sup> provides technical assistance to help U.S. firms experiencing a decline in sales and employment to become more competitive in the global marketplace.<sup>188</sup> The program provides

<sup>186</sup> USDOL, ETA, email message to USITC staff, June 8, 2019.

<sup>187</sup> Trade Act of 1974, 19 U.S.C. § 2341 et seq.

<sup>188</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 78.

cost-sharing technical assistance to help eligible businesses create and implement targeted business recovery plans. The program pays up to 75 percent of the costs of developing the recovery plans, with firms also contributing a share of the cost of creating and implementing their recovery plans.<sup>189</sup> Current information on provisions of the TAA for Firms program, as well as detailed information on program eligibility requirements, benefits, and available services, is available at USDOC's Economic Development Administration (EDA) website for TAA, <http://www.taacenters.org/>.

To be eligible for the program, a firm must show that an increase in imports of like or directly competitive articles "contributed importantly" to the decline in sales or production and to the separation or threat of separation of a significant portion of the firm's workers.<sup>190</sup> The program supports a nationwide network of 11 nonprofit or university-affiliated Trade Adjustment Assistance Centers to help firms to apply for a certification of eligibility and prepare and to implement a business recovery plan or adjustment proposal.<sup>191</sup> Firms generally have up to five years to implement an approved adjustment proposal.<sup>192</sup>

In FY 2018, EDA awarded a total of \$13 million in TAA for Firms Program funds to its national network of 11 Trade Adjustment Assistance Centers.<sup>193</sup> During FY 2018, EDA certified 82 petitions for eligibility and approved 98 adjustment proposals.<sup>194</sup>

## Tariff Preference Programs

### Generalized System of Preferences

The U.S. Generalized System of Preferences (GSP) program authorizes the President to grant duty-free access to the U.S. market for about 3,500 products that are imported from designated developing countries and territories.<sup>195</sup> Certain additional products (about 1,500 products) are allowed duty-free treatment only when originating from countries designated as least-developed beneficiary developing countries (LDBDCs).<sup>196</sup> The President's authority to provide duty-free treatment under the GSP program, which had expired on December 31, 2017, was reauthorized on March 23, 2018, with retroactive coverage from January 1, 2018, through December 31, 2020. The renewal also made technical modifications to procedures for competitive need limitations (CNLs) and waivers.<sup>197</sup>

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<sup>189</sup> USDOC, EDA, "[Trade Adjustment Assistance for Firms](#)" (accessed May 28, 2019).

<sup>190</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 78.

<sup>191</sup> USDOC, EDA, [Fiscal Year 2016 Annual Report to Congress: Trade Adjustment Assistance for Firms Program](#), (accessed May 28, 2019), 6–7.

<sup>192</sup> USDOC, EDA, [Fiscal Year 2016 Annual Report to Congress: Trade Adjustment Assistance for Firms Program](#), (accessed May 28, 2019), 9.

<sup>193</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 78.

<sup>194</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 78.

<sup>195</sup> The program is authorized by Title V of the Trade Act of 1974, as amended, 19 U.S.C. § 2461 et seq. The list of current GSP beneficiaries can be found on the USTR's website at <https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp/gsp-program-inf>.

<sup>196</sup> USTR, [U.S. Generalized System of Preferences \(GSP\) Guidebook](#), November 2018, 3.

<sup>197</sup> See H.R. 1625 (Consolidated Appropriations Act of 2018) at <https://www.congress.gov/bill/115th-congress/house-bill/1625/text>.



The goal of the GSP program is to accelerate economic growth in developing countries by offering unilateral tariff preferences for imports into the U.S. market.<sup>198</sup> An underlying principle of the GSP program is that the creation of trade opportunities for developing countries encourages broader-based economic development and creates momentum for economic reform and liberalization.<sup>199</sup>

Countries are designated as “beneficiary developing countries” under the GSP program by the President. However, they can lose this designation based on findings of country practices that violate the provisions of the GSP statute, including inadequate protection of IPRs or of internationally recognized worker rights.<sup>200</sup> Complaints about such violations (“country practice allegations”) are usually brought to the attention of the interagency GSP subcommittee by a petition process; the subcommittee may launch a country practice review in response.

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. Rather, certain goods (e.g., most footwear, textiles, and apparel) are designated by statute as “import sensitive” and thus not eligible for duty-free treatment under the GSP program. The statute further provides that countries “graduate” from the program when they become “high income,” as defined by the World Bank’s per capita income tables.<sup>201</sup> In addition, the statute allows for ending the eligibility of certain imports, or imports from specific countries, under certain conditions.

Competitive need limitations (CNLs) are another important part of the GSP program’s structure. CNLs are quantitative ceilings on GSP benefits for each product and beneficiary developing country.<sup>202</sup> The GSP statute provides that a beneficiary developing country will lose its GSP eligibility with respect to a product if the CNLs are exceeded, though waivers may be granted under certain conditions. Two different measures for CNLs may apply to U.S. imports of a particular product from a beneficiary developing country during any calendar year. One CNL measure applies to imports from a beneficiary developing country that account for 50 percent or more of the value of total U.S. imports of that product. The other applies to imports that exceed a certain dollar value (\$185 million in 2018).<sup>203</sup>

In addition, the legislation to reauthorize the GSP program in 2006 provided that a CNL waiver should be revoked under certain circumstances: (1) if it has been in effect on a product for five or more years, and (2) if total U.S. imports from a beneficiary developing country exceed certain “super-competitive” value thresholds—that is, 75 percent of all U.S imports or 150 percent of the current year’s CNL dollar limit.<sup>204</sup>

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<sup>198</sup> USTR, [U.S. Generalized System of Preferences \(GSP\) Guidebook](#), November 2018, 3.

<sup>199</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 56.

<sup>200</sup> As of May 2019, there were 12 ongoing country practice petitions under review by the GSP subcommittee. See USTR, [“Ongoing Country Reviews,”](#) May 2019. On April 12, 2018, USTR announced new GSP eligibility reviews of India, Indonesia, and Kazakhstan. USTR, [“USTR Announces New GSP Eligibility Reviews of India, Indonesia, and Kazakhstan,”](#) April 2018; USTR, [“USTR Announces New Enforcement Priorities for GSP,”](#) October 24, 2017.

<sup>201</sup> World Bank, [“GDP Per Capita \(Current US\\$\)”](#) (accessed June 20, 2019).

<sup>202</sup> CNLs do not apply to least-developed beneficiary developing countries (LDBDCs) or to developing countries that are beneficiaries of the African Growth and Opportunity Act.

<sup>203</sup> USTR, [U.S. Generalized System of Preferences \(GSP\) Guidebook](#), November 2018, 11.

<sup>204</sup> 19 U.S.C. § 2463(d)(4)(B)(ii).

The following developments with respect to the U.S. GSP program occurred in 2018:<sup>205</sup>

- Public Law 115-141 established a new timeline for the GSP review: The date for exclusion of items exceeding CNLs changed from July 1 to November 1. Public Law 115-141 also changed the time period used to determine whether a product is not produced in the United States. Under prior law, the time period was a specific date for determining whether a like or directly competitive domestic product was not produced in the United States. That date was January 1, 1995. Public Law 115-141 amended the law to state that the product must not have been produced in the United States “in any of the . . . three calendar years” before the annual review. For the 2017/2018 Annual Review this means calendar years 2015 to 2017.<sup>206</sup>
- Presidential Proclamation 9687 of December 22, 2017, also partially removed GSP eligibility from Ukraine, effective April 26, 2018, as the result of a country practice review of Ukraine’s protection of IPRs. This partial removal covered 147 subheadings in the Harmonized Tariff Schedule of the United States (HTS). Ukraine had previously lost its GSP eligibility in 2001, also because of its failure to adequately protect IPRs, but was reinstated in 2006.<sup>207</sup>
- Presidential Proclamation 9687 of December 22, 2017, ended the total suspension of Argentina’s GSP benefits, effective January 1, 2018. Argentina’s GSP benefits had been suspended in March 2012, based on Argentina’s failure to enforce arbitral awards in good faith. However, Argentina’s GSP benefits had previously been partially removed as the result of a country practice review of Argentina’s protection of IPRs. That earlier partial suspension was not ended by Proclamation 9687, in light of ongoing concerns with Argentina’s protection of IPRs.<sup>208</sup>
- The GSP Subcommittee initiated country practice reviews of India,<sup>209</sup> Indonesia, Kazakhstan, and Thailand, and held a public hearing on those GSP countries on June 19, 2018.<sup>210</sup> USTR also initiated a country practice review for Turkey on August 16, 2018.<sup>211</sup>
- Results of the 2017/2018 GSP Annual Review included denial of petitions to add nine products to the list of those eligible to all GSP beneficiary countries. The products that were not added included certain fresh pears; certain melon and citrus peel; cottonseed; crude sunflower and safflower oil; preserved or prepared apples; three different types of acids; and rubber transmission V-belts. The products remain eligible for GSP benefits, however, for least-developed beneficiary countries (LDBCs) only. Tart cherry juice concentrate and other cherry juice was removed from GSP eligibility

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<sup>205</sup> A complete list of actions taken in the 2017/2018 annual review may be found at <https://ustr.gov/issue-areas/preference-programs/generalized-system-preferences-gsp/prior-reviews/2018-annual-review>.

<sup>206</sup> Pub. L. 115-141 (March 23, 2018).

<sup>207</sup> Proclamation 9687, 82 Fed. Reg. 247 (December 22, 2017).

<sup>208</sup> Proclamation 9687, 82 Fed. Reg. 247 (December 22, 2017).

<sup>209</sup> In March 2019, USTR announced that the President decided to fully remove GSP benefits for India based on its failure to provide equitable and reasonable market access in numerous sectors. USTR, “[United States Will Terminate GSP Designation of India and Turkey](#),” March 4, 2019. See also Presidential Proclamation 9902 of May 31, 2019.

<sup>210</sup> USTR, “[USTR Announces New GSP Eligibility Reviews of India, Indonesia, and Kazakhstan](#),” April 12, 2018; 83 Fed. Reg. 24838 (May 30, 2018).

<sup>211</sup> 83 Fed. Reg. 40839 (August 16, 2018). On May 16, 2019, the President issued a proclamation removing Turkey from the GSP program based on its level of economic development. See Presidential Proclamation 9887 of May 16, 2019.



for Turkey. A petition to remove non-adhesive plates and sheets of polymethyl methacrylate from GSP for Indonesia and Thailand was denied. De minimis CNL waivers were not granted for 92 eligible products.<sup>212</sup> One product (ammonium perrhenate from Kazakhstan) that had been excluded during prior GSP reviews, but for which import levels had dropped below the threshold amounts set for the current review, was redesignated as GSP eligible. The President denied four other petitions for redesignations.<sup>213</sup>

U.S. imports under GSP preferences rose 10.7 percent, from \$21.3 billion in 2017 to \$23.6 billion in 2018 (table 2.4). These imports accounted for 9.9 percent of total U.S. imports from GSP beneficiary countries and 0.9 percent of U.S. imports from all countries (tables 2.4 and A.2). The GSP utilization rate for 2018 (total imports claimed under GSP as a share of eligible imports from GSP countries) was 49.3 percent, slightly down (0.6 percentage points) from 2017.

India was the leading source of imports entered under the GSP program in 2018, followed by Thailand and Brazil, continuing a pattern established in 2011 (appendix table A.17). These three countries together accounted for 55.6 percent of all U.S. imports under GSP in 2018, while the top five countries (including Indonesia and Turkey) accounted for 73.2 percent of GSP imports. U.S. imports from four of the top five countries increased in 2018 over the previous year; the exception was Brazil.

**Table 2.4** U.S. imports for consumption from GSP beneficiaries, 2016–18

Item	2016	2017	2018
Total imports from GSP beneficiaries (million \$)	201,315	214,626	237,541
Total imports under GSP (million \$)	19,074	21,332	23,617
Imports under LDBDC provisions (million \$) <sup>a</sup>	19,016	21,215	23,476
Imports under non-LDBDC provisions (million \$) <sup>b</sup>	58	117	140
Imports under GSP (as a share of all imports from GSP countries)	9.5	9.9	9.9
Imports under GSP (as a share of all imports eligible for GSP)	48.6	49.9	49.3

Source: USITC DataWeb/USDOC, May 23, 2019.

Note: Because of rounding, figures may not add up to totals shown. LDBDC = least-developed beneficiary developing country.

<sup>a</sup> LDBDC-eligible products are those for which the rate of duty of “free” appears in the special rate column of the HTS, followed by the symbol “A+” in parentheses. The symbol “A+” indicates that all LDBDCs (and only LDBDCs) are eligible for duty-free treatment with respect to all articles listed in the designated provisions.

<sup>b</sup> Non-LDBDC-eligible products are those for which a rate of duty of “free” appears in the special rate column of the HTS followed by the symbols “A” or “A\*” in parentheses. The symbol “A” indicates that all beneficiary countries are eligible for duty-free treatment with respect to all articles listed in the designated provisions. The symbol “A\*” indicates that certain beneficiary countries (specified in general note 4(d) of the HTS) are not eligible for duty-free treatment with respect to any article listed in the designated provision.

In 2018, the chemicals sector was again the top sector for imports claiming eligibility under GSP, up \$724 million, an increase of 15.9 percent from 2017 (appendix tables A.18 and A.19). The minerals and metals sector ranked second in 2018, as it did in 2017, but imports claiming GSP decreased \$399 million, a drop of 9.5 percent. Agricultural products made up the third-largest sector in 2018 and saw imports claiming GSP increase \$448 million (13.6 percent) in 2018 over 2017. Energy-related products under GSP increased 872.2 percent, by far the largest percentage increase in 2018.

<sup>212</sup> As defined by the GSP statute, a waiver may be given when total U.S. imports from all countries of a given product are “de minimis” (a threshold value beneath which an import is entered with no duty). Like the dollar-value CNLs, the de minimis level is adjusted each year, in increments of \$500,000. The de minimis level in 2018 was \$24 million.

<sup>213</sup> Results of the 2018 Annual Review Lists are available here:

[https://ustr.gov/sites/default/files/IssueAreas/gsp/Results%20of%20the%20Review%20Lists%202017\\_2018.pdf](https://ustr.gov/sites/default/files/IssueAreas/gsp/Results%20of%20the%20Review%20Lists%202017_2018.pdf).

Among the top 15 U.S. imports under GSP in 2018, 10 imports increased in value over 2017 levels and 5 decreased in value from 2017 levels (appendix table A. 20). Gold jewelry imports were the leading GSP import product by value, but dropped 0.9 percent from 2017. Turkey, Indonesia, and South Africa accounted for 78.0 percent of this GSP trade.<sup>214</sup> Luggage and travel goods, recently added to GSP eligibility for all beneficiaries, were the second GSP import by value, increasing 154.5 percent over 2017. (Previously these were eligible just for LDBDCs and AGOA beneficiary countries.)<sup>215</sup> Ferrochromium was the third-highest GSP import by value, sourced primarily from South Africa.<sup>216</sup> GSP imports of ferrochromium were the second-highest GSP import in 2017, but dropped 24.0 percent in 2018 from the 2017 amount.

## Nepal Trade Preference Program

The Nepal Trade Preferences Act (NTPA) was established under section 915 of the Trade Facilitation and Trade Enforcement Act of 2015.<sup>217</sup> This act entered into effect on December 30, 2016.<sup>218</sup> The Nepal Trade Preference Program, which was launched under the authority of NTPA, was designed to help Nepal's economic recovery following a 2015 earthquake.<sup>219</sup> It is scheduled to expire on December 31, 2025.<sup>220</sup>

NTPA authorizes the President to provide preferential treatment to articles imported directly from Nepal into the United States if the President determines that Nepal meets certain requirements set forth in NTPA, in the African Growth and Opportunity Act (AGOA), and in GSP statutes.<sup>221</sup> NTPA originally gave Nepal duty-free access to the U.S. market for goods classified under 66 HTS 8-digit tariff lines, including certain luggage and flat goods in HTS chapter 42, certain carpets and floor coverings in chapter 57, some apparel in chapters 61 and 62, two non-apparel made-up textile articles in chapter 63, and various headwear items in chapter 65.<sup>222</sup> Nepal is eligible for duty-free treatment on 77 tariff lines, 31 of which are also duty free under GSP.<sup>223</sup> However, NTPA's rules of origin differ from GSP's; i.e., under NTPA, U.S. content may be counted towards part of the 35 percent value added requirement.<sup>224</sup>

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<sup>214</sup> USITC DataWeb (accessed June 13, 2019).

<sup>215</sup> President Trump added 23 luggage and travel goods to the list of products for eligible for duty-free treatment under GSP for all beneficiary countries following the 2016/17 GSP Annual Review. 82 Fed. Reg. 31793 (July 10, 2017). President Obama designated certain luggage and travel goods as eligible for duty-free treatment for LDBDCs and AGOA beneficiary countries on June 30, 2016. 81 Fed. Reg. 58547 (August 25, 2016).

<sup>216</sup> USITC DataWeb (accessed June 13, 2019).

<sup>217</sup> Pub. L. 114-125; USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 37.

<sup>218</sup> Proclamation 9555, 81 Fed. Reg. 92499 (December 20, 2016).

<sup>219</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 37.

<sup>220</sup> Proclamation 9555, 81 Fed. Reg. 92499 (December 20, 2016).

<sup>221</sup> In 2016, USITC conducted an investigation on whether certain textile and apparel articles from Nepal are import sensitive. USITC, [Nepal: Advice Concerning Whether Certain Textile and Apparel Articles Are Import Sensitive](#), October 2016.

<sup>222</sup> 19 U.S.C. § 4454 (c)(2)(A)(iii).

<sup>223</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 37; 81 Fed. Reg. 92499 (December 20, 2016). Nepal is an LDBDC under GSP. In 2018, it imported products under 140 of the over 5,000 HTS 8-digit tariff lines under which it is eligible to receive duty-free treatment under GSP.

<sup>224</sup> The cost or value of the materials produced in either Nepal or the United States, plus the direct cost of processing performed in Nepal or the United States, must total at least 35 percent of the appraised customs value of the product at the time of entry.

In 2018, total U.S. imports from Nepal were \$98.6 million; imports from Nepal under GSP were \$9.2 million; and imports under NTPA were \$3.1 million. Imports under NTPA represented 3.1 percent of total imports from Nepal, a slight rise from 2.6 percent in 2017, the first year of the program (table 2.5). U.S. Imports under NTPA and GSP as a share of all imports from Nepal that were eligible for NTPA and GSP preferences rose from 59.1 percent in 2017 to 62.2 percent in 2018.

**Table 2.5** U.S. imports for consumption from Nepal, 2016–18

Item	2016	2017	2018
Total imports from Nepal (thousand \$)	88,298	91,744	98,628
Imports under GSP (thousand \$)	9,438	8,567	9,176
Imports under NTPP (thousand \$)	0	2,367	3,098
Share of total imports from Nepal:			
Imports under GSP (percent)	10.7	9.3	9.3
Imports under NTPP (percent)	0.0	2.6	3.1
Imports under NTPP and GSP as a share of all NTPP-eligible imports (percent) <sup>b</sup>	( <sup>a</sup> )	59.1	62.2

Source: USITC DataWeb/USDOC (accessed May 23, 2019).

<sup>a</sup> U.S. imports under NTPA were first recorded in 2017.

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

## Africa Growth and Opportunity Act

Enacted in 2000, the African Growth and Opportunity Act (AGOA) gives tariff preferences to eligible sub-Saharan African (SSA) countries pursuing political and economic reform.<sup>225</sup> In particular, AGOA provides duty-free access to the U.S. market for all GSP-eligible products, and for more than 1,800 additional qualifying HTS 8-digit tariff-line items that are eligible under AGOA only. While AGOA’s eligibility criteria<sup>226</sup> and rules of origin<sup>227</sup> are similar to those of the GSP program, AGOA beneficiary countries are exempt from the GSP competitive need limitations (CNLs).<sup>228</sup> AGOA also provides duty-free treatment for certain apparel articles cut and sewn in designated beneficiary countries on the condition that additional eligibility criteria are satisfied.<sup>229</sup> The current AGOA expiration date is September 30, 2025.<sup>230</sup>

Each year, the President must consider whether individual SSA countries are, or remain, eligible for AGOA benefits based on the eligibility criteria. The Office of the U.S. Trade Representative (USTR) initiates this annual eligibility review with the publication of a notice in the *Federal Register* requesting

<sup>225</sup> 19 U.S.C. § 2463 and 19 U.S.C. § 3722.

<sup>226</sup> AGOA eligibility criteria are set forth in section 104 of AGOA (19 U.S.C. § 3703) and section 502 of the Trade Act of 1974 (19 U.S.C. § 2463). Countries must be GSP eligible as well as AGOA eligible in order to receive AGOA’s trade benefits.

<sup>227</sup> The (non-apparel) rules of origin under GSP (and AGOA) are set forth in section 503 of the Trade Act of 1974 (19 U.S.C. § 2463 (a)(2)) and are reflected in HTS general notes 4 and 16.

<sup>228</sup> Section 111 (b) of AGOA (19 U.S.C. § 2463 (c)(2)(D)). The GSP program imposes quantitative ceilings called competitive need limitations (CNLs) on GSP benefits for all tariff items and beneficiary developing countries. Under certain circumstances, these ceilings may be waived. U.S. Customs, “[Generalized System of Preferences \(GSP\)](#)” (accessed May 20, 2019).

<sup>229</sup> Section 113 of AGOA (19 U.S.C. § 3722). See HTS chapter 98, subchapter XIX, for applicable provisions.

<sup>230</sup> The Trade Preferences Extension Act of 2015 extended the expiration date of AGOA from September 30, 2015, to September 30, 2025.

comments and announcing a public hearing. In 2018, 40 SSA countries were eligible for AGOA benefits.<sup>231</sup> Of these countries, 28 were eligible for AGOA textile and apparel benefits for all or part of 2018.<sup>232</sup> Of the countries in the latter group, all but one (South Africa) were also eligible for additional textile and apparel benefits intended for lesser-developed beneficiary countries (LDBC) for all or part of 2018.<sup>233</sup> Notable among these extra benefits is the third-country fabric provision for LDBCs. This provision provides duty-free treatment for certain apparel articles cut and sewn in designated beneficiary countries from non-U.S., non-AGOA fabrics as long as additional eligibility criteria are satisfied.<sup>234</sup> Meanwhile, as a result of the 2018 annual review of AGOA eligibility, Mauritania's AGOA eligibility was terminated effective January 1, 2019; 39 SSA countries remain eligible for AGOA benefits in 2019.<sup>235</sup>

In addition to the annual review process, any interested party may submit a petition to USTR, at any time, with respect to whether a beneficiary SSA country is meeting the AGOA eligibility requirements for an out-of-cycle review.<sup>236</sup> On March 21, 2017, the U.S.-based Secondary Materials and Recycled Textiles Association filed a petition requesting an out-of-cycle review of AGOA eligibility for Kenya, Rwanda, Tanzania, and Uganda. The petition stated that a March 2016 decision by the four countries to raise tariffs and phase in a ban on imports of used clothing and footwear imposed a significant economic hardship on the U.S. used clothing industry. The petition further contended that the decision was a violation of the AGOA eligibility criteria, which included actions by beneficiary countries to eliminate barriers to U.S. trade and investment.

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<sup>231</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 58–59. In 2018, the following 40 sub-Saharan African (SSA) countries were designated as beneficiary AGOA countries: Angola, Benin, Botswana, Burkina Faso, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Côte d'Ivoire, Djibouti, Ethiopia, Eswatini (formerly Swaziland), Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Republic of the Congo, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, South Africa, Tanzania, Togo, Uganda, and Zambia.

<sup>232</sup> Twenty-eight SSA countries were eligible for AGOA textile and apparel benefits for all or part of 2018. They included Benin, Botswana, Burkina Faso, Cameroon, Cabo Verde, Chad, Côte d'Ivoire, Eswatini (formerly Swaziland), Ethiopia, Ghana, Guinea, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Tanzania, Togo, Uganda, and Zambia. AGOA benefits for Niger, Mali, and The Gambia were reinstated in 2011, 2014, and 2018, respectively. However, textile and apparel benefits will not be reinstated for any of these countries until the country reapplies for its visa arrangement. Meanwhile, Eswatini's apparel benefits were reinstated on July 3, 2018, and Rwanda's AGOA apparel benefits were terminated on July 31, 2018. USDOC, OTEXA, "[Preferences: Country Eligibility, Apparel Eligibility, and Textile Eligibility \(Category 0 and Category 9\)](#)" (accessed May 20, 2019).

<sup>233</sup> USDOC, OTEXA, "[Preferences: Country Eligibility, Apparel Eligibility, and Textile Eligibility \(Category 0 and Category 9\)](#)" (accessed May 20, 2019).

<sup>234</sup> USITC, [Harmonized Tariff Schedule of the United States \(2019\)](#), July 2019, chapter 98, subchapter XIX, U.S. note 2(a) through 2(e).

<sup>235</sup> Mauritania's AGOA eligibility was terminated mainly because it has been determined that the country has made insufficient progress toward combating forced labor, in particular on the issue of hereditary slavery. In addition, the government of Mauritania continues to restrict the ability of civil society to work freely to address antislavery issues. USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 59; USTR, "[President Trump Terminates Trade Preference Program Eligibility for Mauritania](#)," November 2, 2018.

<sup>236</sup> The Trade Preferences Extension Act of 2015 Section 105(c) added the out-of-cycle procedures to the eligibility review process.

In response to the petition, on June 20, 2017, USTR initiated an out-of-cycle review of AGOA eligibility for Rwanda, Tanzania, and Uganda, but not Kenya. USTR explained that Kenya had taken steps to reverse the tariff increases, effective July 1, 2017, and had pledged not to ban imports of used clothing.<sup>237</sup> During the course of the out-of-cycle review, Tanzania and Uganda took similar actions to address the concerns raised in the petition.<sup>238</sup> Therefore, on March 29, 2018, the President determined that Tanzania and Uganda were meeting AGOA’s eligibility requirements.<sup>239</sup> On July 30, 2018, the President determined that Rwanda was no longer in compliance with AGOA’s eligibility requirements, and issued a proclamation suspending the application of duty-free treatment for all AGOA-eligible goods in the apparel sector from Rwanda, effective July 31, 2018.<sup>240</sup>

In 2018, the value of U.S. imports that entered free of duty from beneficiary countries under AGOA (including imports under GSP) was \$12.0 billion, an 11.5 percent decline from 2017. These imports accounted for 48.8 percent of total imports from AGOA countries in 2018. In 2018, imports entering the United States exclusively under AGOA (excluding those entered under GSP) were valued at \$10.8 billion, accounting for 43.9 percent of U.S. imports from AGOA countries (table 2.6).<sup>241</sup>

**Table 2.6** U.S. imports for consumption from AGOA beneficiaries, 2016–18

Item	2016	2017	2018
Total imports from AGOA countries (million \$)	19,997	24,876	24,527
Imports under AGOA (million \$) <sup>a</sup>	10,326	13,545	11,972
Imports under AGOA, excluding GSP (million \$) <sup>b</sup>	9,140	12,230	10,777
Imports under AGOA (as a share of all imports from AGOA countries)	51.6	54.4	48.8
Imports under AGOA (as a share of all imports eligible for AGOA)	86.8	88.6	85.8

Source: USITC DataWeb/USDOC (accessed May 23, 2019).

<sup>a</sup> AGOA-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 “D” in parentheses. The symbol “D” indicates that all AGOA beneficiaries are eligible for duty-free treatment with respect to all articles listed in the designated provisions. In addition, provisions of subchapters II and XIX of chapter 98 of the HTS set forth specific categories of AGOA-eligible products, under the terms of separate country designations enumerated in subchapter notes. Includes imports for which preferential tariff treatment was claimed for AGOA-eligible goods by U.S. importers under GSP, for HTS rate lines with special duty symbols “A,” “A\*” (unless the AGOA beneficiary country is excluded), or “A+.”

<sup>b</sup> Imports under AGOA includes AGOA-eligible products that may be imported under both AGOA and GSP. It is up to the exporting country or importer to choose under which program it will claim preferential treatment.

The decline in U.S. imports under AGOA in 2018 compared to 2017 mainly reflected a decline in the value and quantity of imports of crude petroleum and passenger motor vehicles under the program.<sup>242</sup> The value of U.S. crude petroleum imports under AGOA fell 15.1 percent (\$1.3 billion) from 2017 to 2018, and the quantity fell 36.2 percent (59.8 million barrels).<sup>243</sup> The value of U.S. imports of passenger motor vehicles under AGOA fell 54.6 percent (\$644.0 million), and the quantity fell by 58.0 percent

<sup>237</sup> 82 Fed. Reg. 28217 (June 20, 2017); USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 59.

<sup>238</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 59.

<sup>239</sup> USTR, [“President Trump Determines Trade Preference Program Eligibility for Rwanda, Tanzania, and Uganda,”](#) March 29, 2018.

<sup>240</sup> Proclamation 9771, 83 Fed. Reg. 37993 (August 8, 2019); USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 59.

<sup>241</sup> For information on U.S. trade and investment with sub-Saharan Africa, including more about the AGOA program, see USITC, [U.S. Trade and Investment with Sub-Saharan Africa: Recent Developments](#), April 2018.

<sup>242</sup> Crude petroleum refers to products classified under HTS 2709.00. Passenger motor vehicles here refers to products classified under HTS 8703.23.

<sup>243</sup> USITC DataWeb/USDOC (accessed May 21, 2019).

(25,043 units) (appendix A.22).<sup>244</sup> Nigeria, one of the top petroleum-producing countries in SSA, experienced significant declines in the value and quantity of its exports of crude petroleum to the United States under AGOA. Meanwhile, South Africa, the major SSA exporter of passenger motor vehicles to the United States, experienced considerable declines in the value and quantity of their exports of passenger motor vehicles to the United States under AGOA (appendix tables A.21 and A.22).

The major suppliers of duty-free U.S. imports under AGOA in 2018 were Nigeria (40.5 percent of total AGOA imports), Angola (18.1 percent), South Africa (13.8 percent), Chad (5.6 percent), Kenya (4.3 percent), and Ghana (3.1 percent). These six countries accounted for 85.3 percent of total imports by value under AGOA, a drop of 6.3 percentage points from 2017, mainly driven by a decline of U.S. imports under AGOA from Nigeria, Angola, and South Africa (appendix table A.21).<sup>245</sup>

Crude petroleum continued to be the leading import under AGOA. It accounted for 69.9 percent of the total value of AGOA imports in 2018, a 2.7 percentage point decline from 72.6 percent in 2017. The decline in value of U.S. crude petroleum imports under AGOA was mainly due to the decline of U.S. imports of such products from Nigeria.

Apparel products and passenger motor vehicles were two other major U.S. imports under AGOA. They accounted for 11.2 percent and 5.0 percent of the value of total AGOA imports in 2018, respectively (appendix table A.22).<sup>246</sup> U.S. passenger motor vehicle imports under AGOA came exclusively from South Africa, and they declined in value from \$1.2 billion in 2017 to \$534.5 million in 2018. The decline was driven in part by a fall in U.S. sales of imported C-Class Mercedes, which tend to come from South Africa and were mainly produced by Mercedes-Benz South Africa (MBSA).<sup>247</sup> U.S. imports of apparel products under AGOA were valued at \$1.2 billion in 2018, an 18.4 percent increase from \$1.0 billion in 2017.<sup>248</sup> The increase was mainly due to an increase in U.S. imports under AGOA from the major apparel-producing countries in SSA, such as Kenya, Lesotho, Madagascar, Ethiopia, and Ghana.<sup>249</sup>

Section 105 of AGOA required the President to establish the U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum (also known as the AGOA Forum) to discuss trade, investment, and development at an annual ministerial-level meeting with AGOA-eligible countries.<sup>250</sup> The 17th annual AGOA Forum was held in Washington, DC, on July 11–12, 2018. The theme of the forum was “Forging New Strategies for U.S.-Africa Trade and Investment.” Participants from the U.S. side included senior government officials, members of Congress, and private sector and civil society representatives. Participants from the African side were mainly trade and commerce ministers from the AGOA-eligible countries, heads of African regional economic communities, and representatives from the private sector

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<sup>244</sup> USITC DataWeb/USDOC (accessed May 21, 2019).

<sup>245</sup> The drop in exports from Angola under AGOA was driven by a drop in exports of crude petroleum (HTS 2709.00) under AGOA. However, U.S. crude petroleum imports for consumption from Angola increased overall between 2017 and 2018, as the volume of U.S. crude petroleum imports entering under GSP for LDBDCs and under no trade preference program grew over this time period.

<sup>246</sup> USITC DataWeb/USDOC (accessed May 24, 2019). Apparel products refers to products classified under HTS chapters 61 and 62; passenger motor vehicles here refer to products classified under HTS 8703.23.

<sup>247</sup> Ward's Intelligence, *Ward's Automotive Yearbook 2019* (accessed May 24, 2019).

<sup>248</sup> USITC DataWeb/USDOC (accessed May 24, 2019). Apparel products refers to products classified under HTS chapters 61 and 62.

<sup>249</sup> USITC DataWeb/USDOC (accessed May 21, 2019).

<sup>250</sup> 19 U.S.C. § 3704.



and civil society. During the forum, U.S. Trade Representative Robert Lighthizer outlined the administration’s trade policy approach towards Africa, and announced the administration’s intention to establish a bilateral free trade agreement with an as-yet-undetermined African country. The ultimate goal, according to the Trade Representative, is to have a network of free trade agreements which could serve as building blocks to an eventual African continental trade partnership with the United States.<sup>251</sup>

## Caribbean Basin Economic Recovery Act

The Caribbean Basin Economic Recovery Act (CBERA) was enacted in 1983 as part of the United States’ Caribbean Basin Initiative. Its goal was to encourage economic growth and development in the Caribbean Basin countries by using duty preferences to promote increased production and exports of nontraditional products.<sup>252</sup> The Caribbean Basin Trade Partnership Act (CBTPA) amended CBERA in 2000 and expanded the list of qualified articles for eligible countries to include certain apparel.<sup>253</sup> The CBTPA also extended “NAFTA-equivalent treatment”—that is, rates of duty equivalent to those accorded to goods complying with the rules of origin applicable under the North American Free Trade Agreement (NAFTA)—to a number of other products previously excluded from CBERA. These products included certain tuna; crude petroleum and petroleum products; certain footwear; watches and watch parts assembled from parts originating in countries not eligible for normal trade relations (NTR) rates of duty; and certain handbags, luggage, flat goods, work gloves, and leather wearing apparel.<sup>254</sup> Products that are still excluded from CBERA preferential treatment include textile and apparel products not otherwise eligible for preferential treatment under CBTPA (mostly textile products) and above-quota imports of certain agricultural products subject to tariff-rate quotas (primarily sugar, beef, and dairy products).

CBTPA preferential treatment provisions were extended in 2010 through September 30, 2020, while the original CBERA has no expiration date.<sup>255</sup> In the section that follows, the term CBERA refers to CBERA as amended by the CBTPA.

At the end of 2018, 17 countries and dependent territories were designated eligible for CBERA preferences,<sup>256</sup> and 8 of those countries were designated eligible for CBTPA preferences.<sup>257</sup> Several

<sup>251</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 34.

<sup>252</sup> For a more detailed description of CBERA, including country and product eligibility, see USITC, [Caribbean Basin Economic Recovery Act, 23rd Report](#), September 2017.

<sup>253</sup> Textiles and apparel that were not subject to textile agreements in 1983 are eligible for duty-free entry under the original CBERA provisions, which do not have an expiration date. This category includes only textiles and apparel of silk or non-cotton vegetable fibers, mainly linen and ramie. Textile and apparel goods of cotton, wool, or manmade fibers (“original MFA goods”) are not eligible under the original CBERA. “MFA” stands for the now-expired Multi-Fibre Arrangement.

<sup>254</sup> Normal trade relations (NTR) rates of duty, also known as most-favored-nation rates (MFN), are accorded to countries having NTR status in the United States and do not allow discrimination between trading partners.

<sup>255</sup> Certain preferential treatment provisions have been extended to September 30, 2020. These provisions relate to import-sensitive textile and apparel articles from CBERA countries and to textile and apparel articles imported under special rules for Haiti (see section on Haiti below). The extension occurred on May 24, 2010, when the President signed the Haiti Economic Lift Program Act of 2010, Pub. L. 111-171, § 3.

<sup>256</sup> Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago, and the British Virgin Islands.

<sup>257</sup> Barbados, Belize, Curaçao, Guyana, Haiti, Jamaica, Saint Lucia, and Trinidad and Tobago.

countries have asked to be designated as eligible for benefits under CBERA, CBTPA, or both, including Turks and Caicos Islands, which requested eligibility under CBERA; Aruba, The Bahamas, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, and Saint Vincent and the Grenadines, under CBTPA;<sup>258</sup> and Sint Maarten and Suriname, under both CBERA and CBTPA.<sup>259</sup>

In 2018, the value of U.S. imports under CBERA increased by 9.1 percent to \$1.7 billion from \$1.5 billion in 2017 (table 2.7). The top five imports under CBERA in 2018—methanol (HTS subheading 2905.11), T-shirts (subheadings 6109.10 and 6109.90), and sweaters (subheadings 6110.20 and 6110.30)—comprised 65 percent of imports under the program (appendix table A.24). The largest increase in the value of U.S. imports under CBERA was in cotton T-shirts (subheading 6109.90), which increased by 28.9 percent to \$106.2 million, primarily due to a 38.9 percent rise in the quantity imported. The next-largest increase in import value was in methanol, which rose by 18.4 percent to \$447.7 million, despite a 3.4 percent drop in the quantity imported. However, the value of a number of U.S. imports under the program declined in 2018. U.S. imports of polystyrene declined by \$13.8 million (17.6 percent), mostly because of a decrease in quantity imported of 12.2 percent; and U.S. imports of crude petroleum declined by \$19.6 million (36.6 percent), mostly due to a decrease in quantity imported of 27.6 percent.<sup>260</sup>

**Table 2.7** U.S. imports for consumption from CBERA/CBTPA beneficiaries, 2016–18

Item	2016	2017	2018
Total imports from CBERA countries (million \$)	5,320	5,798	6,071
Total imports under CBERA/CBTPA (million \$)	1,410	1,544	1,685
Imports under CBTPA (million \$) <sup>a</sup>	931	928	1,000
Imports under CBERA, excluding CBTPA (million \$) <sup>b</sup>	479	617	685
Imports under CBERA (as a share of all imports from CBERA countries) (%)	26.5	26.6	27.8
Imports under CBERA (as a share of all imports eligible for CBERA) (%)	72.2	67.1	65.9

Source: USITC DataWeb/USDOC (accessed March–June 2019).

Note: The data for U.S. imports under CBERA include U.S. imports under CBERA as amended by both CBTPA and the HOPE and HELP Acts. In previous *Year in Trade* reports, trade data under the HOPE and HELP Acts were reported and analyzed separately only in the “Haiti Initiatives” section. Thus, numbers from the previous report are not comparable to the numbers in the table above. Beginning this year, USITC staff have tracked Census data of textile and apparel imports under HOPE/HELP at the shipment level. These data are cross-checked against aggregate figures from USDOC’s Office of Textiles and Apparel (OTEXA), which is part of the International Trade Administration, to ensure an accurate reporting of HOPE/HELP utilization rates.

<sup>a</sup> CBTPA-eligible products are those for which a special duty rate appears in the special rate column of the HTS, followed by the symbol “R” in parentheses. The symbol “R” indicates that all CBTPA beneficiary countries are eligible for special duty rate treatment with respect to all articles listed in the designated provisions. In addition, subchapters II and XX of chapter 98 set forth provisions covering specific products eligible for duty-free entry, under separate country designations enumerated in those subchapters (and including former CBTPA beneficiaries—El Salvador, Guatemala, Honduras, Nicaragua, the Dominican Republic, Costa Rica, and Panama).

<sup>b</sup> CBERA (excluding CBTPA)-eligible products are those for which a special duty rate appears in the special rate column of the HTS, followed by the symbols “E” or “E\*” in parentheses. The symbol “E” indicates that all beneficiary countries are eligible for special duty rate treatment with respect to all articles listed in the designated provisions. The symbol “E\*” indicates that certain articles, under general note 7(d) of the HTS, are not eligible for special duty treatment with respect to any article listed in the designated provision.

<sup>258</sup> 77 Fed. Reg. 61816 (October 11, 2012).

<sup>259</sup> 77 Fed. Reg. 61816 (October 11, 2012); 75 Fed. Reg. 17198 (April 5, 2010). Until 2010, Curaçao and Sint Maarten were members of the now-dissolved Netherlands Antilles.

<sup>260</sup> For more information about these trade trends, see USITC, [Caribbean Basin Economic Recovery Act, 24th Report](#), September 2019.



U.S. imports under CBERA accounted for 27.8 percent of all U.S. imports from CBERA countries in 2018 and for 65.9 percent of the U.S. imports from CBERA countries that were eligible for CBERA trade preferences. Haiti was the leading supplier of U.S. imports under the program in 2018, accounting for 56.8 percent of the total value. Haiti is the only supplier of apparel under CBERA. Trinidad and Tobago was the second leading supplier of U.S. imports under CBERA in 2018, accounting for 32.6 percent of the total value. Trinidad and Tobago was the sole supplier of several top U.S. imports under CBERA, including methanol, petroleum products, and melamine. Haiti and Trinidad and Tobago together supplied about 90 percent of U.S. imports under CBERA preferences. Jamaica and The Bahamas were the third and fourth leading suppliers, accounting for 5.0 and 3.9 percent of the total, respectively (appendix table A.23).

## Haiti Initiatives

Starting in 2006, several amendments to CBERA have expanded and enhanced the trade benefits available to Haiti. These benefits give Haitian apparel producers more flexibility in sourcing yarns and fabrics beyond the preferences available under CBTPA, which rely on the use of U.S. yarns only. The Haitian Hemisphere Opportunity through Partnership Encouragement Act of 2006 (HOPE Act)<sup>261</sup> and of 2008 (HOPE II Act)<sup>262</sup> (collectively referred to as HOPE or the HOPE Acts) amended CBERA to expand the rules of origin for inputs to apparel and wire harness automotive components assembled in Haiti and imported into the United States.<sup>263</sup> The Haitian Economic Lift Program of 2010 (HELP Act) expanded existing U.S. trade preferences (especially duty-free treatment for certain qualifying apparel, regardless of the origin of inputs) for Haiti that were established under CBTPA and the HOPE Acts and extended them through September 30, 2020.<sup>264</sup> The Trade Preferences Extension Act of 2015 extended the HOPE/HELP Acts preferences through September 30, 2025.<sup>265</sup> To date, there have been no other changes to the HOPE/HELP Acts, and duty-free access to the U.S. market remains a major incentive for U.S. firms to import apparel from Haiti.<sup>266</sup>

Nearly all (97.0 percent) U.S. imports of apparel from Haiti entered duty-free under trade preference programs in 2018 (table 2.8). Existing trade preferences under the CBTPA provisions and the HOPE Acts allow Haitian producers and U.S. buyers to use both U.S. yarns and fabrics, and yarns and fabrics of any origin, to take advantage of duty-free benefits.<sup>267</sup> Slightly more than one-quarter (27.4 percent) of total U.S. imports of apparel from Haiti (\$254.5 million) entered under CBTPA provisions in 2018. The share entering under CBTPA has been falling steadily since 2014, reflecting a continued shift of U.S. apparel

<sup>261</sup> Pub. L. 109-432, § 5001 et seq., the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006, 19 U.S.C. § 2703a.

<sup>262</sup> Pub. L. 110-234, § 15401 et seq., the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008.

<sup>263</sup> There were no U.S. imports of wiring harness automotive components (HTS 8544.30 and 9820.85.44) from Haiti during 2007–18.

<sup>264</sup> Pub. L. 111-171, § 2, Haiti Economic Lift Program Act of 2010. For more information on this program, see USITC, [The Year in Trade 2011](#), July 2012, 2-22 to 2-23, and [The Year in Trade 2010](#), July 2011, 2-21 to 2-22.

<sup>265</sup> Pub. L. 114-27, § 301, Extension of Preferential Duty Treatment Program for Haiti.

<sup>266</sup> Industry representative, telephone interview by USITC staff, May 22, 2019.

<sup>267</sup> According to a representative of the Haitian industrial association, preferences granted under the CBTPA and HOPE Acts complement each other and function in an integrated way to support Haiti's garment industry, its most important source of employment. ADIH, written submission to USITC, May 24, 2019.

imports from Haiti from entering under CBTPA provisions to entering under the HOPE/HELP Acts.<sup>268</sup> This decline in the utilization of CBTPA preferences may be attributed not only to the more flexible rules of origin offered under HOPE/HELP but also to CBTPA’s approaching expiration on September 30, 2020, given that the HOPE/HELP Acts do not expire until September 30, 2025. Between 2017 and 2018, the value of U.S. imports of apparel entering under the HOPE/HELP Acts rose 11.9 percent, from \$577.0 million to \$645.5 million. These imports represented nearly 70 percent of total U.S. apparel imports from Haiti, up from 67 percent in 2017 and 63 percent in 2016.

**Table 2.8** U.S. general imports of apparel from Haiti, 2016–18

Item	2016	2017	2018
Total apparel imports from Haiti (million \$)	848.5	862.1	928.1
Apparel imports under a trade preference program (million \$)	842.9	853.8	900.0
CBERA/CBTPA (million \$)	307.9	276.8	254.5
HOPE and HELP Acts (million \$)	535.0	577.0	645.5
Share of total apparel imports from Haiti:	(Percent)		
Apparel imports under a trade preference program (%)	99.3	99.0	97.0
CBERA/CBTPA (%)	36.3	32.1	27.4
HOPE and HELP Acts (%)	63.1	66.9	69.6

Source: USITC DataWeb/USDOC (accessed March–June 2019).

Note: These data reflect detailed U.S. general import data under trade preference programs sorted by category and published by the Office of Textiles and Apparel at the U.S. Department of Commerce (accessed March–June 2019).

Because Haiti shares a border with the Dominican Republic on the island of Hispaniola, Haiti’s apparel industry has been able to benefit from the Dominican Republic’s infrastructure, including more developed port facilities through which it can ship apparel to the United States.<sup>269</sup> Haiti also exclusively benefits from rules that allow and encourage co-production with the Dominican Republic.<sup>270</sup> This allows companies to rely on Haiti for the labor-intensive assembly operations while placing capital investments such as knitting, dyeing, or cutting machinery in the Dominican Republic, where commercial contracts are more reliable and access to adequate financing and insurance is less of a concern.<sup>271</sup> Several

<sup>268</sup> See USITC, *The Year in Trade 2015*, July 2016, 90, and USITC, *Caribbean Basin Economic Recovery Act, 24th Report*, September 2019.

<sup>269</sup> Ports and airports located in the Dominican Republic are widely used to export qualifying Haitian apparel to the United States under HOPE/HELP. ADOZONA, written submission to USITC, May 14, 2019.

<sup>270</sup> For Haiti alone, duty-free apparel may undergo production in either Haiti or the Dominican Republic as long as some production specifically occurs in Haiti. The practices of co-production between the Dominican Republic and Haiti developed during the years that both were CBTPA beneficiaries. CBTPA allows for co-production among beneficiary countries as long as the finished good is exported from a CBTPA country. When the United States and the Dominican Republic implemented the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) on March 1, 2007, a clause was added to the CBTPA allowing goods produced in Haiti, or co-produced in Haiti and the Dominican Republic, to be exported from the Dominican Republic, even though it is no longer a CBTPA beneficiary country. Pub. L. 109-53 § 402(d).

<sup>271</sup> Co-production arrangements with the Dominican Republic are advantageous to both countries. Lower assembly costs in Haiti means Haiti gains more jobs, while the Dominican Republic gains foreign direct investment in spinning, knitting, or dyeing facilities. On average, it takes \$17 million to establish an assembly facility in which 100,000 square feet of space may translate to 11,000 or more sewing jobs. A comparably sized fabric-cutting facility would require a \$400 million investment, but create only 100–150 jobs. Industry representative, telephone interview by USITC staff, May 22, 2019.

Dominican companies are major investors in industrial parks in Haiti.<sup>272</sup> Firms from South Korea, Sri Lanka, and Taiwan have also invested in Haiti's apparel production and in the industrial parks that support that industry. Several Asian-based apparel manufacturers, including Hansae and S&H Global (South Korea), MAS Akansyel (Sri Lanka), and Everest (Taiwan), plan to expand their manufacturing operations in Haiti and add additional sewing jobs.<sup>273</sup>

Other companies have been more reluctant to make such commitments in Haiti. Several industry representatives have commented that uncertainty around the implementation of CBTPA and HOPE/HELP—namely, the programs' relatively short-term past extensions and revolving expiration dates—has hindered long-term investments and plans for expanded sourcing in Haiti.<sup>274</sup>

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<sup>272</sup> The Dominican Republic and Haiti have built a robust textile co-production system that currently supports more than 14,000 direct jobs in the Dominican Republic and more than 40,000 direct jobs in Haiti. In 2019, there were 49 companies based in the Dominican Republic engaged in co-production of apparel with Haiti. ADOZONA, written submission to by USITC, May 14, 2019.

<sup>273</sup> Industry representative, email to USITC staff, June 3, 2019.

<sup>274</sup> USITC, hearing transcript, May 14, 2019, 43, 61, 77 (testimony of Chuck Ward, Gildan Activewear), 58–59, 73–74 (Gail Strickler, Brookfield Associates, LLC), 70 (Ron Sorini, Sorini, Samet); Industry representative, telephone interview by USITC staff, May 22, 2019.



# Chapter 3

## The World Trade Organization

This chapter covers developments in 2018 in the World Trade Organization (WTO). These include programs and related items under the WTO General Council, as well as plurilateral agreements hosted under WTO auspices.<sup>275</sup> The chapter also summarizes developments in major WTO dispute settlement cases during the year.

### Meetings and Agreements

#### Multilateral Trade Negotiations

In October 2018, the WTO Director-General Roberto Azevêdo reported to an informal meeting of the Trade Negotiations Committee and WTO heads of delegations that little progress had been made in trade negotiations since the Eleventh WTO Ministerial Conference in December 2017. He asked members to continue to work in all areas of negotiations, noting that only the members themselves could drive issues forward.<sup>276</sup>

Beyond multilateral trade negotiations in the WTO under the Doha Development Agenda (DDA), the WTO Director-General highlighted increased discussion in his consultations with members over the functioning of the multilateral trade system itself, where some members saw distortions in trade practices that might be checked through WTO reform or modernization efforts. He said in his address to the full WTO membership in December 2018 that members need to work to ease tensions and respond to systemic issues.<sup>277</sup>

#### General Council

At the WTO General Council session in July 2018, members agreed to hold the Twelfth WTO Ministerial Conference, June 8–11, 2020, in Astana, Kazakhstan.<sup>278</sup>

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<sup>275</sup> The WTO is based on a “multilateral” agreement whose rules and commitments apply to all its members. WTO members may also negotiate smaller “plurilateral” agreements whose rules and commitments apply only to the members that have signed it.

<sup>276</sup> WTO, “[DG Azevêdo: Debate On WTO Reform](#),” October 16, 2018; WTO, General Council, “[Minutes of the Meeting Held in the Centre William Rappard on 18 October 2018](#),” November 20, 2018. Some areas of negotiations have shown progress, including fisheries subsidies and e-commerce, while others, including agriculture and environmental goods, have stalled. CRS, “[World Trade Organization: Overview and Future Direction](#),” February 15, 2019.

<sup>277</sup> WTO, “[DG Azevêdo: Debate On WTO Reform](#),” October 16, 2018; WTO, “[DG Azevêdo: ‘2019 Will Be a Moment to Renew and Strengthen’](#),” December 10, 2018. For a short synopsis of the difficulties faced by WTO members in proceeding with the “single undertaking” of the DDA multilateral trade negotiations after 2015, see CRS, “[World Trade Organization: Overview and Future Direction](#),” February 15, 2019, 33.

<sup>278</sup> WTO, General Council, “[General Council—Annual Report \(2018\)](#),” January 15, 2019.

## Work Programs, Decisions, Waivers, and Reviews

At the year-end meeting of the General Council, delegates reviewed a variety of work programs, including the work programs on electronic commerce, small economies, and Aid for Trade. They also reviewed progress on the initiative on the development assistance aspects of cotton; reviewed the report by the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS) on the functioning of the compulsory licensing system for medicines; and reviewed waivers, as described below.

### Work Program on Electronic Commerce

The Chair of the General Council reported on the periodic reviews held under the Work Program on Electronic Commerce during 2018. These reviews discussed, in particular, the moratorium on imposing customs duties on electronic transmissions. At the Eleventh WTO Ministerial conference held in December 2017, members agreed to extend this moratorium for two years while they worked toward possible future negotiations on electronic commerce (e-commerce). They also discussed the possible establishment of a WTO institutional structure, such as a working group, to provide a single WTO forum to help focus future e-commerce discussions.<sup>279</sup> Separate but parallel discussions among a subset of WTO members in 2018 addressed possible future e-commerce negotiations under the Electronic Commerce Initiative (see the “Electronic Commerce Initiative” section later in this chapter).

### Work Program on Small Economies

The Committee on Trade and Development reported on meetings held during 2018 in keeping with its standing General Council mandate. These included dedicated sessions held in June and November 2018, which focused on the factors that contribute to higher trade costs faced by small and vulnerable economies. They also discussed best practices and policy approaches to mitigate the effect of each factor.<sup>280</sup>

### Aid for Trade Initiative

The WTO-led Aid for Trade initiative seeks to mobilize resources to address the trade-related constraints identified by developing and least-developed countries.<sup>281</sup> The Committee on Trade and Development carries out its activities under the Aid for Trade initiative based on a two-year work program.<sup>282</sup> On May 7, 2018, the Committee agreed on its work program for Aid for Trade for the 2018–19 period.<sup>283</sup> The work program’s primary focus is the Aid for Trade Global Review in 2019—the seventh since 2007—that will review progress made in subjects such as aid-for-trade financing for trade policy and regulation, trade development, trade-related infrastructure, increasing productive trade capacity, trade-related adjustment, and other trade-related needs.<sup>284</sup>

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<sup>279</sup> WTO, General Council, [General Council—Annual Report \(2018\)](#), January 15, 2019, 5. For further background, see USITC, [The Year in Trade 2017](#), August 2018, 91.

<sup>280</sup> WTO, General Council, [General Council—Annual Report \(2018\)](#), January 15, 2019, 5.

<sup>281</sup> WTO, “[Aid for Trade](#)” (accessed July 2, 2019).

<sup>282</sup> WTO, “[Aid for Trade](#)” (accessed July 2, 2019).

<sup>283</sup> WTO, General Council, [General Council—Annual Report \(2018\)](#), January 15, 2019, 6.

<sup>284</sup> WTO, Committee on Trade and Development—Aid for Trade, “[Aid-For-Trade Work Programme—2018–2019—Supporting Economic Diversification](#),” May 7, 2018, 1.

## Development Assistance Aspects of Cotton

On behalf of the WTO Director-General, the Deputy DG reported to the General Council on the development assistance aspects of cotton, as called for originally under the 2004 Doha Work Program<sup>285</sup> and reinforced subsequently by decisions taken at the ministerial conferences held in 2013 and 2015.<sup>286</sup> In particular, he reported on progress made under the so-called Cotton Initiative that looks to better coordinate trade negotiations affecting cotton, such as domestic support and export subsidy programs in developed countries, with the development aspects of cotton. Examples of the latter include cotton-specific assistance channeled by the international development community to the less developed cotton producers through bilateral, multilateral, and regional efforts.<sup>287</sup> In addition to increases in active cotton-specific development assistance in 2018, the Deputy DG reported that discussions and work taking place under the Director-General's Consultative Framework Mechanism on Cotton have become more "methodical."<sup>288</sup>

## Annual Review of the TRIPS Special Compulsory Licensing System

The General Council noted in the annual report of the TRIPS Council<sup>289</sup> covering the Special Compulsory Licensing System, an amendment to the WTO TRIPS Agreement that entered into force on January 23, 2017.<sup>290</sup> The amendment grew out of a 2005 decision by WTO members to waive a particular restriction on compulsory licensing found in the TRIPS Agreement. Under TRIPS, typically a member country that produces generic medicines under compulsory licenses must sell those medicines only into its own domestic market. The amendment allows generic versions of patented medicines to be produced under compulsory licenses exclusively for export to countries that cannot manufacture the needed medicines themselves.<sup>291</sup> All WTO members are eligible to import medicines under this additional compulsory licensing mechanism, although industrial countries have elected not to use it for imports.<sup>292</sup> The waiver aims to help developing and least-developed countries import needed medicines when faced with public health problems, even if they obtain the medicines from suppliers in another country producing under compulsory licenses.<sup>293</sup>

<sup>285</sup> WTO, "[Doha Work Programme—Decision Adopted by the General Council on 1 August 2004](#)," August 2, 2004.

<sup>286</sup> WTO, General Council, [General Council—Annual Report \(2018\)](#), January 15, 2019, 6; WTO, "[Agriculture and Development: Cotton—Cotton](#)" (accessed February 14, 2019).

<sup>287</sup> WTO, General Council, [General Council—Annual Report \(2018\)](#), January 15, 2019; WTO, "[Agriculture Negotiations: Backgrounder—The Cotton Initiative](#)" (accessed February 14, 2019).

<sup>288</sup> WTO, General Council, [General Council—Annual Report \(2018\)](#), January 15, 2019, 6; WTO, "[Agriculture and Development: Cotton—Cotton](#)" (accessed February 14, 2019).

<sup>289</sup> WTO, TRIPS Council, [Annual Review of the Special Compulsory Licensing System](#), November 27, 2018.

<sup>290</sup> According to the WTO, compulsory licensing is permission given by a government to a non-patent owner to produce a patented product or process without the consent of the patent owner. Compulsory licensing is traditionally used by developing countries for producing necessary goods, like pharmaceuticals, strictly for domestic consumption. WTO, "[Compulsory Licensing of Pharmaceuticals and TRIPS](#)" (accessed July 2, 2019).

<sup>291</sup> WTO, General Council, [General Council—Annual Report \(2018\)](#), January 15, 2019, 91.

<sup>292</sup> WTO, "[Compulsory Licensing of Pharmaceuticals and TRIPS](#)" (accessed July 2, 2019).

<sup>293</sup> WTO, "[Amendment to the Agreement on Trade-Related Aspects of Intellectual Property Rights \(TRIPS\)](#)" (accessed February 13, 2019).

## Review of Waivers under Article IX:4 of the WTO Agreement

In 2018, the General Council adopted four draft decisions that introduced a number of changes, made respectively in the Harmonized System's 2002, 2007, 2012, and 2017 versions, into the WTO Schedule of Tariff Concessions.<sup>294</sup> The council also conducted its annual review of waivers under Article IX:4 of the WTO Agreement, including waivers granted to the United States for the Caribbean Basin Economic Recovery Act (through December 31, 2019), African Growth and Opportunity Act (through September 30, 2025), Former U.S. Trust Territory of the Pacific Islands (through December 31, 2026), and trade preferences granted to Nepal (through December 31, 2025).<sup>295</sup> Under the terms of the waivers, the United States is required to submit an annual report to the General Council covering trade under these programs in the previous year.<sup>296</sup> These waivers allow the United States to continue to provide preferential trade access to the above partner economies.

## WTO Membership

In 2018, WTO membership remained at 164.<sup>297</sup> In addition, the WTO counted 23 observer governments, as well as numerous observer institutions. According to the WTO Director-General, 22 of the 23 observer governments were at some stage in the process of WTO accession at yearend 2018.<sup>298</sup> Of these 22 governments, USTR considered 11 to be engaged<sup>299</sup> in the accession process during the year, while the remaining 11 either were dormant<sup>300</sup> or had not yet begun the process<sup>301</sup> during 2018.<sup>302</sup>

## Agreement on Trade Facilitation

The WTO Agreement on Trade Facilitation (TFA) aims to expedite the movement, clearance, and release of goods, including goods in transit. It sets out measures for cooperation on trade facilitation and customs compliance issues between customs authorities and other appropriate authorities. In addition, the agreement contains provisions for technical assistance and capacity building to facilitate trade.<sup>303</sup> The TFA entered in force on February 22, 2017, after it was ratified by the necessary two-thirds of the WTO membership.<sup>304</sup> The Committee on Trade Facilitation, established as part of the agreement, held

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<sup>294</sup> WTO, General Council, [General Council—Annual Report \(2018\)](#), January 15, 2019, 8. The Harmonized Commodity Description and Coding System, or Harmonized System (HS), is an international product nomenclature (classification system) used by over 200 countries as a basis for their customs tariffs and the collection of international trade statistics. See World Customs Organization, "[What Is the Harmonized System \(HS\)?](#)" (accessed July 19, 2019).

<sup>295</sup> WTO, General Council, [General Council—Annual Report \(2018\)](#), January 15, 2019, 8–9.

<sup>296</sup> For an example, see WTO, General Council, "[United States—African Growth and Opportunity Act—Report of the Government of the United States for the Year 2015](#)," January 20, 2017.

<sup>297</sup> WTO, "[Understanding the WTO: The Organization—Members and Observers](#)" (accessed April 1, 2019).

<sup>298</sup> WTO, [WTO Accessions—2018 Annual Report by the Director-General](#), December 11, 2018, 7. (The 23rd observer government was the Vatican, which is not required to accede.)

<sup>299</sup> Azerbaijan, The Bahamas, Belarus, Bosnia and Herzegovina, Comoros, Ethiopia, Iraq, Serbia, South Sudan, Sudan, and Uzbekistan.

<sup>300</sup> Algeria, Andorra, Bhutan, Iran, Lebanon, and Timor-Leste.

<sup>301</sup> Equatorial Guinea, Libya, São Tomé and Príncipe, Somalia, and Syria.

<sup>302</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2, 2019, 208.

<sup>303</sup> WTO, "[Trade Facilitation—Cutting 'Red Tape' at the Border](#)" (accessed June 1, 2019).

<sup>304</sup> WTO, "[Trade Facilitation](#)" (accessed December 13, 2018).



its first session May 16, 2017. The committee receives updates on ratifications and notifications under the TFA, as well as on activities of the WTO Trade Facilitation Agreement Facility.<sup>305</sup>

The Committee on Trade Facilitation held four sessions in 2018. Committee discussions during the year focused on notifications, administration, and implementation of the agreement. Members also exchanged experiences on how national committees address trade facilitation, transit, and other topics; possible regional approaches to trade facilitation; and subjects such as authorized economic operators, use of a single customs window, and advanced customs rulings.<sup>306</sup>

By November 30, 2018, 140 countries had ratified the TFA, representing over 85 percent of WTO membership.<sup>307</sup> Near yearend 2018, submission of category A, B, and C notifications also rose to 114, 71, and 60, respectively.<sup>308</sup>

## Plurilateral Agreements Already in Force

### Agreement on Trade in Civil Aircraft<sup>309</sup>

The Agreement on Trade in Civil Aircraft entered into force on January 1, 1980 as part of the Uruguay Round agreements. During the process of establishing the WTO in 1995, the Agreement on Trade in Civil Aircraft was one of two plurilateral agreements carried out that committed signatories to core disciplines applicable only to those parties signing the agreement.<sup>310</sup> In 2018, there were 32 signatories to the Agreement on Trade in Civil Aircraft, of which 20 European Union (EU) member states are signatory governments in their own right. The agreement eliminates import duties on all civil (i.e., nonmilitary) aircraft, as well as on other related products covered by the agreement. Examples of covered products are civil aircraft engines and their parts and components; components and sub-assemblies of civil aircraft; and flight simulators and their parts and components.<sup>311</sup> In 2018, the WTO Committee on Trade in Civil Aircraft held an informal meeting in March, as well as a formal meeting in October where signatory countries adopted the annual report for 2018.<sup>312</sup> The Committee continued to

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<sup>305</sup> The Trade Facilitation Agreement Facility was created to help ensure that developing and least-developed WTO members receive the full benefits of the Trade Facilitation Agreement. The Facility helps developing and LDC members to assess and fulfill specific needs in implementing the Trade Facilitation Agreement. WTO, "[Trade Facilitation Agreement Facility—About the Facility](#)" (accessed July 2, 2019).

<sup>306</sup> WTO, "[Trade Facilitation—Committee on Trade Facilitation](#)" (accessed July 2, 2019).

<sup>307</sup> WTO, "[Trade Facilitation Agreement Facility—Ratifications List](#)" (accessed July 2, 2019).

<sup>308</sup> WTO members are allowed to benefit from special and differential treatment by implementing the agreement at their own pace. The A, B, and C notifications indicate when the member will carry out each trade facilitation measure—immediate implementation, implementation after a transitional period, or implementation with assistance and support for capacity building. WTO, General Council, "[Agenda Item 2: Implementation of the Bali, Nairobi and Buenos Aires Outcomes—Statement by the Chairman—Thursday, 18 October 2018](#)," October 19, 2018, par. 1.13.

<sup>309</sup> WTO, [Report \(2018\) of the Committee on Trade in Civil Aircraft \(Adopted 29 October 2018\)](#), November 6, 2018.

<sup>310</sup> The WTO is based on a "multilateral" agreement whose rules and commitments apply to all its members. WTO members may also negotiate smaller "plurilateral" agreements whose rules and commitments apply only to the members that have signed it.

<sup>311</sup> WTO, "[Agreement on Trade in Civil Aircraft](#)" (accessed December 11, 2018).

<sup>312</sup> WTO, "[Agreement on Trade in Civil Aircraft](#)" (accessed July 2, 2019); WTO, Committee on Trade in Civil Aircraft, "[Minutes of the Meeting Held on 29 October 2018](#)," November 26, 2018.

discuss whether and how to update the tariff classifications of the list of products covered by the agreement.<sup>313</sup>

## Agreement on Government Procurement <sup>314</sup>

The initial Agreement on Government Procurement (GPA) was signed in 1994 as a plurilateral agreement under the WTO, administered by the WTO Committee on Government Procurement. The initial agreement had 19 parties, including the United States.<sup>315</sup> The agreement aims to open bidding to all suppliers from GPA parties on government procurement contracts covering goods, services, and construction services.

Once the agreement came into effect, the parties opened negotiations to improve its provisions, leading to the Revised Agreement on Government Procurement in 2012. Signed by the initial 19 parties,<sup>316</sup> the new agreement covered 47 WTO members overall.<sup>317</sup> On October 17, 2018, the parties approved the accession of Australia to the GPA. Australia would officially become a party to the GPA 30 days after submitting its formal instrument of accession to the WTO Director-General.<sup>318</sup> At the November 27, 2018, meeting of the committee, the parties approved in principle the final market-access offer by the United Kingdom in its own right in preparation for Brexit. The offer was intended to replicate the EU's current GPA schedule of commitments that the UK accepts as a member state of the European Union.<sup>319</sup>

## Expansion of the Information Technology Agreement

The Information Technology Agreement (ITA)<sup>320</sup> is a plurilateral agreement that eliminates tariffs on certain information and communications technology products, such as computers, telecommunication equipment, semiconductors, semiconductor manufacturing and testing equipment, software, and scientific instruments, as well as most of the parts and accessories for these products.<sup>321</sup> It was concluded by 29 participants at the December 1996 Singapore Ministerial Conference.<sup>322</sup> In 2018, no new members signed onto the ITA, which now totals 53 participants (accounting for 82 WTO members), including the United States.<sup>323</sup>

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<sup>313</sup> WTO, [Annual Report 2019](#), 2019, 85.

<sup>314</sup> WTO, [Report \(2018\) of the Committee on Government Procurement](#), November 29, 2018.

<sup>315</sup> WTO, ["Agreement on Government Procurement—Parties, Observers and Accessions"](#) (accessed December 11, 2018).

<sup>316</sup> Switzerland's accession to the GPA 2012 was pending as of July 1, 2019. WTO, [Report \(2018\) of the Committee on Government Procurement](#), November 29, 2018.

<sup>317</sup> Another 32 WTO members attend committee meetings as observers, with 10 of these observers in the process of accession. WTO, [Report \(2018\) of the Committee on Government Procurement](#), November 29, 2018.

<sup>318</sup> WTO, ["Australia Accepted as New Party to Government Procurement Pact"](#), October 17, 2018. Australia ratified the GPA on April 5, 2019, and its accession to the agreement took effect on May 5, 2019. WTO, ["Australia Ratifies WTO Procurement Pact"](#), April 5, 2019.

<sup>319</sup> WTO, ["Parties to Government Procurement Pact Approve UK's Terms of Participation post-Brexit"](#), November 27, 2018.

<sup>320</sup> WTO, ["Ministerial Declaration on Trade in Information Technology Products"](#), December 13, 1996.

<sup>321</sup> WTO, ["Information Technology Agreement—An Explanation"](#) (accessed July 2, 2019).

<sup>322</sup> WTO, ["Information Technology Agreement—An Explanation"](#) (accessed July 2, 2019).

<sup>323</sup> For a list of the participants, see WTO, Committee of Participants on the Expansion of Trade in Information Technology Products, ["Status of Implementation—Note by the Secretariat—Revision"](#), October 10, 2018. The

In June 2012, a subset of ITA participants initiated talks to expand product coverage under the ITA, given advances made in information technology products since the original ITA was signed.<sup>324</sup> By July 2015, following 17 rounds of negotiations, participants agreed to eliminate tariffs on an additional 201 products.<sup>325</sup> New products covered by the ITA expansion include new-generation semiconductors, semiconductor manufacturing equipment, optical lenses, Global Positioning System (GPS) navigation equipment, and medical equipment such as magnetic resonance imaging products and ultrasonic scanning apparatus. To date, more than 50 WTO members, accounting for about 90 percent of world trade in products covered under the expansion, have confirmed their acceptance of tariff concessions.<sup>326</sup>

WTO members that participated in the negotiations to expand the ITA implemented their third set of tariff reductions on July 1, 2018.<sup>327</sup> The Committee of Participants on the Expansion of Trade in Information Technology Products met twice in 2018. These meetings focused on two implementation issues concerning India and China.<sup>328</sup> In addition, under the work program on nontariff measures, an informal group of 15 members focused on conformity assessment procedures linked to test results, e-labeling, and transparency.<sup>329</sup>

## Selected Plurilateral Agreements under Discussion

This section covers negotiations on fisheries subsidies and exploratory talks on electronic commerce, which were active during 2018. There have been no new developments in the negotiations on an environmental goods agreement since 2016.<sup>330</sup>

### Negotiations on an Agreement on Fisheries Subsidies<sup>331</sup>

WTO negotiations on fisheries subsidies were initially launched in November 2001 at the Fourth WTO Ministerial Conference in Doha, Qatar, and further elaborated in December 2005 at the Sixth Ministerial Conference in Hong Kong, China. The aim of these negotiations was to improve WTO disciplines on fisheries subsidies; in 2005, it was expanded to include work toward prohibiting certain forms of fisheries subsidies that contribute to overfishing and overcapacity.

In September 2015, world leaders adopted the United Nations' Sustainable Development Goals (SDGs), and in doing so gave renewed impetus to the WTO fisheries negotiations. In particular, SDG target 14.6

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difference between the number of participants and the number of WTO members is that the 28 member states of the EU as well as Liechtenstein are included in the list of WTO members. In the list of participants, only the European Union (on behalf of all of the EU member states) and Switzerland (on behalf of the customs union of Switzerland and Liechtenstein) are included.

<sup>324</sup> WTO, "[Information Technology Agreement—An Explanation](#)" (accessed July 2, 2019).

<sup>325</sup> WTO, "[Information Technology Agreement—An Explanation](#)" (accessed July 2, 2019).

<sup>326</sup> WTO, "[Information Technology Agreement—An Explanation](#)" (accessed July 2, 2019).

<sup>327</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, V-217.

<sup>328</sup> WTO, [Report \(2018\) of the Committee of Participants on the Expansion of Trade in Information Technology Products](#), 2018.

<sup>329</sup> WTO, Committee of Participants on the Expansion of Trade in Information Technology Products, "[Minutes of the Meeting of 30 October 2018](#)," April 30, 2019.

<sup>330</sup> WTO, "[Environmental Goods Agreement](#)" (accessed December 19, 2018).

<sup>331</sup> WTO, "[MC11 in Brief—Negotiations on Fisheries Subsidies](#)" (accessed December 4, 2018).

sets a target date of 2020 for eliminating subsidies that contribute to illegal, unreported, and unregulated (IUU) fishing, as well as prohibits certain forms of subsidies that contribute to overcapacity and overfishing. SDG target 14.6 also includes special and differential treatment for developing and least-developed countries as an integral part of these negotiations.<sup>332</sup>

Within the WTO Negotiating Group on Rules (Negotiating Group), WTO members discussed proposals and exchanged views on a possible agreement to discipline fishing subsidies in 2016 and 2017.<sup>333</sup> The chair circulated a document—a so-called compilation matrix<sup>334</sup>—on July 28, 2017, reflecting seven proposals put forward by various negotiating groups: (1) New Zealand, Iceland, and Pakistan; (2) the EU; (3) Indonesia; (4) the African, Caribbean, Pacific (ACP) Group of States; (5) a Latin American group composed of Argentina, Colombia, Costa Rica, Panama, Peru, and Uruguay; (6) the Least-Developed Countries (LDC) Group; and (7) Norway.<sup>335</sup> The matrix organized the seven proposals into the following six categories: (1) general provisions; (2) prohibitions; (3) standstill;<sup>336</sup> (4) special and differential treatment, and technical assistance and capacity building; (5) transparency; and (6) transitional provisions and institutional arrangements/review.<sup>337</sup> Based on the compilation matrix, the Negotiating Group on Rules produced a working document that compiled definitions, scope, prohibited subsidies, and exceptions into a single document.<sup>338</sup>

In the December 2017 Ministerial Decision on fisheries subsidies,<sup>339</sup> members agreed to continue negotiating a fisheries agreement with a view to adoption by the Ministerial Conference in 2019. In early 2018 members discussed how to organize work on fisheries subsidies,<sup>340</sup> with the Negotiating Group opening consultations on March 28, 2018.<sup>341</sup> Members agreed on a May–July 2018 work program to include the following sets or clusters of meetings: May 14–17, to address subsidies that contribute to overcapacity and overfishing; June 11–14, to discuss fishing subsidies that affect overfished stocks; and July 23–25, to focus on subsidies that relate to IUU fishing, with all three clusters of meetings addressing aspects of special and differential treatment.<sup>342</sup>

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<sup>332</sup> WTO, "[MC11 in Brief—Negotiations on Fisheries Subsidies](#)" (accessed December 4, 2018).

<sup>333</sup> WTO, "[MC11 in Brief—Negotiations on Fisheries Subsidies](#)" (accessed December 4, 2018).

<sup>334</sup> WTO, Negotiating Group on Rules, "[Fisheries Subsidies—Compilation Matrix of Textual Proposals Received to Date—Introduction by the Chair](#)," July 28, 2017.

<sup>335</sup> WTO, "[Compilation of Seven Fisheries Subsidies Proposals Circulated to WTO Members](#)," July 28, 2017; WTO, Negotiating Group on Rules, "[Fisheries Subsidies—Compilation Matrix of Textual Proposals Received to Date—Introduction by the Chair](#)," July 28, 2017.

<sup>336</sup> The standstill section contains guidance on proposed subsidies outside those explicitly prohibited under the agreement. The proposal from New Zealand, Iceland and Pakistan under this section states that no Member of the Agreement shall introduce new or enhance existing subsidies that would contribute to overfishing or overcapacity.

<sup>337</sup> WTO, Negotiating Group on Rules, "[Fisheries Subsidies—Compilation Matrix of Textual Proposals Received to Date—Introduction by the Chair](#)," July 28, 2017.

<sup>338</sup> WTO, Negotiating Group on Rules, "[Fisheries Subsidies—Working Document: Communication from the Chair](#)," November 14, 2018.

<sup>339</sup> WTO, Ministerial Conference, "[Fisheries Subsidies—Ministerial Decision of 13 December 2017](#)," December 18, 2017.

<sup>340</sup> WTO, "[WTO Members Discuss How to Organize Work](#)," January 30, 2018.

<sup>341</sup> WTO, "[New Negotiating Group on Rules Chair Kicks Off Consultations on Fisheries Subsidies](#)," March 28, 2018.

<sup>342</sup> WTO, Negotiating Group on Rules, "[Negotiating Group on Rules—Fisheries Subsidies Work Programme—Communication from the Chair](#)," April 18, 2018.

The Negotiating Group developed its September–December 2018 work program to support more substantive talks aimed toward actual negotiations.<sup>343</sup> Under the work program, specific topics would be assigned to four so-called Incubator Groups that would meet just before the Negotiating Group’s cluster meetings so as to better inform its discussions. Eighteen topics were developed at the outset of this work program for incubator groups to address. Examples include how to identify harmful subsidy effects on fish stocks and fishing capacity; approaches to “positive” or “nonharmful” subsidies; how to define and determine IUU fishing and overfished stocks; how to distinguish between capacity and overcapacity, and fishing activity from overfishing; aspects of fisheries management, such as regional fisheries management organizations (RFMOs); the applicability of any disciplines established to at-sea activities, on-shore activities, and fishing in high seas areas not under management by an RFMO; the role of outside expertise in developing fisheries disciplines; and overall transparency provisions.<sup>344</sup>

Members opened their September–December 2018 work program on September 17, 2018, with Incubator Group sessions, followed by the Negotiating Group’s first cluster of meetings September 24–28.<sup>345</sup> The next set of meetings started October 30 with Incubator Group meetings, followed by the Negotiating Group’s second cluster of meetings November 5–9, 2018.<sup>346</sup> A third set took place with Incubator Group sessions starting November 27, followed by the Negotiating Group’s third cluster of meetings December 3–7, 2018.<sup>347</sup> During the December 3–7 meetings, the Negotiating Group on Rules agreed to intensify talks on fisheries subsidies in 2019,<sup>348</sup> and set its January–July 2019 work program.<sup>349</sup> The group was expected to move from discussions of the 2018 proposals into negotiations on a consolidated draft text by early 2019.<sup>350</sup>

## Electronic Commerce Initiative

The Joint Statement on Electronic Commerce of December 13, 2017, released at the Eleventh WTO Ministerial conference in Buenos Aires, Argentina, set out a focus on addressing electronic commerce

<sup>343</sup> WTO, Negotiating Group on Rules, "[Members Start September–December Fisheries Subsidies Talks](#)," September 17, 2018; WTO, Negotiating Group on Rules, "[Negotiating Group on Rules—Fisheries Subsidies—Work Programme—September–December 2018—Communication from the Chair](#)," October 3, 2018.

<sup>344</sup> WTO, "[Negotiating Group on Rules—Fisheries Subsidies—Work Programme—September–December 2018—Communication from the Chair](#)," October 3, 2018.

<sup>345</sup> WTO, "[Members Start September–December Fisheries Subsidies Talks under Intensified Work Programme](#)," September 17, 2018; WTO, "[Members Complete First Cluster of Meetings in Sept–Dec Fisheries Subsidies Work Programme](#)," September 24 and 28, 2018.

<sup>346</sup> WTO, "[Members Hold Second Cluster of Meetings](#)," November 5 and 9, 2018; WTO, Negotiating Group on Rules, "[Negotiating Group on Rules—Fisheries Subsidies—Work Programme—September–December 2018—Communication from the Chair](#)," October 3, 2018.

<sup>347</sup> WTO, Negotiating Group on Rules, "[Negotiating Group on Rules—Fisheries Subsidies—Work Programme—September–December 2018—Communication from the Chair](#)," October 3, 2018.

<sup>348</sup> WTO, "[WTO Members Voice Commitment to Intensify](#)," December 20, 2018.

<sup>349</sup> WTO, Negotiating Group on Rules, "[Negotiating Group on Rules—Fisheries Subsidies—Work Programme—January–July 2019—Communication from Chair](#)," December 11, 2018.

<sup>350</sup> CRS, [World Trade Organization: Overview and Future Direction](#), February 15, 2019, 35; World Trade Online, "[As 2020 Deadline Looms, WTO Fisheries Negotiations](#)," November 9, 2018. Members opened the January–July 2019 work program with meetings held January 14–18, 2019. The second cluster of meetings was held from February 25 to March 1; the third, from March 25 to March 29. WTO, "[WTO Members Consider New Draft Texts](#)," March 1, 2019.

and digital trade. Discussions were to run in parallel with the WTO Work Program on Electronic Commerce.<sup>351</sup>

In the statement, like-minded WTO members committed to initiate exploratory work as a group in early 2018 aimed at preparing for future WTO negotiations on trade-related aspects of electronic commerce. The group noted that a primary goal was to take better advantage of the opportunities presented by e-commerce, while also recognizing the role played by the WTO in promoting open, transparent, nondiscriminatory, and predictable regulatory environments to facilitate e-commerce.

During 2018, these WTO Meetings for Exploratory Work on Electronic Commerce occurred nearly monthly, for a total of nine meetings for the year. In these meetings, roughly 80 WTO members exchanged ideas and proposals aimed at opening negotiations on trade-related aspects of e-commerce. Discussions focused on a set of four themes expected to provide the basis for eventual negotiations: (1) enabling digital trade/e-commerce; (2) openness and digital trade/e-commerce; (3) trust and digital trade/e-commerce; and (4) other crosscutting issues.<sup>352</sup>

## Dispute Settlement Body

This section gives an overview of the WTO dispute settlement process, as well as information about proceedings during calendar year 2018, particularly those in which the United States was a complaining or responding party. More specifically, it provides (1) a tally of new requests for consultations filed by WTO members during calendar year 2018 under the WTO Dispute Settlement Understanding (DSU); (2) a table that lists the new dispute settlement panels established during calendar year 2018 in which the United States was either the complaining party or the named respondent; and (3) short summaries of the procedural and substantive issues in disputes involving the United States that moved to the panel stage during 2018, as well as summaries of panel and Appellate Body reports issued during 2018 in disputes that involved the United States. At the end of this section, U.S. concerns with the WTO dispute settlement process are described.

Figure 3.1 provides a timeline for the WTO dispute settlement process prepared by the WTO. The references in the timeline are to articles in the WTO Dispute Settlement Understanding.

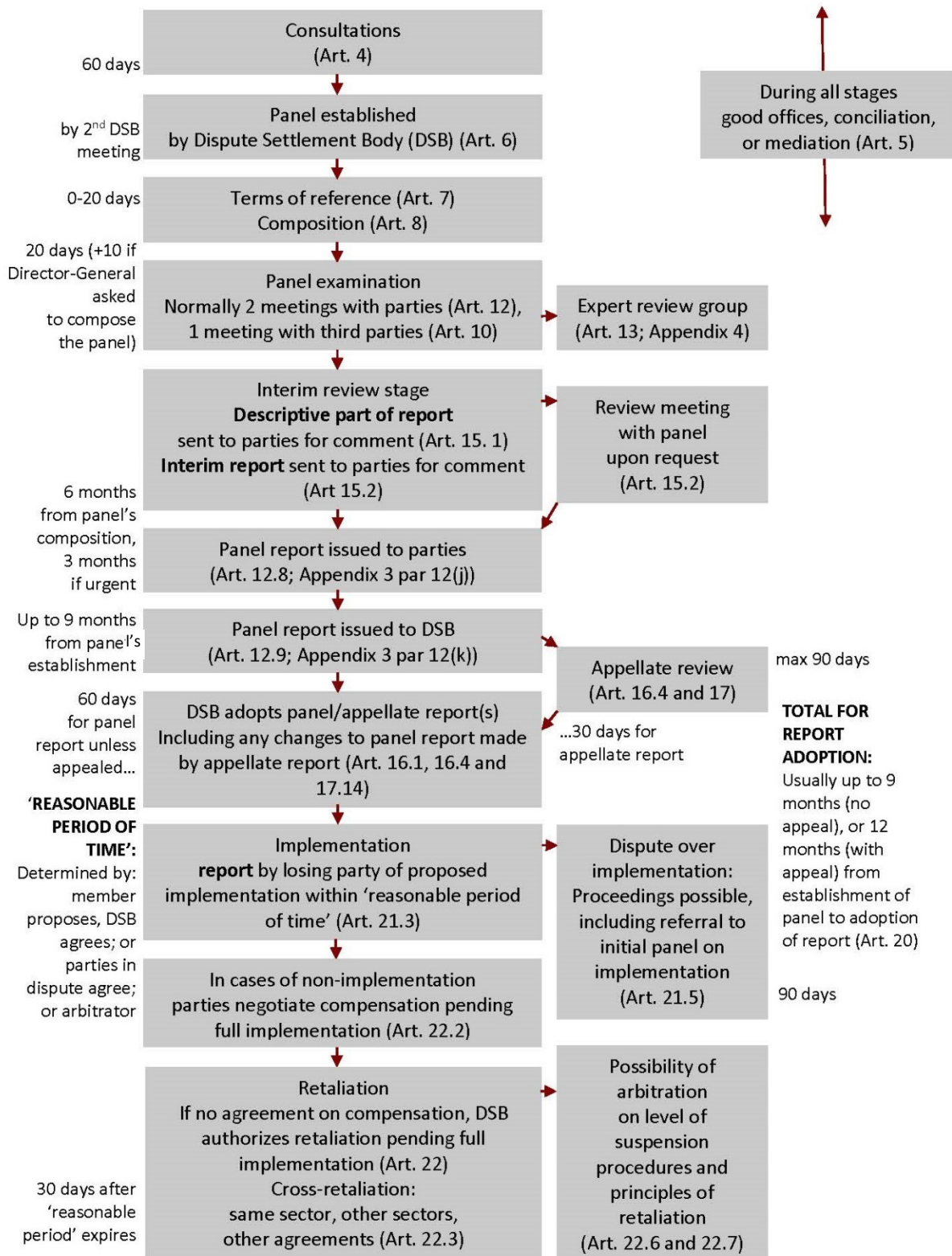
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<sup>351</sup> WTO, "[Joint Statement on Electronic Commerce](#)," December 13, 2017.

<sup>352</sup> Government of New Zealand, Ministry of Foreign Affairs and Trade, "[WTO E-commerce Proactive Release](#)," February 18, 2019. In 2019, ministers representing 76 WTO countries met at the World Economic Forum and announced their intention to begin WTO negotiations on trade-related aspects of e-commerce. The Joint Statement on Electronic Commerce indicated that the agreement would build on existing WTO agreements, with the participation of as many WTO members as possible. WTO, "[Joint Statement on Electronic Commerce](#)," January 25, 2019; U.S. Mission in Geneva, "[U.S. Statement at the Meeting of the WTO Joint Statement Initiative on E-Commerce](#)," March 6, 2019.



**Figure 3.1** Timeline for a typical WTO dispute settlement process



Source: WTO, [“The Process—Stages in a Typical WTO Dispute Settlement Case”](#) (accessed June 7, 2018).

This section’s summaries of issues and of findings and recommendations in panel and Appellate Body reports are based entirely on information in publicly available documents. Sources include summaries published online by the WTO, summaries included in USTR’s *2019 Trade Policy Agenda and 2018 Annual Report*, and summaries included in USTR press releases. The summaries in this report should not be regarded as comprehensive or as reflecting a U.S. government or Commission interpretation of the issues raised or addressed in the disputes or in panel or Appellate Body reports. A table showing procedural developments during 2018 in disputes in which the United States was the complainant or respondent appears in appendix table A.25.

This section focuses on developments during 2018, including panel and Appellate Body reports issued during 2018 and adopted by the Dispute Settlement Body (DSB). With minor exceptions, panel and Appellate Body reports and DSB actions after the close of 2018 will be summarized in the Commission’s report covering 2019.<sup>353</sup> A number of disputes filed before 2018 remained inactive throughout 2018, either at the consultation stage or with a panel established but not composed. With minor exceptions, this report will not discuss those disputes.<sup>354</sup>

Finally, this section focuses only on developments through the panel and Appellate Body stage and does not include matters that arose after the DSB adopted panel or Appellate Body reports in the original dispute. As indicated in the flowchart in figure 3.1, dispute litigation often continues beyond the adoption of the panel or Appellate Body report, particularly when the defending party is the “losing” party. Issues may arise about the reasonableness of the time sought by the losing party to implement findings and recommendations, the adequacy of actions taken by that party to comply with the findings and recommendations, and possible compensation and retaliation. Matters may be referred to the original panel or to a new panel for further findings and recommendations on compliance and other matters, and when appropriate, the parties may seek the help of an arbitrator to resolve matters.

Appendix table A.25 sets out the timeline for procedural actions in specific active WTO dispute settlement cases, including procedural actions at the implementation, compliance, and compensation/retaliation stages. A number of disputes were still active or were finally resolved during 2018, well after the DSB adopted the panel and/or Appellate Body report in the original dispute. One example is a dispute brought by the United States in 2004 against the EU on measures affecting trade in large civil aircraft. The Appellate Body issued a report on this dispute on May 15, 2018, in ongoing compliance proceedings, confirming that the EU and certain EU member states had failed to comply with the earlier WTO determination that found “launch aid”—subsidies from several EU countries to Airbus—to be inconsistent with their WTO obligations. On July 13, 2018, at the request of the United

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<sup>353</sup> For example, this section includes a description of the circumstances that led to the termination in May 2019 of four disputes filed in 2018 relating to U.S. tariffs on steel and aluminum and retaliatory measures by Canada and Mexico after the parties reached a mutually agreed solution.

<sup>354</sup> See, for example, DS503, United States—Measures Concerning Non-Immigrant Visas. India filed a request for consultations on March 3, 2016. Consultations between India and the United States took place in Geneva on May 11–12, 2016. WTO, “[Dispute Settlement: DS503; United States—Measures Concerning Non-Immigrant Visas](#)” (accessed July 2, 2019); USTR, *2019 Trade Policy Agenda and 2018 Annual Report*, March 2019, 193. See also “[Dispute Settlement DS514, United States—Countervailing Measures on Cold- and Hot-Rolled Steel Flat Products from Brazil](#)” (accessed July 2, 2019). Brazil requested consultations in November 2016, and the parties consulted on the matter on December 19, 2016. WTO, “[Dispute Settlement: DS514; United States—Countervailing Measures on Cold- and Hot-Rolled Steel Flat Products from Brazil](#)” (accessed July 2, 2019); USTR, *2019 Trade Policy Agenda and 2018 Annual Report*, March 2019, 194.



States, arbitration proceedings about the level of countermeasures (suspended in January 2012) to be applied were resumed, with a decision expected in 2019.<sup>355</sup> In another dispute dating back to 2008, the Appellate Body issued a report in December 2018 on compliance proceedings, bringing to a close a dispute about the U.S. dolphin-safe labeling measure affecting the importation, marketing, and sale of tuna and tuna products.<sup>356</sup>

## New Requests for Consultations

During 2018, WTO members filed 39 new requests for dispute settlement consultations. This number was significantly higher than the average for the five preceding years and more than double the 17 filed in 2017. Requests filed by three members—the United States (8 requests), China (5), and South Korea (3)—accounted for slightly over 40 percent of the requests filed during 2018. The United States was the named respondent in nearly half the disputes filed during 2018 (in 19 of 39 complaints). China was a distant second, as the named respondent in four disputes. Nearly half the complaints (9) filed against the United States concerned U.S. national security tariffs on steel and aluminum products, and two-thirds of the complaints filed by the United States concerned measures taken by other WTO members in response to the U.S. steel and aluminum tariffs. The issues presented in these disputes are described below. The 39 new requests included 25 different named WTO members, either as a complainant or named respondent or in both capacities.<sup>357</sup>

<sup>355</sup> WTO, “[Dispute Settlement: DS316; European Union and Certain Member States—Measures Affecting Trade in Large Civil Aircraft](#)” (accessed July 2, 2019); USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 163–66; USTR, “[United States Prevails in Showing EU Subsidies to Airbus](#),” May 15, 2018.

<sup>356</sup> WTO, “[Dispute Settlement: DS381; United States—Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products](#)” (accessed July 2, 2019). The dispute concerned U.S. dolphin-safe labeling provisions for tuna and tuna products and whether they were inconsistent with U.S. obligations under GATT 1994 and the Agreement on Technical Barriers to Trade (TBT Agreement). Mexico requested dispute settlement consultations in October 2008. Mexico then requested establishment of a panel, and a panel was established. The panel circulated its report in September 2011. The United States and Mexico appealed certain issues of law and legal interpretation in the panel report to the Appellate Body, and in May 2012 the Appellate Body found aspects of the U.S. provisions inconsistent with the TBT Agreement. In June 2012 the DSB adopted the Appellate Body report and panel report (as modified). In July 2013, the United States informed the DSB of a change in its dolphin-safe labeling requirements and stated that it had brought its requirements into conformity with the DSB’s recommendations and rulings. A series of compliance proceedings began in 2013 and led to panel and Appellate Body reports that were adopted in December 2015. In March 2016, the U.S. National Oceanic and Atmospheric Administration issued a new rule modifying the dolphin-safe labeling measure, and in April 2016 the United States requested the establishment of a compliance panel to determine if the new rule is consistent with U.S. WTO obligations. In June 2016, Mexico requested the establishment of a second compliance panel because it considered that the United States’ new rule had not brought the dolphin-safe labeling provisions into WTO compliance. The panels issued their reports on October 26, 2017, and found that the new U.S. measure is not inconsistent with the relevant U.S. WTO obligations. Mexico appealed aspects of the compliance panels’ reports on December 1, 2017. The Appellate Body circulated its report on December 14, 2018, upholding all aspects of the panels’ legal and factual analysis that Mexico appealed, in particular the panels’ findings that the dolphin-safe labeling measure is not inconsistent with Article 2.1 of the TBT Agreement, and that while it is inconsistent with Articles I:I and III:4 of GATT 1994, it is justified under Article XX of GATT 1994, bringing the dispute to an end. USTR, “[U.S. Announces Compliance](#),” July 12, 2013; USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 180–81.

<sup>357</sup> WTO, “[Chronological List of Disputes Cases](#)” (accessed July 2, 2019).

As of the end of 2018, seven of the eight disputes filed by the United States during 2018 were at the panel stage, with the panel composed in one of those disputes. The eighth was still at the consultation stage.<sup>358</sup> As of the end of 2018, 14 of the 19 disputes filed against the United States during 2018 had advanced to the panel stage, including two in which a panel had also been composed. The remaining five disputes were still in the consultation phase. Four of the disputes, two filed by the United States against Canada and Mexico, respectively, and one each filed by Canada and Mexico against the United States, were terminated in May 2019 after the parties reached a mutually agreed solution.

## Disputes Filed by the United States

In DS541, filed in March 14, 2018, the United States requested consultations with India concerning certain alleged export subsidy measures. The United States claimed that the measures appear to be inconsistent with Articles 3.1(a) and 3.2 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement). When consultations failed to resolve the dispute, the United States requested the DSB to establish a panel. The DSB established a panel on March 14, 2018, and the Director-General composed the panel on July 23, 2018. On December 3, 2018, the chair of the panel informed the DSB that the panel's work had been delayed due to lack of available resources in the Secretariat, and that the panel did not expect to issue its final report to the parties before the second quarter of 2019.<sup>359</sup> In the dispute the United States challenged several Indian export subsidy programs: (1) the Export Oriented Units Scheme and sector-specific schemes, including Electronics Hardware Technology Parks Scheme; (2) the Merchandise Exports from India Scheme; (3) the Export Promotion Capital Goods Scheme; (4) Special Economic Zones; and (5) a duty-free imports for exporters program.<sup>360</sup>

The U.S. Trade Representative filed dispute DS542 after having determined, under section 301(b) of the Trade Act of 1974, that certain acts, policies, and practices by China in the form of certain specific aspects of China's technology regulations are unreasonable or discriminatory and burden or restrict U.S. commerce.<sup>361</sup> The United States requested consultations with China on March 23, 2018, concerning certain measures pertaining to the protection of intellectual property rights. The United States claimed that China's measures appear to be inconsistent with Articles 3, 28.1(a) and (b), and 28.2 of the TRIPS Agreement. After consultations failed to resolve the matter, the United States asked the DSB to establish a panel, and the DSB did so on November 21, 2018. The Director-General composed the panel on January 16, 2019.<sup>362</sup> In a press release issued at the time the United States filed the dispute, the Trade Representative stated that China appears to be breaking WTO rules "by denying foreign patent holders, including U.S. companies, basic patent rights to stop a Chinese entity from using the technology

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<sup>358</sup> WTO, "[Dispute Settlement: DS561; Turkey—Additional Duties on Certain Products from the United States \(United States\)](#)" (accessed July 2, 2019).

<sup>359</sup> WTO, "[Dispute Settlement: DS541; India—Export Related Measures \(United States\)](#)" (accessed July 2, 2019) (the Director-General composed the panel on July 23, 2018).

<sup>360</sup> WTO, "[Dispute Settlement: DS541; India—Export Related Measures \(United States\)](#)," Request for Consultations by the United States, March 19, 2018; USTR, "[United States Launches WTO Challenge to Indian Export Subsidy Programs](#)," March 14, 2018.

<sup>361</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 42–43. See also the overview of section 301 developments in chapter 2 of this report.

<sup>362</sup> WTO, "[Dispute Settlement: DS542; China—Certain Measures Concerning the Protection of Intellectual Property Rights](#)" (accessed July 2, 2019).

after a licensing contract ends” and “by imposing mandatory adverse contract terms that discriminate against and are less favorable for imported foreign technology.”<sup>363</sup>

The United States filed the remaining six disputes—DS557, DS558, DS559, DS560, DS561, and DS566—in response to measures imposed by Canada, China, the EU, Mexico, Turkey, and the Russian Federation, respectively, challenging the tariffs each WTO member imposed in response to U.S. actions on trade in aluminum and steel.<sup>364</sup> The United States claimed that the measures appear to be inconsistent with Articles I:1, II:1(a) and II:1(b) of the General Agreement on Tariffs and Trade (GATT) 1994. After consultations failed to resolve the disputes, the United States requested the establishment of a panel in each dispute, and the DSB established panels in DS557, DS558, DS559, and DS560 on November 21, 2018; a panel in DS566 on December 18, 2018; and a panel in DS561 on January 28, 2019.<sup>365</sup> The United States stated that it had imposed the tariffs under section 232 of the Trade Expansion Act of 1962 to protect U.S. national security interests.<sup>366</sup> By agreement of the parties, two of these disputes, DS557 and DS560, were terminated in May 2019 after the United States reached mutually agreed solutions with Canada and Mexico, respectively.<sup>367</sup>

## Disputes in Which the United States Was the Named Respondent

Nine of the 19 disputes filed against the United States concerned U.S. measures imposed by the President on certain steel and aluminum products under his section 232 national security authority.<sup>368</sup>

<sup>363</sup> USTR, “[Following President Trump’s Section 301 Decision, USTR Launches](#),” March 23, 2018.

<sup>364</sup> WTO, “[Dispute Settlement: DS557; Canada—Additional Duties on Certain Products from the United States](#)”; WTO, “[Dispute Settlement: DS558; China—Additional Duties on Certain Products from the United States](#)”; WTO, “[Dispute Settlement: DS559; European Union—Additional Duties on Certain Products from the United States](#)”; WTO, “[Dispute Settlement: DS560; Mexico—Additional Duties on Certain Products from the United States](#)”; WTO, “[Dispute Settlement: DS561; Turkey—Additional Duties on Certain Products from the United States](#)”; WTO, “[Dispute Settlement: DS566; Russian Federation—Additional Duties on Certain Products from the United States](#)” (all accessed July 2, 2019).

<sup>365</sup> WTO, “[Dispute Settlement Gateway](#)” (accessed July 2, 2019). The Director-General composed five of the panels on January 25, 2019, and composed the sixth panel (DS561, Turkey) on February 28, 2019.

<sup>366</sup> 19 U.S.C. § 1862. See also USTR, “[United States Challenges Five WTO Members Imposing Illegal Tariffs](#),” July 16, 2018. For additional information about the U.S. national security tariffs, see chapter 2 of this report.

<sup>367</sup> WTO, “[Dispute Settlement: DS557; Canada—Additional Duties on Certain Products from the United States](#)” (accessed July 2, 2019) (notification to the DSB on May 23, 2019, that Canada had agreed to eliminate surtaxes on certain imports from the United States). See also WTO, “[Dispute Settlement: DS560; Mexico—Additional Duties on Certain Products from the United States](#)” (accessed July 2, 2019) (notification to the DSB that Mexico had eliminated certain duties on products originating in the United States). As part of the agreement, the President issued Proclamation 9894 of May 19, 2019, which amended Proclamations 9704 and 9705 to exclude Canada and Mexico from the tariff proclaimed in those proclamations. The President did so after determining under the framework of the agreement that imports of certain aluminum and steel from Canada and Mexico no longer threaten to impair the national security. Proclamation 9894 of May 19, 2019 (84 Fed. Reg. 23987, May 23, 2019).

<sup>368</sup> WTO, “[Dispute Settlement: DS544; United States—Certain Measures on Steel and Aluminum Products](#)”; WTO, “[Dispute Settlement: DS547; United States—Certain Measures on Steel and Aluminum Products](#)”; WTO, “[Dispute Settlement: DS548; United States—Certain Measures on Steel and Aluminum Products](#)”; WTO, “[Dispute Settlement: DS550; United States—Certain Measures on Steel and Aluminum Products](#)”; WTO, “[Dispute Settlement: DS551; United States—Certain Measures on Steel and Aluminum Products](#)”; WTO, “[Dispute Settlement: DS552; United States—Certain Measures on Steel and Aluminum Products](#)”; WTO, “[Dispute Settlement: DS554; United States—Certain Measures on Steel and Aluminum Products](#)”; WTO, “[Dispute](#)

The complaining parties in the nine disputes claimed (with some differences between them) that the U.S. measures appeared to be inconsistent with certain provisions of the Agreement on Safeguards and with Articles I, II, X, XI, and XIX of GATT 1994. After consultations failed to resolve the disputes, the complaining WTO members requested the establishment of separate panels to address their individual disputes. The DSB established individual panels in DS544, DS548, DS550, DS551, DS552, DS554, and DS564 on November 21, 2018, and established a panel in DS547 (India) and in DS556 (Switzerland) on December 4, 2018.<sup>369</sup> As indicated above, two of those disputes, brought by Canada and Mexico, respectively, were terminated in May 2019 as part of the mutually agreed solution reached by the United States, Canada, and Mexico.<sup>370</sup>

Three of the disputes, one by China and two by South Korea, challenged U.S. safeguard measures imposed by the President in February 2018 on imports of crystalline silicon photovoltaic products and large residential washers. Each of those disputes claimed that the U.S. measures are inconsistent with certain U.S. obligations under the Safeguard Agreement and Article XIX of GATT 1994.<sup>371</sup>

The remaining seven requests for consultations were filed by Vietnam, South Korea, China, and Venezuela. Two of the requests related to U.S. countervailing duty and antidumping measures. First, in DS536, Vietnam requested consultations with the United States concerning certain antidumping measures on fish fillets from Vietnam and other U.S. legal instruments. Vietnam claimed that the measures appear to be inconsistent with certain provisions in Articles 1, 2, 6, 9, 11, and 17 and Annex II of the Antidumping Agreement; with Articles I, VI, and X of GATT 1994; with Articles 3, 19, and 21 of DSU; with Article XVI:4 of the WTO Agreement; and with Vietnam's Protocol of Accession. After consultations failed to resolve the dispute, Vietnam requested establishment of a panel. The DSB established a panel on July 20, 2018, and the Director-General composed the panel on November 30, 2018.<sup>372</sup>

In DS539, South Korea requested consultations with the United States about certain antidumping and countervailing duty measures imposed on products from South Korea, and certain laws, regulations, and other measures maintained by the United States with respect to the use of facts available in antidumping and countervailing duty proceedings. South Korea claimed that the measures appear to be inconsistent with certain provisions in Articles 1, 2, 3, 5, 6, 9, 11, and 18 and in Annexes I and II of the Antidumping Agreement; with Articles 1, 10, 11, 12, 14, 15, 19, 21, and 32 and Annex VI of the SCM Agreement; with Article VI of GATT 1994; and with Article XVI:4 of the Marrakesh Agreement. After

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[Settlement: DS556; United States—Certain Measures on Steel and Aluminum Products](#)"; WTO, "[Dispute Settlement: DS564; United States—Certain Measures on Steel and Aluminum Products](#)" (all accessed July 2, 2019).

<sup>369</sup> WTO, "[Dispute Settlement Gateway](#)" (accessed July 2, 2019). The Director-General composed a separate panel in all nine of the disputes on January 25, 2019.

<sup>370</sup> WTO, "[Dispute Settlement: DS550; United States—Certain Measures on Steel and Aluminum Products](#)" (accessed July 2, 2019); WTO, "[Dispute Settlement: DS551; United States—Certain Measures on Steel and Aluminum Products](#)" (accessed July 2, 2019).

<sup>371</sup> WTO, "[Dispute Settlement: DS545; United States—Safeguard Measure on Imports of Crystalline Silicon Photovoltaic Products](#)" (accessed July 2, 2019); WTO, "[Dispute Settlement: DS546; United States—Safeguard Measure on Imports of Large Residential Washers](#)" (accessed July 2, 2019); WTO, "[Dispute Settlement: DS562; United States—Safeguard Measure on Imports of Crystalline Silicon Photovoltaic Products](#)" (accessed July 2, 2019).

<sup>372</sup> On May 10, 2019, the chair of the panel informed the DSB that the panel expects to issue its final report to the parties by early December 2019. WTO, "[Dispute Settlement: DS536: United States—Anti-Dumping Measures on Fish Fillets from Viet Nam](#)" (accessed July 2, 2019).

consultations failed to resolve the dispute, South Korea requested establishment of a panel. The DSB established a panel on May 28, 2018. Following agreement of the parties, the panel was composed on December 5, 2018.<sup>373</sup>

The five remaining disputes concerned several different matters. In DS540, Vietnam requested consultations concerning certain U.S. measures affecting the importation into the United States of pangasius<sup>374</sup> seafood products from Vietnam, purportedly because of sanitary and phytosanitary concerns. Vietnam claimed that the measures appear to be inconsistent with Articles I:1 and XI:1 of GATT 1994. As of the end of 2018, the dispute was still in consultations.<sup>375</sup> In DS543, filed by China, China claimed that certain tariff measures to be imposed on Chinese goods and implemented through sections 301–310 of the U.S. Trade Act of 1974 appear to be inconsistent with Articles 1:1 and II:1(a) and (b) of GATT 1994 and Article 23 of the DSU. After consultations failed to resolve the dispute, China requested the establishment of a panel.<sup>376</sup>

In DS563, China requested consultations with the United States concerning certain measures allegedly adopted and maintained by the governments of certain U.S. states and municipalities relating to alleged subsidies or domestic content requirements in the energy sector. China claimed the measures appear to be inconsistent with Articles 3.1(b) and 3.2 of the SCM Agreement, Articles 2.1 and 2.2 of the Agreement on Trade-Related Investment Measures (TRIMS Agreement), and Article III:4 of GATT 1994. The dispute was still in consultations at the end of 2018.<sup>377</sup> Dispute DS565, also filed by China, concerned U.S. tariff measures on certain goods from China imposed in response to USTR's section 301 investigation. China claimed that the measures appear to be inconsistent with certain provisions in Articles I and II of GATT 1994 and Article 23 of DSU. The dispute was still in consultations at the end of 2018.<sup>378</sup>

Finally, DS574, which was filed by Venezuela, concerned measures imposed by the United States related to goods of Venezuelan origin, imports of gold from Venezuela, the liquidity of Venezuela's public debt, transactions in Venezuelan digital currency, and the supply and consumption of services by certain Venezuelan nationals, specifically those on a blocked persons list. Venezuela claimed that the measures appear to be inconsistent with certain provisions of Articles I, II, III, V, X, XI, XIII, and XXIII of GATT 1994 and certain articles of the General Agreement on Trade in Services (GATS). The dispute was in consultations at the end of 2018.<sup>379</sup>

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<sup>373</sup> WTO, "[Dispute Settlement: DS539; United States—Anti-Dumping and Countervailing Duties on Certain Products and the Use of Facts Available](#)" (accessed July 2, 2019).

<sup>374</sup> Pangasius is fish of the order Siluriformes, which includes two families of fish. The Pangasius fish, belonging to the second family in the order, is sold as "basa," "tra," or "swai." WTO, "[Dispute Settlement: DS540; United States—Certain Measures Concerning Pangasius Seafood Products from Viet Nam](#)" (accessed July 2, 2019).

<sup>375</sup> WTO, "[Dispute Settlement: DS540; United States—Certain Measures Concerning Pangasius Seafood Products from Viet Nam](#)" (accessed July 2, 2019).

<sup>376</sup> The DSB established a panel on January 28, 2019; the Director-General composed the panel on June 3, 2019. WTO, "[Dispute Settlement: DS543; United States—Tariff Measures on Certain Goods from China](#)" (accessed July 2, 2019).

<sup>377</sup> WTO, "[Dispute Settlement: DS563; United States—Certain Measures Related to Renewable Energy](#)" (accessed July 2, 2019).

<sup>378</sup> WTO, "[Dispute Settlement: DS565; United States—Tariff Measures on Certain Goods from China II](#)" (accessed July 2, 2019).

<sup>379</sup> WTO, "[Dispute Settlement: DS574; United States—Measures Relating to Trade in Goods and Services](#)" (accessed July 2, 2019). In March 2019, Venezuela requested establishment of a panel.



## New Panels Established in 2018 That Involve the United States

As indicated in table 3.1, 23 dispute settlement panels were established during 2018 in which the United States was either the requesting party (complainant) or the respondent party. The United States was the complaining party in 8 of the disputes, and the responding party in 15 disputes. All but 3 of the listed disputes (DS531,<sup>380</sup> DS533,<sup>381</sup> and DS534<sup>382</sup>) were filed during 2018.

**Table 3.1** WTO dispute settlement panels established during 2018 in which the United States was a party

Case no.	Complainant	Respondent	Case name	Panel established
DS531	United States	Canada	Canada—Measures Governing the Sale of Wine in Grocery Stores (second complaint)	07/20/2018
DS533	Canada	United States	United States—Countervailing Measures on Softwood Lumber from Canada	04/09/2018
DS534	Canada	United States	United States—Anti-Dumping Measures Applying Differential Pricing Methodology to Softwood Lumber from Canada	04/09/2018
DS536	Vietnam	United States	United States—Anti-Dumping Measures on Fish Fillets from Viet Nam	07/20/2018
DS539	South Korea	United States	United States—Anti-Dumping and Countervailing Duties on Certain Products and the Use of Facts Available	05/28/2018
DS541	United States	India	India—Export Related Measures	05/28/2018
DS542	United States	China	China—Certain Measures Concerning the Protection of Intellectual Property Rights	11/21/2018
DS544	China	United States	United States—Certain Measures on Steel	11/21/2018

<sup>380</sup> In DS531, on January 18, 2017, the United States requested consultations with Canada with respect to measures maintained by the Canadian province of British Columbia governing the sale of wine in grocery stores. The United States claimed that the measure appeared to be inconsistent with Article III:4 of GATT 1994. At the request of the United States, the DSB established a panel on July 20, 2018. WTO, “[Dispute Settlement: DS531; Canada—Measures Governing the Sale of Wine in Grocery Stores \(Second Complaint\) \(United States\)](#)” (accessed July 2, 2019).

<sup>381</sup> In DS533, on November 28, 2017, Canada requested consultations with the United States with respect to softwood lumber products from Canada. Canada claimed the measure appear to be inconsistent with Article VI:3 of GATT 1994. At the request of Canada, the DSB established a panel on April 9, 2018. WTO, “[Dispute Settlement: DS533; United States—Countervailing Measures on Softwood Lumber from Canada \(Canada\)](#)” (accessed July 2, 2019).

<sup>382</sup> In DS534, on November 28, 2017, Canada requested consultations with the United States relating to the final determination issued by USDOC following an antidumping duty investigation regarding softwood lumber from Canada. Canada claimed that USDOC’s determination is inconsistent with Articles 1, 2.1, and 2.4.2 of the Antidumping Agreement and Articles VI:1 and VI:2 of GATT 1994. When consultations failed to resolve the dispute, Canada requested establishment of a panel. The DSB established a panel on April 9, 2018, and the Director-General composed the panel on May 22, 2018. USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 197; WTO, “[Dispute Settlement: DS534; United States—Anti-Dumping Measures Applying Differential Pricing Methodology to Softwood Lumber from Canada](#)” (accessed July 2, 2019).

			and Aluminum Products	
DS545	South Korea	United States	United States—Safeguard Measure on Imports of Crystalline Silicon Photovoltaic Products	09/26/2018
DS546	South Korea	United States	United States—Safeguard Measure on Imports of Large Residential Washers	09/26/2018
DS547	India	United States	United States—Certain Measures on Steel and Aluminum Products	12/04/2018
DS548	European Union	United States	United States—Certain Measures on Steel and Aluminum Products	11/21/2018
DS550 <sup>a</sup>	Canada	United States	United States—Certain Measures on Steel and Aluminum Products	11/21/2018
DS551 <sup>a</sup>	Mexico	United States	United States—Certain Measures on Steel and Aluminum Products	11/21/2018
DS552	Norway	United States	United States—Certain Measures on Steel and Aluminum Products	11/21/2018
DS554	Russian Federation	United States	United States—Certain Measures on Steel and Aluminum Products	11/21/2018
DS556	Switzerland	United States	United States—Certain Measures on Steel and Aluminum Products	12/04/2018
DS557 <sup>a</sup>	United States	Canada	Canada—Additional Duties on Certain Products from the United States	11/21/2018
DS558	United States	China	China—Additional Duties on Certain Products from the United States	11/21/2018
DS559	United States	European Union	European Union—Additional Duties on Certain Products from the United States	11/21/2018
DS560 <sup>a</sup>	United States	Mexico	Mexico—Additional Duties on Certain Products from the United States	11/21/2018
DS564	Turkey	United States	United States—Certain Measures on Steel and Aluminum Products	11/21/2018
DS566	United States	Russian Federation	Russian Federation—Additional Duties on Certain Products from the United States	12/18/2018

Source: WTO, “[Chronological List of Dispute Cases](#)” (accessed July 2, 2019).

<sup>a</sup> Dispute terminated in May 2019 after Canada, Mexico, and the United States reached a mutually agreeable solution in the four respective disputes.

## Panel and Appellate Body Reports Issued and/or Adopted during 2018 That Involve the United States

During 2018, a WTO dispute settlement panel issued a report in two disputes to which the United States was a party. The United States was the named respondent in both disputes (table 3.2). This section covers only panel and Appellate Body reports relating to the original disputes and does not include subsequent reports, such as those of a compliance panel or an arbitrator. Many of the latter reports are noted in table A.25, which contains a procedural summary of most of the dispute settlement cases that are still active in some respect.

**Table 3.2** WTO dispute settlement panel and Appellate Body (AB) reports circulated and/or adopted in 2017 in which the United States was a party

Case no.	Complainant	Respondent	Case name	Date of report circulation or adoption
DS505	Canada	United States	United States—Countervailing Measures on Supercalendered Paper from Canada	Panel report circulated 07/5/2018; appeal notified 08/27/2018
DS523	Turkey	United States	United States—Countervailing Measures on Certain Pipe and Tube Products (Turkey)	Panel report circulated 12/18/2018; appeal notified 01/25/2019

Source: WTO, "[Chronological List of Dispute Cases](#)" (accessed July 2, 2019).

## Reports in Which the United States Was the Respondent

### United States—Countervailing Measures on Supercalendered Paper from Canada (DS505)

On March 30, 2016, Canada requested consultations with the United States to consider claims related to U.S. countervailing duties on supercalendered paper from Canada (USDOC Investigation C-122-854). Canada alleged that the U.S. measures at issue were inconsistent with obligations under Articles 1.1(a)(1), 1.1(b), 2, 10, 11.1, 11.2, 11.3, 11.6, 12.1, 12.2, 12.3, 12.7, 12.8, 14, 14(d), 19.1, 19.3, 19.4, 22.3, 22.5, and 32.1 of the SCM Agreement and under Article VI:3 of GATT 1994. After consultations failed to resolve the dispute, Canada requested establishment of a panel, and the DSB established a panel on July 21, 2016. On August 31, 2016, the Director-General composed the panel.<sup>383</sup>

After the panel met in March and June 2017, it circulated its report on July 5, 2018. The panel report, among other things, upheld Canada's claims with respect to the treatment by the U.S. Department of Commerce (USDOC) of subsidies that exporters refused to disclose in response to USDOC questionnaires, but which USDOC subsequently discovered during the course of the countervailing duty investigation.<sup>384</sup> USDOC terminated the countervailing duties on July 5, 2018.<sup>385</sup>

<sup>383</sup> WTO, "[Dispute Settlement: DS505; United States—Countervailing Measures on Supercalendered Paper from Canada \(Canada\)](#)" (accessed July 2, 2019).

<sup>384</sup> In a press release issued on July 6, 2018, USTR stated:

In this case, the United States discovered Canadian subsidies which the Canadian firms failed to disclose during the U.S. investigation. After the Department of Commerce implemented tariffs to account for these market distortions, the Canadian government sued the United States at the WTO.

Among other things, the panel report upheld Canada's claims with respect to U.S. Department of Commerce treatment of subsidies that exporters refused to disclose in response to Commerce questionnaires, but which Commerce subsequently discovered during the course of the countervailing duty investigation.

<sup>385</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 193.



On August 27, 2018, the United States appealed the panel’s findings related to the treatment of undisclosed subsidies discovered during the course of a countervailing duty investigation. As of the end of 2018, the appellate proceedings were ongoing.

### **United States—Countervailing Measures on Certain Pipe and Tube Products (Turkey) (DS523)**

On March 8, 2017, Turkey requested consultations with the United States concerning countervailing duty measures imposed by the United States under four final countervailing duty determinations issued by USDOC pertaining to certain pipe and tube products. Turkey challenged the application of the measures in the four determinations with respect to the provision of hot-rolled steel for less than adequate remuneration. Specifically, Turkey challenged USDOC’s “public bodies” determination, use of facts available, and determination of specificity of the subsidy program. Turkey also challenged USDOC’s calculation of benchmarks, both as applied and “as such.” With respect to injury, Turkey challenged the USITC’s “practice” of cross-cumulating imports, as well as the application of that practice in the underlying determinations.<sup>386</sup> Turkey claimed that the measures appear to be inconsistent with Article 1.1(a)(1), 1.1(b), 2.1(c), 2.4, 10, 12.7, 14(d), 15.3, 19.4, and 32.1 of the SCM Agreement and with Article VI:3 of GATT 1994. After consultations failed to resolve the dispute, Turkey requested establishment of a panel, and the DSB established a panel on June 19, 2017. On September 14, 2017, the Director-General composed the panel.<sup>387</sup>

The panel circulated its report on December 18, 2018. With respect to its public body determination, the panel found that USDOC acted inconsistently with Article 1.1(a)(1) by failing to apply the standard set out previously by the Appellate Body, and failing to establish, based on record evidence, that the relevant entities were public bodies. With respect to benchmarks as such, the panel rejected Turkey’s claim that USDOC has a practice of rejecting in-country benchmarks solely based on majority or substantial government ownership or control of the market. For benchmarks as applied, the panel declined to make a finding under Article 14(d) of the SCM Agreement because the relevant determination had ceased to have legal effect before the panel’s establishment. With respect to specificity, the panel found that USDOC acted inconsistently with Articles 2.1(c) and 2.4 of the SCM Agreement by failing to identify and clearly substantiate the existence of a subsidy program, and failing to take into account the extent of diversification of Turkey’s economy and the length of time in which the program had been in place. With respect to facts available, the panel found that USDOC acted inconsistently with respect to Article 12.7 of the SCM Agreement by failing to do a comparative process of reasoning and evaluation before selecting from the facts available in certain circumstances.

In addition, with respect to injury, the panel found that Article 15.3 of the SCM Agreement does not permit the USITC to assess cumulatively the effects of imports not subject to countervailing duty investigations with the effects of imports subject to countervailing duty investigations. The panel thus found cross-cumulation by the USITC, both in the original investigations at issue and as a practice, to be inconsistent with Article 15.3. With respect to cross-cumulation in sunset reviews, the panel found that

<sup>386</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 196.

<sup>387</sup> WTO, [“Dispute Settlement: DS523; United States—Countervailing Measures on Certain Pipe and Tube Products \(Turkey\)”](#) (accessed July 2, 2019).

USITC did not act inconsistently with Article 15.3 of the SCM Agreement, either “as such” or in connection with the sunset review at issue.<sup>388</sup>

On January 25, 2019, the United States notified the DSB of its decision to appeal to the Appellate Body certain issues of law and legal interpretations in the panel report. On January 30, 2019, Turkey notified the DSB of its decision to cross-appeal.<sup>389</sup> On March 25, 2019, the Appellate Body notified the DSB that it would not be able to circulate its report in a timely way in accordance with Article 17.5 of the DSU.<sup>390</sup>

## U.S. Concerns with WTO Dispute Settlement

The President’s *2018 Trade Policy Agenda and 2018 Annual Report* issued in March 2018 set out a number of concerns about how the WTO dispute settlement system functions, including the concern that a number of WTO dispute settlement reports have not followed WTO rules. The report stated that the most significant area of concern has been panels and the Appellate Body adding to or diminishing rights and obligations under the WTO Agreement by not applying the WTO Agreement as written, and cited a number of examples. The report also cited additional concerns about (1) the Appellate Body’s decision to ignore the mandatory 90-day deadline for deciding appeals; (2) service on the Appellate Body by persons who are no longer Appellate Body members; (3) the tendency of WTO reports to make findings unnecessary to resolve a dispute or on issues not presented in a dispute; (4) the Appellate Body’s approach to reviewing facts, and about *de novo* review of a WTO member’s domestic law; and (5) claims by the Appellate Body that its reports are entitled to be treated as precedent.<sup>391</sup>

The President’s *2019 Trade Policy Agenda and 2018 Annual Report*, issued in March 2019, restated these concerns and noted that many WTO members share these concerns. The President’s 2019 report stated that, as a result, “the United States was not prepared to agree to launch the process to fill vacancies on the WTO Appellate Body without WTO Members engaging with and addressing these critical issues.”<sup>392</sup>

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<sup>388</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 196.

<sup>389</sup> WTO, “[Dispute Settlement: DS523; United States—Countervailing Measures on Certain Pipe and Tube Products \(Turkey\)](#)” (accessed July 2, 2019). On March 25, 2019, the Appellate Body notified the DSB that it would not be able to circulate its report in a timely way in accordance with Article 17.5 of the DSU. WTO, “[Dispute Settlement: DS523; United States—Countervailing Measures on Certain Pipe and Tube Products \(Turkey\): Communication from the Appellate Body](#),” April 1, 2019.

<sup>390</sup> WTO, “[United States—Countervailing Measures on Certain Pipe and Tube Products \(Turkey\): Communication from the Appellate Body](#),” April 1, 2019.

<sup>391</sup> USITC, [The Year in Trade 2017](#), August 2018, 111–12, citing USTR, [2018 Trade Policy Agenda and 2017 Annual Report](#), March 2018, 22–28.

<sup>392</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 148–49. The report further stated that the United States expects the DSB, “[i]n 2019, to continue to focus on the administration of the dispute settlement process in the context of individual disputes.” The 2019 report also said that the United States “will continue to raise its systemic concerns with Appellate Body overreaching and press for WTO Members to take responsibility to ensure the WTO dispute settlement system operates as intended and agreed in the DSU.”

# Chapter 4

## Selected Regional and Bilateral Trade Activities

This chapter summarizes trade-related activities during 2018 in two major multilateral organizations—the Organisation for Economic Co-operation and Development (OECD) and the Asia-Pacific Economic Cooperation (APEC) forum. It also covers the activities conducted under U.S. trade and investment framework agreements (TIFAs).

### Organisation for Economic Co-operation and Development (OECD)

The OECD’s membership is comprised of the world’s leading market-based economies. It provides a policy forum for member governments to review, discuss, and find evidence-based solutions to economic, social, and environmental challenges facing the global economy, including trade, taxation, and macroeconomic performance and job creation.<sup>393</sup> After the accession of Lithuania and Colombia on May 30, there were 37 OECD members in 2018.<sup>394</sup>

### Ministerial Council Meeting

The OECD held its Ministerial Council Meeting on May 30–31, 2018, in Paris, France. Ministers focused on ways to harness international cooperation and better economic policies to promote human progress for better lives.<sup>395</sup> They also discussed a number of other topics connected with the world economy, including:

- Inequalities in economic growth between countries, as well as how to foster more inclusive growth within countries.<sup>396</sup>
- The challenges of the digital economy.<sup>397</sup>

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<sup>393</sup> OECD, “[Who We Are](#)” (accessed September 6, 2019); USTR,

<sup>394</sup> OECD, “[Meeting of the OECD Council at Ministerial Level—Key Issues Paper](#),” May 2018; OECD, “[Statement of the Chair of MCM 2018](#),” May 31, 2018. The 37 OECD members are Australia, Austria, Belgium, Canada, Chile, Colombia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, South Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom (UK), and the United States. OECD, “[Our Global Reach](#)” (accessed June 17, 2019); OECD “[Signing Ceremony of the OECD Accession Agreement](#),” May 30, 2018.

<sup>395</sup> OECD, “[OECD Forums, Ministerial and High-Level Meetings](#)” (accessed November 30, 2018).

<sup>396</sup> OECD, “[Statement of the Chair of MCM 2018](#)” (accessed July 1, 2019).

<sup>397</sup> OECD, “[Statement of the Chair of MCM 2018](#)” (accessed July 1, 2019). In March 2017, the G20 finance ministers tasked the OECD with writing an interim report on the implications of digitalization for taxation. OECD released the report—“Tax Challenges Arising from Digitalization”—on March 16, 2018. The report provides a detailed analysis of the different digitalized business models, including common characteristics of highly digitalized models, how they create value, and potential implications for the existing international tax framework. The report also describes

- How to combat illicit money flows and corruption.
- How to achieve fairer international taxation.
- How to promote strong and inclusive economic growth through international trade and investment.
- Issues concerning climate and the environment.
- Efforts to achieve more sustainable development goals to promote economic development in other countries.
- How to create more effective and responsive multilateralism in international trade engagement by promoting collaboration with key partners, regional and country programs, and local authorities.<sup>398</sup>

## Trade Committee

In 2018, the OECD Trade Committee met in March (172nd session), April (173rd session), and October (174th session).<sup>399</sup> One focus was on preparations for upcoming activities in multilateral bodies, such as the May 2018 OECD Ministerial Council Meeting,<sup>400</sup> the June 2018 Group of 7 Summit,<sup>401</sup> and the November–December 2018 Group of 20 (G20) Leaders’ Summit.<sup>402</sup> In addition, the Trade Committee spent time finalizing Colombia’s bid to become an OECD member, as announced May 30, 2018. Besides

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the wide-ranging positions of different countries on long-term solutions and on the need for interim measures. OECD members are working towards a consensus-based solution by 2020. OECD, [“Brief on the Tax Challenges Arising from Digitalisation,”](#) 2018; USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, IV-97.

<sup>398</sup> OECD, [“Statement of the Chair of MCM 2018”](#) (accessed July 1, 2019).

<sup>399</sup> OECD, TAD, TC, “Summary Record of the 172nd Session of the Trade Committee—Confidential Session—March 23, 2018,” April 9, 2018; OECD, TAD, TC, “Summary Record of the 173rd Session of the Trade Committee—Plenary Session—24–25 April 2018,” July 18, 2018; OECD, TAD, TC, “Summary Record of the 173rd Session of the Trade Committee—Confidential Session—April 25, 2018,” July 18, 2018; OECD, TAD, TC, “Summary Record of the 174th Session of the Trade Committee—Confidential Session—October 23, 2018,” November 20, 2018; OECD, TAD, TC, “Summary Record of the 174th Session of the Trade Committee—Session with the Participation of G20 and Invited Partner Countries—October 23, 2018,” November 20, 2018.

<sup>400</sup> OECD, [“Meeting of the OECD Council at Ministerial Level—Strategic Orientations of the Secretary-General,”](#) May 2018.

<sup>401</sup> Government of Canada, [“Prime Minister Concludes Successful G7 Summit,”](#) June 10, 2018. The Group of Seven (G7) was formed in 1976 and was made up of the UK, Canada, France, Germany, Italy, Japan, and the United States. G7 ministers called for broadening economic and financial policy dialogue with other governments to promote more stable world economic growth, which led to the formation of the G20. G7 Research Group, [“What Is the G7/G8?”](#) (accessed August 13, 2019).

<sup>402</sup> G20 Argentina 2018, [“G20 Leaders’ Declaration,”](#) November 30–December 1, 2018. By 1999, the G7 had added other members to expand the group to 20 members to better address challenges to the global economy following a financial crisis in 1997–1999 that was spreading from Asia to other emerging economies. The G20 included 19 countries—Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, South Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the UK, and the United States—with the European Union becoming the 20th member in the group. G20 Research Group, [The Group of Twenty: A History](#), 2008; G20 Information Centre website, <http://www.g20.utoronto.ca> (accessed May 29, 2019). In addition, leaders and representatives of other countries and international organizations may be invited to participate in the annual summit meeting along with leaders from the G20 members. Government of Japan, Ministry of Foreign Affairs, [“G20 2019 Japan—What Is the G20 Summit?”](#) (accessed May 29, 2019).

the three plenary sessions, the Trade Committee held confidential sessions in 2018 on March 23, April 25, and October 23.<sup>403</sup>

## Working Party of the Trade Committee

The Working Party of the Trade Committee held four meetings in 2018: March 15–16, June 18–19, October 17–18, and December 11–12.<sup>404</sup> During the year, the Working Party addressed multiple topics, notably trade in services, digital trade, trade in raw materials, and trade and investment. For example, for the first two categories—services and digital trade—Working Party projects included:

- Mapping digital trade restrictions and determining market openness in digital trade by developing a new online tool—the Digital Services Trade Restrictiveness Index (Digital STRI)—which focuses on crosscutting impediments that hinder services traded digitally.<sup>405</sup>
- Promoting digital trade among members of the Association of Southeast Asian Nations (ASEAN).<sup>406</sup>
- Looking at how to design service-sector reforms that would produce gains and benefits that are widely shared across the economy, by examining how the increased use, production, and sales of services by manufacturing firms (called “servicification”) would affect labor market dynamics.<sup>407</sup>
- Developing further insights on services exported together with goods to help with the accurate collection of statistics, to assess the relative importance of manufacturing and services activities, and to discuss the policy implications of servicification.<sup>408</sup>

Other Working Party projects discussed included one addressing aspects of trade and investment—such as measuring the effects of regional trade agreements—and another analyzing the economic impact on particular OECD countries of the United Kingdom’s withdrawal from the European Union (“Brexit”).<sup>409</sup>

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<sup>403</sup> OECD, TAD, TC, “Summary Record of the 172nd Session of the Trade Committee—Confidential Session—March 23, 2018,” April 9, 2018; OECD, TAD, TC, “Summary Record of the 173rd Session of the Trade Committee—Confidential Session—April 25, 2018,” July 18, 2018; OECD, TAD, TC, “Summary Record of the 174th Session of the Trade Committee—Confidential Session—October 23, 2018,” November 20, 2018.

<sup>404</sup> OECD, TAD, TC, WPTC, “Draft Summary Record: Working Party of the Trade Committee—15–16 March 2018—Paris, France,” April 6, 2018; OECD, TAD, TC, WPTC, “Draft Summary Record: June 2018 WPTC—18–19 June 2018—Paris, France,” July 16, 2018; OECD, TAD, TC, WPTC, “Summary Record: Working Party of the Trade Committee—17–18 October 2018—Paris, France,” November 5, 2018; OECD, TAD, TC, WPTC, “Summary Record: December 2018 WPTC—11–12 (a.m.) December 2018—Paris, France,” February 22, 2019.

<sup>405</sup> OECD, TAD, TC, WPTC, *Using the STRI to Map Restrictiveness in Digital Trade*, May 24, 2018.

<sup>406</sup> OECD, TAD, TC, WPTC, *Fostering Participation in Digital Trade for ASEAN MSMEs*, September 24, 2018.

<sup>407</sup> OECD, TAD, TC, WPTC, *Report: Expert Meeting on Services Trade Policy, Structural Transformation and Labour Market Adjustments*, March 2, 2018.

<sup>408</sup> OECD, TAD, TC, WPTC, “*Services Exported Together with Goods*,” February 28, 2018.

<sup>409</sup> OECD, TAD, TC, WPTC, “Summary Record: Working Party of the Trade Committee—17–18 October 2018—Paris, France,” November 5, 2018; OECD, TAD, TC, WPTC, “Summary Record: December 2018 WPTC—11–12 (a.m.) December 2018—Paris, France,” February 22, 2019.

## Global Forum on Steel Excess Capacity

The Global Forum on Steel Excess Capacity (GFSEC) was created following calls from leaders of the G20 to address structural problems such as global excess capacity in the steel and other industries.<sup>410</sup> On December 16, 2016, GFSEC was formally established in Berlin, Germany,<sup>411</sup> to (1) exchange information and data on global steel capacity developments and government policies affecting excess steel capacity; (2) develop policy solutions and recommendations to alleviate excess capacity in the steel industry; and (3) report on its work to the G20 ministers.<sup>412</sup> The OECD both chairs the forum and facilitates the work produced by the GFSEC steering group.<sup>413</sup> In 2018, 33 economies participated in the forum, including several non-OECD steel-producing economies.<sup>414</sup> The lifespan of the GFSEC was initially set at three years, but could be extended based on the consensus of members.

In 2017, GFSEC member economies approved the so-called Berlin Ministerial report, which contained six guiding principles. These principles are as follows:

1. Understanding that steel excess capacity is a global challenge, requiring collective policy solutions.
2. Refraining from market-distorting subsidies and government support measures.
3. Fostering a level playing field in the steel industry.
4. Ensuring market-based outcomes in the steel industry.
5. Encouraging adjustment and thereby reducing excess capacity.
6. Ensuring greater transparency as well as review, discussion, and assessment of the implementation of the Global Forum policy solutions.

GFSEC member economies also drafted policy recommendations for governments to use. For example, to address the goals of the fifth principle, the economies recommended reducing excess capacity in the steel sector, while governments can address the sixth principle by formulating recommendations to continually update members' information on steel capacity and policy measures.<sup>415</sup>

The forum met several times in 2018, including at the second ministerial-level GFSEC meeting, which was held in Paris, France, on September 20, 2018. At the ministerial, the forum agreed on a report,

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<sup>410</sup> G20, "[Leaders' Communique—Hangzhou Summit—4–5 September 2016](#)," 2016; Government of Germany, [Global Forum on Steel Excess Capacity](#), November 30, 2017, 49.

<sup>411</sup> Government of Germany, Federal Ministry of Economic Affairs and Energy, [Global Forum on Steel Excess Capacity](#), November 30, 2017, 2.

<sup>412</sup> Government of Germany, "[Factsheet—Global Forum on Steel Excess Capacity](#)," November 30, 2017.

<sup>413</sup> OECD, "Role of the OECD in Support and Facilitation of the Global Forum on Steel Excess Capacity (GFSEC)," January 25, 2017.

<sup>414</sup> The 33 members are Argentina, Australia, Austria, Belgium, Brazil, Canada, China, the European Union, Finland, France, Germany, Greece, Hungary, India, Indonesia, Italy, Japan, South Korea, Luxembourg, Mexico, the Netherlands, Norway, Poland, Russia, Saudi Arabia, Slovakia, South Africa, Spain, Sweden, Switzerland, Turkey, the UK, and the United States. OECD, "Role of the OECD in Support and Facilitation of the Global Forum on Steel Excess Capacity (GFSEC)," January 25, 2017, 6.

<sup>415</sup> Government of Germany, Federal Ministry of Economic Affairs and Energy, [Global Forum on Steel Excess Capacity](#), November 30, 2017, 8-10; OECD, "[OECD Welcomes Outcome of Global Forum on Steel](#)," November 30, 2017.



which was presented at the G20 leaders' summit November 30–December 1, 2018.<sup>416</sup> The report included initial conclusions on a process to identify and remove subsidies and other government support measures for both public and private steel producers that could contribute or may have contributed to excess capacity in the steel sector.<sup>417</sup>

## Asia-Pacific Economic Cooperation (APEC)

### Background

Established in 1989 and composed of 21 member economies,<sup>418</sup> Asia-Pacific Economic Cooperation (APEC) is a regional economic and trade forum. Since its inception, APEC has aimed to increase prosperity in the region by supporting regional economic integration; promoting balanced, innovative, inclusive, and sustainable growth; and facilitating easy movement of goods, services, investment, and people across borders. APEC organizes events, including economic leaders' summits, ministerial meetings, senior officials' meetings, policy dialogues, and workshops, to discuss various trade and economic issues. APEC decisions are made by consensus, and commitments are undertaken voluntarily.<sup>419</sup> Every year, one of the 21 APEC member economies plays the host to APEC meetings and serves as the APEC chair.<sup>420</sup> In 2018, Papua New Guinea served as the APEC chair and hosted major APEC meetings for the first time since Papua New Guinea joined APEC in 1993.

APEC's operational structure is based on both "bottom-up" and "top-down" approaches. Four core committees, including the Committee on Trade and Investment (CTI), provide strategic policy recommendations to APEC economic leaders and ministers who meet annually to set the vision for overarching goals and initiatives. The working groups under each committee are tasked with implementing these initiatives through a variety of APEC-funded projects. Member economies also take individual and collective actions to carry out APEC initiatives. Capacity building is a key element of APEC's operation, playing an important role in helping realize APEC's goals by providing skill training and technological expertise to member economies.<sup>421</sup>

### 2018 APEC Developments

For the Papua New Guinea meeting, APEC adopted the theme of "Harnessing Inclusive Opportunities, Embracing the Digital Future." The theme was intended to recognize the importance of facilitating e-commerce and digital trade while emphasizing the productivity and economic gains possible through

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<sup>416</sup> G20, [Global Forum on Steel Excess Capacity Ministerial Meeting](#), September 20, 2018; Government of Japan, Ministry of Economy, Trade and Industry, ["Second Ministerial Meeting of the Global Forum on Steel,"](#) September 21, 2018.

<sup>417</sup> G20, [Global Forum on Steel Excess Capacity Ministerial Report](#), September 20, 2018.

<sup>418</sup> In 2018, the 21 APEC member economies were Australia; Brunei Darussalam (Brunei); Canada; Chile; China; Hong Kong, China; Indonesia; Japan; South Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Taiwan; Thailand; the United States; and Vietnam. For further details, see APEC, ["About APEC"](#) (accessed May 20, 2019).

<sup>419</sup> APEC, ["About APEC"](#) (accessed May 20, 2019).

<sup>420</sup> APEC, ["How APEC Operates"](#) (accessed May 20, 2019).

<sup>421</sup> APEC, ["About APEC"](#) (accessed May 20, 2019).

APEC collective efforts on developing the digital economy. APEC members pledged to promote an inclusive participation of all groups in the digital economy through capacity building, skills development, and facilitation of access to secure digital infrastructure.<sup>422</sup>

In its 2018 annual report to ministers, CTI noted that APEC work for the year focused on supporting and improving the multilateral trading system, reducing trade and investment barriers, improving procedures at the border and along supply chains, and harmonizing standards and regulations to reduce trade costs. Three of the accomplishments highlighted for the year show progress made in these areas:<sup>423</sup>

- Advancing global value chain (GVC) development and cooperation in the APEC region under Work Stream 2: *APEC GVCs and Trade in Value Added (TiVA) Measurement*. In 2018, under the leadership of China and the United States, the APEC TiVA Technical Group completed the majority of the technical work required for constructing the APEC TiVA Database. The resulting APEC TiVA deliverables will “serve as an important tool to help better understand the impact of global production networks on APEC economies, and to help APEC economies to develop effective economic policies that would improve the opportunities for business to participate in the global economy.”<sup>424</sup>
- Advancing services trade in the APEC region. APEC set up nonbinding principles for domestic regulations of services sectors; made progress toward developing an APEC index to measure services trade restrictiveness; completed the interim reviews of the *Environmental Services Action Plan* and the *Manufacturing-Related Services Action Plan*; and organized two workshops, a symposium, and a seminar on topics related to services trade, such as professional services and e-commerce in services.
- Promoting the participation of micro, small, and medium-sized enterprises (MSMEs) in the global economy. Efforts included several studies on MSMEs’ integration into GVCs in services industries such as fashion design, tourism, and software services industries; two capacity-building workshops on promoting MSMEs’ services trade and developing MSMEs’ negotiating skills; and projects facilitating MSMEs’ effective use of intellectual property rights, such as strategies for managing and commercializing intellectual property, and best practices in intellectual property licensing and in the management of technology patents.

In addition, the CTI report noted progress made in improving trade facilitation and regulatory cooperation, among others.

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<sup>422</sup> APEC, [2018 Key APEC Documents](#), November 18, 2018, 1–2.

<sup>423</sup> APEC, [APEC Committee on Trade and Investment 2018](#), November 2018, 1–4.

<sup>424</sup> The United States co-leads Global Value Chain (GVC) Work Stream 2 with China. The objective of this work stream is to develop an APEC TiVA database by 2018. Upon USTR’s request, in the capacity of technical support, on the U.S. side USITC staff have been co-leading this project with participants from the U.S. Department of Commerce’s Bureau of Economic Analysis since 2014. For more information on APEC GVC development and cooperation, see USITC, [The Year in Trade in 2015](#), July 2016, 120–21, and [The Year in Trade in 2016](#), July 2017, 111–12.



## Digital Trade, Internet Economy, and E-Commerce<sup>425</sup>

As noted earlier, the theme selected by Papua New Guinea for its year as host was “Harnessing Inclusive Opportunities, Embracing the Digital Future.” Under this theme, APEC actively worked on and discussed a number of issues related to e-commerce and digital trade in 2018:

- Implementing the *Work Plan to Identify Building Blocks to Facilitate Digital Trade for 2018*.<sup>426</sup> The work plan sought to gather more information on domestic policies, measures, and international efforts, as well as best practices that facilitate digital trade. It also sought to identify capacity-building needs for developing economies to improve cross-border regulatory cooperation.
- Holding two policy dialogues on digital trade. Topics discussed at these policy dialogues included the evolution of emerging technologies and their impact on trade and business models; policies on data privacy and data flows; and opportunities and challenges to business and MSMEs presented by digital trade.
- Organizing a public-private dialogue on existing and emerging issues related to e-commerce and the digital economy, including the development of digital content, the diffusion of new technologies, and consumer protection.
- Conducting a study on enabling the policy and regulatory environment within APEC for data-utilizing businesses. Through case studies and interviews with firms, the study sought to deepen understanding of leading data-utilizing business models, ways of protecting privacy and data security, and the policy environment that creates opportunities and enables success for data-utilizing businesses.
- Delivering several projects on economic issues related to e-commerce and digital trade, including a workshop on enhancing regulatory infrastructure for e-commerce and a study on e-trade measures under the framework of regional trade agreements (RTAs) and free trade agreements (FTAs) in the APEC region.<sup>427</sup>

APEC also made significant progress in creating a policy and regulatory environment to ensure privacy protection in the APEC region. In 2018, Singapore became the sixth APEC economy, alongside the United States, Mexico, Canada, Japan, and South Korea, to participate in the Cross-border Privacy Rules System, a regional cross-border data transfer mechanism and privacy code of conduct developed by APEC for business. Also in 2018, Singapore and the United States became the first two APEC economies to participate in the APEC Privacy Recognition for Processors system, a “corollary certification system for personal information processors” designed to help personal information processors comply with the APEC Privacy Framework 2004.<sup>428</sup> APEC continued to implement the APEC Cross-border Privacy Enforcement Arrangement (CPEA), the first multilateral arrangement in the APEC region enabling privacy enforcement agents to share information and otherwise assist in cross-border data privacy

<sup>425</sup> For more information on APEC work concerning digital trade, the internet economy, and e-commerce, see USITC, *The Year in Trade in 2017*, August 2018, 116–17.

<sup>426</sup> APEC, *2017 CTI Report to Ministers, Appendix 3*, November 2017.

<sup>427</sup> APEC, *APEC Committee on Trade and Investment 2018*, November 2018, 11–13.

<sup>428</sup> APEC, *APEC Committee on Trade and Investment 2018*, November 2018, 13.

enforcement. In 2018, the Philippines and Taiwan joined nine other APEC economies as the latest members to participate in the CPEA.

## The Bogor Goals<sup>429</sup>

In November 2018, APEC published the *APEC's Bogor Goals Progress Report*, assessing the steps its 21 member economies have made toward achieving APEC's Bogor Goals in recent years.<sup>430</sup> These goals, adopted in 1994, aim to create a free and open trade and investment area in the Asia-Pacific region by reducing tariff and nontariff barriers to trade and investment, facilitating business, and fostering economic and technical cooperation. The report highlighted major achievements as well as areas for improvement:

- **Tariffs:** APEC has made substantial progress in tariff liberalization since its inception, but progress has been limited in recent years. Between 2014 and 2017,<sup>431</sup> the average most-favored-nation (MFN) tariff rate in the APEC region decreased only from 5.6 percent to 5.3 percent. The average MFN tariff rate of agricultural products was 11.4 percent, more than twice the average for nonagricultural products (4.4 percent).
- **Nontariff measures (NTMs):** For some time, APEC economies have been implementing trade-facilitating NTMs, such as expedited customs procedures, the elimination of import licensing requirements, and the application of export rebates. Recently, however, the adoption of new trade-facilitating NTMs has slowed down within the APEC region. On the other hand, the number of trade-restrictive NTM measures imposed by APEC members has also fallen in recent years. At the same time, the number of trade remedies imposed by APEC economies—particularly antidumping measures—increased significantly during July 2016–June 2017 versus similar periods in previous years.
- **Services:** The success of APEC economies' policies in terms of facilitating foreign participation in domestic services sectors has been mixed. Some services sectors have become increasingly liberalized, such as banking, transportation, healthcare, tertiary education, and legal services. Others, such as insurance, communications services, and electronic payment processing services, have become more restrictive.
- **Investment:** APEC economies have been carrying out a broad range of measures to upgrade the investment environment. These range from measures that streamline the preliminary steps of investing—easing the entry of foreign investment, relaxing the conditions for foreign ownership, raising the thresholds for screening potential investments, and simplifying approval procedures—to measures that reduce restrictions on repatriating capital, profits, or royalties. Many APEC economies also reported adopting bilateral investment agreements or regional trade agreements/free trade agreements that included investment chapters. These developments, too, would liberalize investment, simplify administrative procedures, and provide legal stability. Nonetheless, investment barriers persist in certain sectors, with policies either prohibiting foreign investment or accepting foreign investment only under certain conditions.

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<sup>429</sup> For background information on APEC's Bogor Goals, see USITC, [The Year in Trade in 2014](#), July 2015, 117–18.

<sup>430</sup> APEC, [APEC's Bogor Goals Progress Report](#), November 2018.

<sup>431</sup> 2017 data were the most recent data available in the 2018 *APEC's Bogor Goals Progress Report*.

The report also noted improvements in areas such as customs procedures, intellectual property rights protections, competition policies, government procurement, regulatory reforms, and dispute mediation, among others.<sup>432</sup>

## Trade and Investment Framework Agreements

Trade and Investment Framework Agreements (TIFAs) provide principles for dialogue on trade and investment issues. By yearend 2018, the United States had entered into 56 TIFAs (table 4.1), with no new TIFAs in 2018. TIFAs cover diverse matters, including market access, labor, environment, and intellectual property rights.<sup>433</sup> TIFA meetings serve as a setting for the United States and other parties to the TIFA to discuss issues of mutual interest with the objective of strengthening trade and investment ties.<sup>434</sup>

The most recent TIFA negotiations were with Paraguay. Though the U.S.-Paraguay TIFA was signed in 2017, it has not yet entered into force. As a result, discussions on trade and investment issues between the United States and Paraguay are channeled through the United States-Paraguay Bilateral Council on Trade and Investment.<sup>435</sup>

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<sup>432</sup> APEC, [APEC's Bogor Goals Progress Report](#), November 2018, 1–9.

<sup>433</sup> USTR, [“Trade and Investment Framework Agreements”](#) (accessed May 15, 2019); USTR, [“United States, Bangladesh Sign Trade and Investment Cooperation,”](#) November 25, 2013; USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 352–59; USTR, [“SACU”](#) (accessed May 15, 2019).

<sup>434</sup> USTR, [“Trade and Investment Framework Agreements”](#) (accessed May 15, 2019).

<sup>435</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), 24.

**Table 4.1** U.S. trade and investment framework agreements (TIFAs) in 2018

Type and name	Date signed
<b>Bilateral</b>	
U.S.-Afghanistan TIFA	September 21, 2004
U.S.-Algeria TIFA	July 13, 2001
U.S.-Angola TIFA	May 19, 2009
U.S.-Argentina TIFA	March 23, 2016
U.S.-Armenia TIFA	November 13, 2015
U.S.-Bahrain TIFA	June 18, 2002
U.S.-Bangladesh TICFA	November 25, 2013
U.S.-Brunei Darussalam TIFA	December 16, 2002
U.S.-Burma TIFA	May 21, 2013
U.S.-Cambodia TIFA	July 14, 2006
U.S.-Egypt TIFA	July 1, 1999
U.S.-Georgia TIFA	June 20, 2007
U.S.-Ghana TIFA	February 26, 1999
U.S.-Iceland TICF	January 15, 2009
U.S.-Indonesia TIFA	July 16, 1996
U.S.-Iraq TIFA	July 11, 2005
U.S.-Kuwait TIFA	February 6, 2004
U.S.-Laos TIFA	February 17, 2016
U.S.-Lebanon TIFA	November 30, 2006
U.S.-Liberia TIFA	February 15, 2007
U.S.-Libya TIFA	December 18, 2013
U.S.-Malaysia TIFA	May 10, 2004
U.S.-Maldives TIFA	October 17, 2009
U.S.-Mauritius TIFA	September 18, 2006
U.S.-Mongolia TIFA	July 15, 2004
U.S.-Mozambique TIFA	June 21, 2005
U.S.-Nepal TIFA	April 15, 2011
U.S.-New Zealand TIFA	October 2, 1992
U.S.-Nigeria TIFA	February 16, 2000
U.S.-Oman TIFA	July 7, 2004
U.S.-Pakistan TIFA	June 25, 2003
U.S.-Paraguay TIFA	January 13, 2017
U.S.-Philippines TIFA	November 9, 1989
U.S.-Qatar TIFA	March 19, 2004
U.S.-Rwanda TIFA	June 7, 2006
U.S.-Saudi Arabia TIFA	July 31, 2003
U.S.-South Africa TIFA <sup>a</sup>	June 18, 2012
U.S.-Sri Lanka TIFA	July 25, 2002
U.S.-Switzerland TICF	May 25, 2006
U.S.-Taiwan TIFA	September 19, 1994
U.S.-Thailand TIFA	October 23, 2002
U.S.-Tunisia TIFA	October 2, 2002
U.S.-Turkey TIFA	September 29, 1999
U.S.-Ukraine TICA	March 28, 2008
U.S.-United Arab Emirates TIFA	March 15, 2004

U.S.-Uruguay TIFA <sup>b</sup>	January 25, 2007
U.S.-Vietnam TIFA	June 21, 2007
U.S.-Yemen TIFA	February 6, 2004
<b>Regional</b>	
U.S.-Association of Southeast Asian Nations (ASEAN) TIFA <sup>c</sup>	August 5, 2006
U.S.-Caribbean Community (CARICOM) TIFA <sup>d</sup>	May 28, 2013
U.S.-Central Asian TIFA <sup>e</sup>	June 1, 2004
U.S.-Common Market for Eastern and Southern Africa (COMESA) TIFA <sup>f</sup>	October 29, 2001
U.S.-East African Community TIFA <sup>g</sup>	July 16, 2008
U.S.-Economic Community of West African States (ECOWAS) TIFA <sup>h</sup>	August 5, 2014
U.S.-Gulf Cooperation Council (GCC) Framework Agreement for Trade, Economic, Investment, and Technical Cooperation <sup>i</sup>	September 25, 2012
U.S.-Southern Africa Customs Union (SACU) Trade, Investment, and Development Cooperative Agreement <sup>j</sup>	July 16, 2008
U.S.-West African Economic and Monetary Union (WAEMU) TIFA <sup>k</sup>	April 24, 2002

Source: USTR, “Trade and Investment Framework Agreements” (accessed May 15, 2019); USTR, “[United States, Bangladesh Sign Trade and Investment Cooperation](#),” November 25, 2013; USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 352–59; USTR, “[SACU](#)” (accessed May 15, 2019).

Note: TICF stands for Trade and Investment Cooperation Forum, TICA stands for Trade and Investment Cooperation Agreement, and TICFA stands for Trade and Investment Cooperation Forum Agreement. All are considered TIFAs by USTR. For more information, see USTR, “[Trade and Investment Framework Agreements](#)” (accessed May 15, 2019).

<sup>a</sup> The United States-South Africa TIFA was amended on June 18, 2012. It replaces the original TIFA, signed on February 18, 1999.

<sup>b</sup> On October 2, 2008, the United States and Uruguay signed a TIFA protocol on trade and environment and a TIFA protocol on trade facilitation.

<sup>c</sup> The 10 countries of ASEAN are Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

<sup>d</sup> The 15 members of CARICOM are Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago. It also has five associate members: Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, and the Turks and Caicos Islands.

<sup>e</sup> The six parties to the U.S.-Central Asian TIFA are the United States, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

<sup>f</sup> The 21 members of COMESA are Burundi, Comoros, the Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Eswatini (formerly Swaziland), Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Somalia, Tunisia, Uganda, Zambia, and Zimbabwe.

<sup>g</sup> The six parties to the U.S.-East African Community TIFA are the United States, Burundi, Kenya, Rwanda, Tanzania, and Uganda.

<sup>h</sup> The 15 members of ECOWAS are Benin, Burkina Faso, Cabo Verde, Côte d’Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

<sup>i</sup> The six parties to the U.S.-Gulf Cooperation Council (GCC) Framework Agreement for Trade, Economic, Investment, and Technical Cooperation are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

<sup>j</sup> The five members of SACU are Botswana, Eswatini (formerly Swaziland), Lesotho, Namibia, and South Africa.

<sup>k</sup> The eight members of WAEMU are Benin, Burkina Faso, Côte d’Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

## Developments in TIFAs during 2018

During 2018, 11 TIFA councils met, with results as discussed in this section.

### Algeria

On October 2, 2018, the United States and Algeria held their sixth TIFA Council meeting in Washington, DC. They discussed trade and investment issues in various sectors—tourism, energy, health, handcrafts, and agriculture. The countries also discussed issues related to the digital economy, intellectual property rights, and modernization of the Algerian banking sector.<sup>436</sup>

<sup>436</sup> Government of Algeria, Embassy of Algeria, “[Ambassador’s Activities](#)” (accessed April 22, 2019).

## Argentina

Under their TIFA, the United States and Argentina met in Washington, DC, on October 19, 2018. During the meeting, the countries discussed various issues, including agricultural market access, the need to reduce steel excess capacity, intellectual property rights protection, and continued cooperation on the World Trade Organization (WTO) initiative on electronic commerce.<sup>437</sup>

## Armenia

On March 19, 2018, the United States and Armenia met in Washington, DC, for their second TIFA council meeting. Senior government officials discussed a range of topics, including procedures for implementing technical standards, conformity assessment, and stakeholder consultation, as well as sanitary and phytosanitary measures, customs clearance, intellectual property rights, and processes for monitoring and enforcing labor laws. In addition, the meeting included a roundtable discussion with private sector members.<sup>438</sup>

## Bangladesh

Under their Trade and Investment Cooperation Forum Agreement, the United States and Bangladesh met in Washington, DC, on September 13, 2018, to discuss expansion of their bilateral trade and investment relationship. Topics of discussion included market access for U.S. cotton, the digital economy, labor reforms, and transparency in government procurement.

During the 2018 meeting, the United States articulated uneasiness on the country's labor conditions. In 2013, Bangladesh was suspended from the Generalized System of Preferences (GSP) program owing to issues with workers' rights and safety.<sup>439</sup> Although USTR recognized some progress on these issues during Bangladesh's GSP review in 2015, Bangladesh's GSP eligibility has not been reinstated, given that further progress is needed in these areas.<sup>440</sup>

## Central Asia

On October 16, 2018, the United States, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan met in Tashkent, Uzbekistan, for the U.S.-Central Asia TIFA Council meeting. The Afghan and Pakistani governments joined the meeting as observers.<sup>441</sup> Two previously launched working groups, on intellectual property and women's economic empowerment, held their first meetings in 2018. Countries discussed trade and investment issues including regional connectivity, economic cooperation, customs

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<sup>437</sup> USTR, "[Joint Statement on the Second Meeting of the United States-Argentina Council on Trade and Investment](#)" (accessed May 15, 2019).

<sup>438</sup> Government of Armenia, Embassy to Armenia to the United States of America, "[Session of Armenia-US Council on Trade and Investment in Washington](#)," March 19, 2018; USTR, "[United States and Armenia Work to Strengthen Ties, Expand Trade and Investment Relationship](#)," March 19, 2018.

<sup>439</sup> USTR, "[USTR and Bangladesh Hold 4th Trade and Investment Cooperation Forum Agreement Council Meeting](#)" (accessed May 15, 2019).

<sup>440</sup> USTR, "[GSP Review of Bangladesh Recognizes Progress, Urges That More Be Done on Worker Safety and Rights](#)," January 16, 2015.

<sup>441</sup> USTR, "[U.S. Statement on the United States-Central Asia Trade and Investment Framework Agreement](#)" (accessed May 15, 2019).

issues, sanitary and phytosanitary measures, standards and technical barriers to trade, and workers' rights.<sup>442</sup>

### **Indonesia**

The United States and Indonesia met under their TIFA in Jakarta, Indonesia, on May 14, 2018. The countries met with the goal of building a stronger trade relationship and promoting free bilateral trade. During the meeting, senior officials discussed recent updates on the GSP country practice review for Indonesia, and agreed to work together to address issues of agriculture, digital trade, financial services, fisheries, and labor.<sup>443</sup> In addition, the countries approved a work plan to address intellectual property concerns with respect to Indonesia's citation in USTR's *2018 Special 301 Report*. The Special 301 report addressed various issues, including patent law in relation to local manufacturing and use requirements, and compulsory licenses.<sup>444</sup>

### **Laos**

On January 31, 2019, the United States and Laos held the second meeting under their TIFA in Vientiane, Laos. The countries discussed strengthening opportunities in various areas, including electronic payments, automotive standards, digital trade, and intellectual property.<sup>445</sup>

### **Nepal**

On November 13, 2018, the United States and Nepal held their fourth TIFA Council meeting in Washington, DC, to strengthen trade and investment relations. Both countries discussed a range of topics, including business environment and labor reforms, investment promotion, execution of the WTO Trade Facilitation Agreement, digital trade and e-commerce, sanitary and phytosanitary measures, and market access and reform in Nepal's agricultural sector. The countries also addressed methods of creating and improving innovation in the business environment by increasing intellectual property protection and facilitating foreign investment. Nepal also cited its interest in increasing its utilization of the Nepal Trade Preferences Act, which allows certain products from Nepal to be imported duty free into the United States.<sup>446</sup>

### **New Zealand**

During July 19–20, 2018, the United States and New Zealand met under their TIFA in Washington, DC. During the meetings, U.S. officials discussed the two countries' expanding trade and investment relations, including cooperation on areas of mutual interest. Topics addressed included trade barriers in

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<sup>442</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), 2019, 37.

<sup>443</sup> USTR, "[United States and Indonesia Meet under Trade and Investment Framework Agreement](#)" (accessed May 15, 2019).

<sup>444</sup> USTR, [2018 Special 301 Report](#), 13 (accessed May 15, 2019).

<sup>445</sup> USDOS, U.S. Embassy in Laos, "[U.S. and Lao Officials Conduct Trade and Investment Talks](#)" (accessed May 15, 2019).

<sup>446</sup> USTR, "[Joint Statement on the 4th U.S.-Nepal Trade and Investment Framework Council Meeting](#)" (accessed May 15, 2019). For more information on NTPA, see chapter 2 of this report.

third-country markets, unfair trade practices, intellectual property, and cooperation between the United States and New Zealand at the WTO and APEC.<sup>447</sup>

### **Thailand**

On April 10, 2018, the United States and Thailand held a Trade and Investment Council meeting in Washington, DC. The countries discussed ways to expand trade relations and address trade issues. Both countries restated the importance of their relationship and cooperation on trade expansion. Topics addressed included the U.S. trade agenda and questions related to Thai barriers to U.S. exports, such as agriculture, customs, intellectual property, and labor issues. Senior government officials also addressed regional and multilateral engagements, including implementation of the WTO Trade Facilitation Agreement and approaches to advancing the ASEAN-U.S. Trade and Investment Framework Arrangement.<sup>448</sup>

### **Ukraine**

The United States and Ukraine met on October 23, 2018, under their Trade and Investment Cooperation Agreement (TICA). The meeting, held in Washington, DC, under the auspices of the U.S.-Ukraine Trade and Investment Council, was the eighth meeting since the TICA entered into force in 2008. During the meeting, the two countries discussed ways to expand trade in agricultural and industrial goods, work done by working groups on technical and sanitary and phytosanitary barriers to trade, and the new law implemented on collective management in Ukraine. Additional topics of discussion were the governance of electronic payment systems, the environment for refunds of Ukraine's value-added tax, transportation logistics, and agricultural export controls.<sup>449</sup>

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<sup>447</sup> USTR, "[United States and New Zealand Meet under Trade and Investment Framework Agreement](#)" (accessed May 15, 2019).

<sup>448</sup> USTR, "[United States and Thailand Discuss Strengthening Engagement on Trade, Resolving Priority Issues](#)" (accessed May 15, 2019).

<sup>449</sup> USTR, "[Joint Statement on the United States-Ukraine Trade and Investment Council](#)" (accessed May 15, 2019).



# Chapter 5

## U.S. Free Trade Agreements

This chapter summarizes developments related to U.S. free trade agreements (FTAs) during 2018.<sup>450</sup> It describes trends in U.S. merchandise trade with FTA partners, highlights the status of U.S. FTA negotiations during the year, and summarizes major activities and dispute settlement developments involving the North American Free Trade Agreement (NAFTA) and other U.S. FTAs in force during 2018.

### U.S. Trade with FTA Partners in 2018

The United States was party to 14 FTAs involving a total of 20 countries as of December 31, 2018. Starting with the most recent, the FTAs in force during 2018 were the U.S.-Panama Trade Promotion Agreement (TPA) (entered into force in 2012); the U.S.-Colombia TPA (2012); the U.S.-Korea FTA (2012); the U.S.-Peru TPA (2009); the U.S.-Oman FTA (2009); a multiparty FTA with the countries of Central America and the Dominican Republic (CAFTA-DR) that includes the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua (entered into force 2006–07) and Costa Rica (2009); the U.S.-Bahrain FTA (2006); the U.S.-Morocco FTA (2006); the U.S.-Australia FTA (2005); the U.S.-Chile FTA (2004); the U.S.-Singapore FTA (2004); the U.S.-Jordan FTA (2001); NAFTA, with Canada and Mexico (1994); and the U.S.-Israel FTA (1985).

### U.S. Total Merchandise Trade with FTA Partners

Total two-way merchandise trade between the United States and its 20 FTA partners was \$1.6 trillion in 2018, accounting for 39.1 percent of total U.S. merchandise trade with the world.<sup>451</sup> The value of U.S. exports to FTA partners totaled \$780.3 billion, an 8.3 percent increase from \$720.3 billion in 2017; this growth exceeded the 7.6 percent increase in total U.S. exports to the world in 2018. The value of U.S. exports to most FTA partners increased in 2018; the exception was exports to Jordan. U.S. imports from FTA partners were valued at \$862.6 billion, also an 8.3 percent increase from \$796.6 billion in 2017. The U.S. merchandise trade deficit with all FTA partners increased 7.9 percent to \$82.4 billion in 2018 (tables 5.1–5.3).

U.S. trade with the two NAFTA countries (Canada and Mexico) continued to contribute the most to overall U.S. trade with FTA partners. In 2018, these countries accounted for \$1.2 trillion, or 74.8 percent, of total U.S. trade with its FTA partners. From 2017 to 2018, the value of U.S. exports to NAFTA countries rose 7.3 percent (\$38.1 billion) to \$563.7 billion. U.S. imports from NAFTA countries rose 8.4 percent (\$51.4 billion), to \$664.9 billion in 2018. As a result, the U.S. merchandise trade deficit with its NAFTA partners increased by 15.1 percent to \$101.2 billion in 2018.

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<sup>450</sup> The term free trade agreements includes free trade agreements (FTAs) and trade promotion agreements (TPAs).

<sup>451</sup> As described in chapter 1, U.S. total merchandise trade with FTA partners is based on total exports and general imports. Only imports entering under trade preference programs and FTAs are based on imports for consumption.

U.S. trade with its non-NAFTA FTA partners was valued at \$414.2 billion in 2018, which was a 9.6 percent increase from 2017. U.S. exports to these FTA partners increased 11.2 percent (\$21.8 billion), from \$194.7 billion in 2017 to \$216.5 billion in 2018. At the same time, U.S. imports from these partners increased 8.0 percent (\$14.6 billion) from \$183.1 billion in 2017 to \$197.7 billion in 2018. U.S. exports increased more than imports, causing the U.S. merchandise trade surplus with its non-NAFTA FTA partners to increase 62.1 percent to \$18.8 billion (tables 5.1–5.3).

**Table 5.1** Total U.S. exports to FTA partners, by FTA partner, 2016–18

FTA partner	2016	2017	2018	2017–18
	Million \$			% change
NAFTA	496,786	525,580	563,729	7.3
Canada	266,734	282,265	298,719	5.8
Mexico	230,051	243,314	265,010	8.9
Non-NAFTA	179,249	194,734	216,546	11.2
Israel	13,198	12,550	13,715	9.3
Jordan	1,459	1,921	1,606	-16.4
Chile	12,937	13,605	15,340	12.8
Singapore	26,832	29,806	33,141	11.2
Australia	22,149	24,527	25,306	3.2
Morocco	1,933	2,220	2,945	32.7
Bahrain	900	898	2,037	126.7
CAFTA-DR <sup>a</sup>	28,682	30,619	32,175	5.1
Oman	1,804	1,985	2,421	22.0
Peru	7,927	8,663	9,634	11.2
South Korea	42,313	48,326	56,344	16.6
Colombia	13,047	13,312	14,996	12.7
Panama	6,069	6,301	6,885	9.3
FTA partner total	676,034	720,313	780,276	8.3
Total U.S. exports	1,451,024	1,546,273	1,664,056	7.6
FTA partner share of total U.S. exports (percent)	46.6	46.6	46.9	

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Because of rounding, figures may not add to totals shown. FTA partners are ordered according to the date of entry into force of the respective FTA.

<sup>a</sup> CAFTA-DR is a multiparty FTA that includes the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Costa Rica.

**Table 5.2** U.S. general imports from FTA partners, by FTA partner, 2016–18

FTA partner	2016	2017	2018	2017–18
	Million \$			% change
NAFTA	571,685	613,542	664,938	8.4
Canada	277,766	299,280	318,414	6.4
Mexico	293,920	314,262	346,524	10.3
Non-NAFTA	176,421	183,106	197,702	8.0
Israel	22,210	21,941	21,762	-0.8
Jordan	1,555	1,687	1,814	7.5
Chile	8,797	10,551	11,366	7.7
Singapore	17,832	19,367	27,256	40.7
Australia	9,509	10,045	10,125	0.8
Morocco	1,021	1,233	1,566	27.0
Bahrain	768	996	991	-0.5
CAFTA-DR <sup>a</sup>	23,335	23,570	25,184	6.8
Oman	1,125	1,067	1,281	20.0
Peru	6,253	7,271	7,883	8.4
South Korea	69,888	71,444	74,223	3.9
Colombia	13,717	13,491	13,789	2.2
Panama	410	442	462	4.4
FTA partner total	748,106	796,648	862,640	8.3
Total U.S. imports	2,187,032	2,340,768	2,541,267	8.6
FTA partner share of total U.S. imports (percent)	34.2	34.0	33.9	

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

<sup>a</sup> CAFTA-DR is a multiparty FTA that includes the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Costa Rica.

**Table 5.3** U.S. merchandise trade balance with FTA partners, by FTA partner, 2016–18

	2016	2017	2018	2017–18
	Million \$			% change
NAFTA	-74,900	-87,962	-101,209	-15.1
Canada	-11,031	-17,014	-19,695	-15.8
Mexico	-63,869	-70,948	-81,514	-14.9
Non-NAFTA	2,828	11,628	18,844	62.1
Israel	-9,012	-9,391	-8,047	14.3
Jordan	-95	234	-207	<sup>(b)</sup>
Chile	4,140	3,054	3,974	30.1
Singapore	8,999	10,438	5,885	-43.6
Australia	12,640	14,482	15,181	4.8
Morocco	912	987	1,380	39.8
Bahrain	131	-98	1,046	<sup>(b)</sup>
CAFTA-DR <sup>c</sup>	5,347	7,049	6,991	-0.8
Oman	679	918	1,140	24.3
Peru	1,674	1,392	1,750	25.8
South Korea	-27,576	-23,117	-17,879	22.7
Colombia	-670	-179	1,207	<sup>(b)</sup>
Panama	5,659	5,859	6,423	9.6
FTA partner total	-72,072	-76,334	-82,364	-7.9
Total U.S. trade balance	-736,009	-794,495	-877,211	-10.4

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

<sup>a</sup> Negative percentage changes indicate an increase in the U.S. trade deficit or a decrease in the U.S. trade surplus. Positive percentage changes indicate a decrease in the trade deficit or an increase in the trade surplus.

<sup>b</sup> Not meaningful.

<sup>c</sup> CAFTA-DR is a multiparty FTA that includes the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Costa Rica.

## U.S. Imports Entered under FTAs

The value of U.S. imports entered under FTAs totaled \$408.0 billion in 2018, accounting for nearly half (47.3 percent) of total U.S. imports from FTA partners and for 16.1 percent of U.S. imports from the world (tables 5.4–5.5).<sup>452</sup>

The value of U.S. imports entered under FTAs in 2018 increased \$22.3 billion (5.8 percent), up from \$385.7 billion in 2017. FTA imports from Singapore grew 147.1 percent (\$2.7 billion), representing the largest percentage increase. The growth was primarily driven by large increases in imports of beverage sweeteners.<sup>453</sup> Imports under FTAs from Panama and Oman increased by 41.5 percent (\$24 million) and 28.8 percent (\$202 million), respectively; however, they changed from smaller baselines. Imports from Mexico accounted for the greatest increase in value, rising by \$17.4 billion (9.5 percent) to \$200.5 billion. A large part of this increase was due to an increase in motor vehicle imports from Mexico.<sup>454</sup> On

<sup>452</sup> Not all products imported from FTA partners are eligible for FTA treatment or take advantage of their eligibility.

<sup>453</sup> The value of imports of food preparations not elsewhere specified (HTS 2106.90) increased by \$2.6 billion, or 78,293.3 percent. The majority of the value of imports within this category were from tariff lines for beverage sweeteners at the HTS 10-digit level. USITC DataWeb/USDOC (accessed July 3, 2019).

<sup>454</sup> The value of imports of motor cars and other motor vehicles designed to transport people (HTS 8703) increased by \$4.6 billion, or 15.1 percent. USITC DataWeb/USDOC (accessed May 9, 2019).

the other hand, imports from Canada fell by \$563 million (0.4 percent). In total, combined imports from the NAFTA partners rose 5.4 percent (\$16.8 billion). The largest decline in U.S. imports under any FTA was seen in imports from Bahrain, largely due to a 29.5 percent drop in imports of aluminum wire.<sup>455</sup>

**Table 5.4** U.S. imports for consumption that entered under FTA provisions, by FTA partner, 2016–18

FTA partner	2016	2017	2018	2017–18
	Million \$			% change
NAFTA	302,373	313,049	329,876	5.4
Canada	131,358	129,936	129,373	-0.4
Mexico	171,015	183,112	200,502	9.5
Non-NAFTA	72,707	72,626	78,130	7.6
Israel	2,743	2,709	2,852	5.3
Jordan	1,356	1,487	1,610	8.3
Chile	4,702	5,952	6,412	7.7
Singapore	1,845	1,814	4,481	147.1
Australia	3,732	4,018	3,738	-7.0
Morocco	194	205	243	18.1
Bahrain	499	582	489	-15.9
CAFTA-DR <sup>a</sup>	13,665	13,707	14,710	7.3
Oman	815	702	904	28.8
Peru	2,661	3,299	3,694	11.9
South Korea	35,055	33,085	33,186	0.3
Colombia	5,387	5,010	5,731	14.4
Panama	53	56	80	41.5
FTA partner total	375,080	385,675	408,006	5.8
Total U.S. imports for consumption	2,172,868	2,328,313	2,551,606	9.6

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

<sup>a</sup> CAFTA-DR is a multiparty FTA that includes the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Costa Rica.

Jordan remained the partner with the highest ratio of imports entered under an FTA to general imports, with a ratio of 88.8 percent (table 5.5). Other countries with notably high ratios include Oman (70.6 percent), Mexico (57.9 percent), and Chile (56.4 percent). The CAFTA-DR countries as a whole also had a high ratio of FTA imports to general imports, at 58.4 percent. Each CAFTA-DR partner had large ratios of FTA imports to general imports, except for Costa Rica, for which the ratio was 31.4 percent. The partners with the smallest shares of imports entered under an FTA to general imports were Israel (13.1 percent), Morocco (15.5 percent), and Singapore (16.4 percent). The imports from these countries often entered the United States free of duty under normal trade relations rates (this category is equivalent to most-favored-nation rates in other countries).

<sup>455</sup> USITC DataWeb/USDOC (accessed July 3, 2019).

**Table 5.5** Ratio of U.S. imports for consumption under FTAs to U.S. general imports, by partner, 2016–18 (percent)

FTA partner	2016	2017	2018
NAFTA	52.9	51.0	49.6
Canada	47.3	43.4	40.6
Mexico	58.2	58.3	57.9
Non-NAFTA	41.2	39.7	39.5
Israel	12.4	12.3	13.1
Jordan	87.2	88.1	88.8
Chile	53.4	56.4	56.4
Singapore	10.3	9.4	16.4
Australia	39.3	40.0	36.9
Morocco	19.0	16.7	15.5
Bahrain	64.9	58.4	49.4
CAFTA-DR <sup>a</sup>	58.6	58.2	58.4
Oman	72.4	65.8	70.6
Peru	42.6	45.4	46.9
South Korea	50.2	46.3	44.7
Colombia	39.3	37.1	41.6
Panama	13.0	12.7	17.2
FTA partner total	50.1	48.4	47.3

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

<sup>a</sup> CAFTA-DR is a multiparty FTA that includes the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Costa Rica.

## Developments in FTA Negotiations during 2018

Since 1974, Congress has enacted Trade Promotion Authority (TPA) legislation that defines U.S. negotiating objectives and priorities for trade agreements and establishes consultation and notification requirements for the President to follow throughout the negotiation process. At the end of the negotiation and consultation process, Congress gives the agreement an up or down vote, without amendment.

The most recent renewal of this authority is contained in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015, which was signed into law on June 29, 2015.<sup>456</sup> The Act sets out 21 principal trade negotiating objectives, including objectives on trade in goods, trade in services, trade in agriculture, foreign investment, intellectual property, digital trade in goods and services and cross-border data flows, regulatory practices, and state-owned and state-controlled enterprises. There are also two negotiating objectives on currency and currency manipulation.

TPA sets out a timeline addressing the role of Congress in the FTA negotiation process. TPA procedures apply to both the negotiation of new agreements and changes to existing agreements, such as the United States-Mexico-Canada Agreement. Ninety days before negotiations are to begin, the President is

<sup>456</sup> Pub. L. 114-26, 129 Stat. 320.

required to notify Congress of his intent to enter into negotiations.<sup>457</sup> Thirty days beforehand, the President is to publish negotiating objectives.<sup>458</sup> Ninety days before an agreement is to be signed, the President is to notify Congress of his intent to enter into an agreement,<sup>459</sup> and 60 days before signing, the President is to publish the full text of the agreement.<sup>460</sup> The timeline also includes timeframes for House and Senate consideration once the implementing bill is introduced.<sup>461</sup>

In connection with any proposed trade agreement, USITC is to provide advice to the President as to the probable economic effect of modifications of tariff and nontariff measures on industries producing like or directly competitive articles and on consumers.<sup>462</sup> The USITC is also required to submit a report assessing the likely impact of the agreement on the U.S. economy as a whole and on specific industry sectors 105 days after the trade agreement is signed.<sup>463</sup>

On November 30, 2018, the President signed the United States-Mexico-Canada Agreement. Developments during 2018 leading up to his signature are described below. On October 16, 2018, U.S. Trade Representative (USTR) Lighthizer notified Congress of the President's intent to negotiate trade agreements with the United Kingdom (UK), the European Union (EU), and Japan.<sup>464</sup> This notification launched the congressionally mandated 90-day consultation period under Trade Promotion Authority before the launch of negotiations.<sup>465</sup>

Negotiating objectives for the UK, the EU, and Japan were released over the December 2018–February 2019 period. In addition to these negotiating objectives, the negotiating objectives for agreements with EU and UK also included language on regulation and competitive safeguards on dominant carriers to ensure fair competition in the telecommunications industry;<sup>466</sup> on the establishment of consultative mechanisms and disciplines that address subsidy issues;<sup>467</sup> and on commitments to trade engagement with Israel.<sup>468</sup> Negotiating objectives for the agreement with Japan also included language on preserving fair competition in the telecommunications industry, explicitly through “transparent regulation and an independent regulator.”<sup>469</sup>

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<sup>457</sup> Pub. L. 114-26, § 105(a)(1)(A).

<sup>458</sup> Pub. L. 114-26, § 105(a)(1)(D).

<sup>459</sup> Pub. L. 114-26, § 106(a)(1)(A).

<sup>460</sup> Pub. L. 114-26, § 106(a)(1)(B).

<sup>461</sup> USTR, [“TPP Congressional Timeline”](#) (accessed August 15, 2019); CRS, [“Trade Promotion Authority \(TPA\): Frequently Asked Questions,”](#) June 21, 2019, 30.

<sup>462</sup> Trade Act of 1974, as amended, § 131.

<sup>463</sup> Pub. L. 114-26, § 105(c).

<sup>464</sup> USTR, [“Trump Administration Announces Intent to Negotiate Trade Agreements,”](#) October 16, 2018.

<sup>465</sup> 19 U.S.C. 4204(a).

<sup>466</sup> USTR, [United States-United Kingdom Negotiations: Summary of Specific Negotiating Objectives](#), February 2019, 6; USTR, [United States-European Union Negotiations: Summary of Specific Negotiating Objectives](#), January 2019, 6.

<sup>467</sup> USTR, [United States-United Kingdom Negotiations: Summary of Specific Negotiating Objectives](#), February 2019, 9; USTR, [United States-European Union Negotiations: Summary of Specific Negotiating Objectives](#), January 2019, 6.

<sup>468</sup> USTR, [United States-United Kingdom Negotiations: Summary of Specific Negotiating Objectives](#), February 2019, 15; USTR, [United States-European Union Negotiations: Summary of Specific Negotiating Objectives](#), January 2019, 6.

<sup>469</sup> USTR, [United States-Japan Negotiations: Summary of Specific Negotiating Objectives](#), December 2018, 6.

## U.S.-UK Trade Agreement

On November 16, 2018, USTR announced a request for public comment on a proposed U.S.-UK trade agreement. To help in the development of its negotiating objectives, USTR specifically invited comments on relevant barriers to trade, the economic costs of tariff removal to U.S. producers and consumers, product-specific barriers, customs issues, and other nontariff barriers.<sup>470</sup> After considering public comments and hearing testimony, USTR published its negotiating objectives for a trade agreement with the UK in February 2019.<sup>471</sup>

The UK cannot enter into a new trade agreement with non-European Union (EU) countries before it exits the EU because the EU has exclusive competence over its Common Commercial Policy, including its trade policy.<sup>472</sup> However, discussions between the UK and the United States on strengthening bilateral trade and investment ties were initiated in two separate forums.

The U.S.-UK Trade and Investment Working Group began meeting in July 2017 with the objective of reaffirming and strengthening commercial relationships between U.S. and UK businesses ahead of the UK's exit from the EU.<sup>473</sup> The group met on four subsequent occasions in November 2017,<sup>474</sup> March 2018,<sup>475</sup> July 2018,<sup>476</sup> and November 2018.<sup>477</sup> At these meetings, the group discussed industrial and agricultural goods, services and investment, digital trade, intellectual property rights, regulatory issues related to trade, and small and medium-sized enterprises (SMEs).<sup>478</sup>

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<sup>470</sup> The deadline for submission of public comments was January 15, 2019. USTR also held a public hearing on January 29, 2019. 83 Fed. Reg. 57790 (November 16, 2018).

<sup>471</sup> USTR, [United States-United Kingdom Negotiations: Summary of Specific Negotiating Objectives](#), February 2019.

<sup>472</sup> The UK voted by referendum to withdraw from the EU on June 23, 2016. As of this writing, the effective date and terms of the withdrawal have yet to be determined.

<sup>473</sup> USTR, [Joint Release by USTR Ambassador Lighthizer and UK International Trade Secretary Dr. Liam Fox](#), June 24, 2017.

<sup>474</sup> USTR, [Joint Statement on the Second Meeting of the U.S.-UK Trade and Investment Working Group](#), November 15, 2017.

<sup>475</sup> USTR, [Readout of the 3rd Meeting of the U.S.-UK Trade and Investment Working Group and the 1st Meeting of the U.S.-UK SME Dialogue](#), March 23, 2018.

<sup>476</sup> USTR, [Fourth Meeting of the U.S.-UK Trade and Investment Working Group](#), July 13, 2018.

<sup>477</sup> USTR, [Fifth Meeting of the U.S.-UK Trade and Investment Working Group](#), November 9, 2018.

<sup>478</sup> As part of the U.S.-UK Trade and Investment Working Group, the United States and the UK signed agreements in 2019 on specific products that are currently covered in existing agreements between the United States and the EU. These agreements are designed to ensure that trade is not disrupted when the UK leaves the EU and will take effect when U.S.-EU trade agreements no longer apply to the UK. The products included in these agreements are wine, spirits, telecommunications equipment, pharmaceuticals, and marine equipment. USTR, [U.S.-UK Trade Agreement Negotiations](#) (accessed June 25, 2019); Government of the UK, [Agreement of Mutual Recognition between the United States of America and the United Kingdom of Great Britain and Northern Ireland](#), February 14, 2019; Government of the UK, [Agreement between the United Kingdom of Great Britain and Northern Ireland and the United States of America on the Mutual Recognition of Certificates of Conformity for Marine Equipment](#), February 14, 2019; Government of the UK, [Agreement between the United Kingdom of Great Britain and Northern Ireland and the United States of America on Trade in Wine](#), January 31, 2019; Government of the UK, [Agreement between the United Kingdom of Great Britain and Northern Ireland and the United States of America on the Mutual Recognition of Certain Distilled Spirits/Spirit Drinks](#), January 31, 2019.



The U.S.-UK SME Dialogue began meeting in March 2018 to identify resources available from both countries to assist SMEs and to hear from SMEs on the opportunities and challenges they experience when trading bilaterally.<sup>479</sup> The Dialogue convened on two more occasions, in London in July 2018<sup>480</sup> and in Washington, DC, in November 2018. Discussions focused on access to finance and wider business support for SMEs, intellectual property protection, and the use of e-commerce tools to promote SME exports.<sup>481</sup>

## U.S.-EU Trade Agreement

On November 15, 2018, USTR announced a request for public comment on a proposed U.S.-EU trade agreement. Written public comments on the negotiating objectives for a trade agreement were due on December 10, 2018. Again, to aid in the development of its negotiating objectives, USTR specifically invited comments on relevant barriers to trade, economic costs of tariff removal to U.S. producers and consumers, product-specific barriers, customs issues, and other nontariff barriers. USTR also held a public hearing on negotiating objectives for a U.S.-EU trade agreement on December 14, 2018, hearing testimony of industry representatives from the agriculture, biotechnology, manufacturing, and telecommunications and software sectors, among others.<sup>482</sup> After considering public comments and hearing testimony, USTR published negotiating objectives for a trade agreement with the EU in January 2019.<sup>483</sup>

President Trump and European Commission President Jean-Claude Juncker issued a joint statement on July 25, 2018, to announce the formation of an Executive Working Group (EWG). Headed by the EU Commissioner for Trade Cecilia Malmström and USTR Lighthizer, the EWG was formed to make progress on reducing transatlantic barriers to trade. Goals of the EWG included working to eliminate non-auto industrial tariffs and nontariff barriers, and to increase trade in services, chemicals, pharmaceuticals, medical products, and soybeans. As part of the activities of the EWG, the United States and EU also agreed to strengthen cooperation on trade in energy; to launch a dialogue on standards in order to reduce trade costs and bureaucratic obstacles; and to address unfair trading practices via World Trade Organization (WTO) reform.<sup>484</sup>

After the EWG was formed, Commissioner Malmström and USTR Lighthizer met in Brussels on September 10, 2018, to launch formal discussions under the group. Further meetings of the EWG at the ministerial level were held in New York on September 25, 2018, and in Washington, DC on November 14, 2018. Additional meetings were held at the technical level between U.S. and EU officials, including a technical meeting on regulatory issues in Washington, DC on October 23–26, 2018. Relevant regulatory

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<sup>479</sup> USTR, [“Readout of the 3rd Meeting of the U.S.-UK Trade and Investment Working Group and the 1st Meeting of the U.S.-UK SME Dialogue,”](#) March 23, 2018.

<sup>480</sup> USTR, [“Fourth Meeting of the U.S.-UK Trade and Investment Working Group,”](#) July 13, 2018.

<sup>481</sup> USTR, [“Fifth Meeting of the U.S.-UK Trade and Investment Working Group,”](#) November 9, 2018.

<sup>482</sup> 83 Fed. Reg. 57526 (November 15, 2018); USTR, TPSC, [“U.S.-EU Trade Agreement Hearing,”](#) December 14, 2018.

<sup>483</sup> USTR, [U.S.-EU Negotiations: Summary of Specific Negotiating Objectives](#), January 2019.

<sup>484</sup> EC, [“Joint U.S.-EU Statement following President Juncker’s Visit to the White House,”](#) July 25, 2018.

departments and agencies of the U.S. government and the European Commission participated in these meetings.<sup>485</sup>

To implement certain elements of the July 25, 2018, joint statement, the European Commission needs specific negotiating mandates to be authorized by the Council of the European Union, which is composed of government ministers from each EU member state.<sup>486</sup> In preparation for negotiations on industrial tariffs and on product conformity assessment, the European Commission submitted draft negotiating mandates to the Council of the European Union for member state approval on January 18, 2019.<sup>487</sup> EU member states must approve the proposed mandates before trade negotiations can begin.<sup>488</sup> On March 14, 2019, the European Parliament rejected a draft resolution to recommend the opening of EU-U.S. trade negotiations on industrial tariffs and on product conformity assessment. The rejection by Parliament is not binding, however, and on April 15, 2019, the European Council approved mandates for the Commission to open negotiations on elimination of tariffs for industrial goods and on conformity assessment.<sup>489</sup>

## U.S.-Japan Trade Agreement

On November 15, 2018, USTR announced a request for public comment on a proposed U.S.-Japan trade agreement. Written public comments on the negotiating objectives for a trade agreement were due on November 26, 2018. To help it develop its negotiating objectives, USTR specifically invited comments on relevant barriers to trade, economic costs of tariff removal to U.S. producers and consumers, product-specific barriers, customs issues, and other nontariff barriers. USTR also held a public hearing on negotiating objectives for a U.S.-Japan trade agreement on December 10, 2018, hearing testimony of industry representatives from the agriculture, biotechnology, manufacturing, and telecommunications and software sectors, as well as others.<sup>490</sup> Negotiations started in April 2019.<sup>491</sup>

After considering public comments and hearing testimony, USTR published negotiating objectives for a trade agreement with Japan on December 21, 2018.<sup>492</sup> Unlike the EU and UK negotiating objectives, one of the explicit goals of the U.S.-Japan negotiation is improving the trade balance and reducing the bilateral trade deficit.<sup>493</sup> USTR also identified regulatory compatibility to facilitate U.S. exports in key goods sectors, including pharmaceuticals, medical devices, cosmetics, information and communication

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<sup>485</sup> EC, [EU-US Relations: Interim Report on the Work of the Executive Working Group](#), January 30, 2019, 2.

Ministerial level meetings of the EWG took place in Washington on January 8 and 10, 2019 as well.

<sup>486</sup> EC, [“EU-U.S. Trade Talks: European Commission Publishes Progress Report,”](#) January 30, 2019.

<sup>487</sup> EC, [“Recommendation for a COUNCIL DECISION Authorising the Opening of Negotiations of an Agreement with the United States of America on Conformity Assessment,”](#) January 18, 2019; EC, [“Recommendation for a COUNCIL DECISION Authorising the Opening of Negotiations of an Agreement with the United States of America on the Elimination of Tariffs for Industrial Goods,”](#) January 18, 2019.

<sup>488</sup> EC, [“EU-U.S. Trade Talks: European Commission Present Draft Negotiating Mandates,”](#) January 18, 2019.

<sup>489</sup> European Council, [“Trade with the United States: Council Authorises Negotiations on Elimination of Tariffs for Industrial Goods and on Conformity Assessment,”](#) April 15, 2019.

<sup>490</sup> 83 Fed. Reg. 54164 (November 26, 2018); USTR, [“U.S.-Japan Trade Agreement: Public Hearing,”](#) December 10, 2018.

<sup>491</sup> USTR, [“U.S.-Japan Trade Agreement Negotiations”](#) (accessed June 27, 2019).

<sup>492</sup> USTR, [“U.S.-Japan Trade Agreement Negotiations”](#) (accessed June 27, 2019).

<sup>493</sup> USTR, [United States-Japan Negotiations: Summary of Specific Negotiating Objectives](#), December 2018, 1.

technology equipment, motor vehicles, and chemicals.<sup>494</sup> With regard to motor vehicles, USTR objectives focused specifically on obtaining fair and more equitable trade in the motor vehicle sector, including provisions designed to address nontariff barriers in Japan as well as to increase production and jobs in the United States.<sup>495</sup> Also, unlike previous trade agreement negotiations, USTR has elected to pursue negotiations with Japan in stages.<sup>496</sup>

Several discussions at the ministerial and executive level took place in 2018 between the United States and Japan. Japanese Minister for Economic Revitalization Toshimitsu Motegi and USTR Lighthizer engaged in ministerial consultations on August 8–9, 2018, in Washington, DC, agreeing to deepen bilateral economic cooperation.<sup>497</sup> President Trump and Prime Minister Abe announced that the United States and Japan would begin negotiations for a U.S.-Japan trade agreement on September 26, 2018.<sup>498</sup> Vice President Pence and Deputy Japanese Prime Minister Taro Aso also convened the third meeting of the U.S.-Japan Economic Dialogue in Japan in November 2018, where participants discussed further expanding trade and investment between Japan and the United States.<sup>499</sup>

## United States-Mexico-Canada Agreement (USMCA)

On November 30, 2018, the United States, Mexico, and Canada signed the United States-Mexico-Canada Agreement (USMCA) in Buenos Aires, Argentina.<sup>500</sup> NAFTA remains in effect until each country's legislature ratifies USMCA, although any of the countries may withdraw from NAFTA six months after issuing written notice to the other parties.<sup>501</sup> The United States, Mexico, and Canada signed USMCA after completing the negotiations that began on August 16, 2017, in Washington, DC.<sup>502</sup> The two primary goals of the negotiations were (1) to update NAFTA with modern provisions on digital trade, intellectual property, cybersecurity, good regulatory practices, and treatment of state-owned enterprises; and (2) to rebalance NAFTA in a way that makes it easier to reduce the U.S. trade deficit with Canada and Mexico.<sup>503</sup>

<sup>494</sup> USTR, [United States-Japan Negotiations: Summary of Specific Negotiating Objectives](#), December 2018, 1.

<sup>495</sup> USTR, [United States-Japan Negotiations: Summary of Specific Negotiating Objectives](#), December 2018, 1.

<sup>496</sup> USTR, [United States-Japan Negotiations: Summary of Specific Negotiating Objectives](#), December 2018,

Introduction.

<sup>497</sup> USTR, ["Statement on Meetings between the United States and Japan to Advance the Bilateral Trade Relationship,"](#) August 10, 2018.

<sup>498</sup> White House, ["Joint Statement of the United States and Japan,"](#) September 26, 2018.

<sup>499</sup> White House, ["Remarks by Vice President Pence and Prime Minister Abe of Japan in Joint Press Statements,"](#) November 13, 2018.

<sup>500</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 11. The text of the agreement between the United States of America, the United Mexican States, and Canada (USMCA) is available on USTR's website: <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/agreement-between>.

<sup>501</sup> NAFTA, Article 2205; USTR, ["United States-Mexico-Canada Agreement"](#) (accessed June 12, 2019). Mexico ratified the USMCA on June 19, 2019, after the Senate of Mexico approved the agreement on June 19, 2019. Senado de la República, ["Aprueba Senado T-MEC; es un mensaje para la estabilidad económica de México"](#) [Senate approves USMCA; a message for Mexico's economic stability], June 19, 2019.

<sup>502</sup> USTR, ["Opening Statement of USTR Robert Lighthizer at the First Round,"](#) August 16, 2017.

<sup>503</sup> USTR, ["Summary of Objectives for the NAFTA Renegotiation,"](#) July 17, 2017, and updated ["Summary of Objectives for the NAFTA Renegotiation,"](#) November 17, 2017.

Five negotiating rounds were completed in 2017, and in 2018, negotiations continued with round six (table 5.6).<sup>504</sup> At the end of round six, the chapter on corruption was completed.<sup>505</sup> USTR announced at the end of round seven that the negotiators had closed out three additional chapters: those on good regulatory practices, administration and publication, and sanitary and phytosanitary (SPS) measures. Negotiators also completed work on sectoral annexes related to chemicals and proprietary food formulas, made substantial progress on telecommunications and technical barriers to trade, and agreed to include a chapter on energy.<sup>506</sup>

**Table 5.6** Timetable of major NAFTA negotiations and signing USMCA, 2017–18

Negotiations	Date	Country/City
First round	August 16–20, 2017	Washington, DC
Second round	September 1–5, 2017	Mexico City
Third round	September 23–27, 2017	Ottawa, Canada
Fourth round	October 11–17, 2017	Arlington, Virginia
Fifth round	November 17–21, 2017	Mexico City
Sixth round	January 23–28, 2018	Montreal, Canada
Seventh round	February 25–March 5, 2018	Mexico City
Negotiations continue: Government officials provide various updates	March 6–May 14, 2018	United States, Mexico, and Canada
Negotiations continue: USTR provides an update	August 3, 2018	Washington, DC
Preliminary agreement between the United States and Mexico	August 31, 2018	Washington, DC
Canada and the United States reach an agreement, alongside Mexico; the text of the agreement is released	September 30, 2018	Washington, DC
The United States, Mexico, and Canada sign the USMCA	November 30, 2018	Buenos Aires, Argentina

Source: USTR, [2018 Trade Policy Agenda and 2017 Annual Report](#), March 2018; USTR, [“Trilateral Statement on the Conclusion of the Fifth Round of NAFTA Negotiations,”](#) November 21, 2017; Gobierno de México, Embajada de México en Estados Unidos, [“Continúan los trabajos de renegociación del TLCAN en Washington D.C.”](#) (The NAFTA renegotiation work continues in Washington, DC), August 3, 2018; USTR, [“USTR Statement on Trade Negotiations with Mexico and Canada,”](#) August 31, 2018; USTR, [“Joint Statement from United States Trade Representative Robert Lighthizer and Canadian Foreign Affairs Minister Chrystia Freeland,”](#) September 30, 2018; USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019.

After round seven, officials from all three countries continued to engage in negotiations. In May 2018, USTR stated that after weeks of continuous discussions, negotiators had covered a large number of complex issues such as intellectual property, dairy and agriculture, de minimis levels, energy, labor, and more.<sup>507</sup> In August 2018, the United States and Mexico reached a preliminary agreement, while negotiations with Canada continued. As a result, on August 31, 2018, the President notified Congress of his intent to sign a trade agreement with Mexico, and Canada if it was willing, in 90 days.<sup>508</sup> Finally, on September 30, 2018, the United States and Canada reached an agreement, alongside Mexico, on the

<sup>504</sup> Information on the agreements of the five rounds of negotiations in 2017 are reported in USITC, [The Year in Trade 2017](#), August 2018, 134.

<sup>505</sup> USTR, [“Closing Statement of USTR,”](#) January 29, 2018.

<sup>506</sup> USTR, [“Statement of USTR,”](#) March 5, 2018.

<sup>507</sup> USTR, [“USTR Robert Lighthizer Issues Statement on Status of NAFTA Renegotiation,”](#) May 14, 2018.

<sup>508</sup> USTR, [“USTR Statement on Trade Negotiations with Mexico and Canada,”](#) August 31, 2018.

United States-Mexico-Canada Agreement (USMCA).<sup>509</sup> USTR published the full text of the agreement on the same day. The agreement was signed on November 30, 2018.

USMCA consists of 34 chapters, 4 annexes, and 14 side letters that address trade issues among the United States, Mexico, and Canada. It covers trade in goods and services in areas such as rules of origin, customs facilitation, SPS measures, technical barriers to trade, foreign investment, intellectual property, government procurement, competition policy, and labor and environmental standards.<sup>510</sup> In addition, USMCA includes new chapters on topics such as digital trade, anticorruption, competitiveness, good regulatory practices, and SMEs.<sup>511</sup> The chapters on Labor and Environment, which were covered as side agreements in NAFTA are now incorporated into the core text of the agreement and are subject to dispute settlement.<sup>512</sup>

Highlights of the signed agreement relative to NAFTA include:<sup>513</sup>

- **New rules of origin for automobiles.** Under USMCA, an automobile qualifies for duty-free treatment only if 75 percent of the content originates in the NAFTA region, compared to 62.5 percent under NAFTA. Additionally, at least 40 percent of a vehicle’s content—45 percent for trucks—must be produced by workers in the NAFTA region who earn an average of at least \$16 per hour.<sup>514</sup>
- **Modernized SPS rules and expanded food and agriculture market access.** Under USMCA, U.S. exports of dairy products gained broader access to Canada’s market that NAFTA did not allow. Other agricultural products, including U.S. poultry and egg products, also gain improved access to the Canadian market.<sup>515</sup> The USMCA chapter on SPS measures specifies that the United States, Mexico, and Canada agree to (1) increase transparency in developing and implementing SPS measures, (2) make decisions based on science, and (3) work together to enhance compatibility of SPS measures in the region.<sup>516</sup>
- **New protections for U.S. intellectual property.** USMCA regulations offer strengthened protection and enforcement in the following areas: trade secrets, regulatory data protection, patents, trademarks, geographical indications, copyright, and internet service provider

<sup>509</sup> USTR, [“Joint Statement from United States Trade Representative Robert Lighthizer and Canadian Foreign Affairs Minister Chrystia Freeland,”](#) September 30, 2018.

<sup>510</sup> See USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), May 30, 2019; USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 28.

<sup>511</sup> See USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), May 30, 2019; USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 28.

<sup>512</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, II.2.

<sup>513</sup> USTR, [“United States-Mexico-Canada Agreement”](#) (accessed June 13, 2019). The USITC provides an overview of the agreement, including a discussion of its industry-specific provisions and an assessment of its crosscutting provisions, in USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 15–26.

<sup>514</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 83; USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 121; USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), May 30, 2019, Chapter 3, “Agriculture.”

<sup>515</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), 2019, 83; USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 121; USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), May 30, 2019, Chapter 9, “Sanitary and Phytosanitary Measures.”

<sup>516</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 83–84; USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 13–21; USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), May 30, 2019, Chapter 4, “Rules of Origin.”



provisions.<sup>517</sup> For instance, USMCA offers protection against trade secret misappropriation, including civil remedies and criminal penalties.<sup>518</sup>

- **Facilitating digital trade and e-commerce:** USMCA, if it enters into force, would be the first U.S. free trade agreement to include a chapter on digital trade. Key provisions would prohibit discriminatory treatment of cross-border data transfers and forced localization of computing facilities, as well as limit disclosure of proprietary source code and liability for third-party content.<sup>519</sup>
- **Stronger labor provisions:** While labor was covered in a side agreement in NAFTA, USMCA labor provisions are in the core text as an individual chapter and subject to dispute settlement. USMCA requires parties to adopt and maintain labor rights as recognized by International Labor Organization declarations. An annex to the labor chapter commits Mexico to specific legislative actions to enhance collective bargaining rights.<sup>520</sup>
- **Stronger environment provisions:** While environment was covered in a side agreement in NAFTA, USMCA environment provisions are in the core text as an individual chapter and subject to dispute settlement. USMCA requires parties to adopt and maintain laws, regulations, and other measures to fulfill their obligations under the Convention on International Trade in Endangered Species and Wild Flora and Fauna (CITES), and prohibits parties from providing certain fishery subsidies.<sup>521</sup>
- **Addressing currency manipulation:** USMCA would be the first U.S. free trade agreement to oblige parties to regularly report on interventions in the foreign exchange market, a provision subject to dispute settlement.<sup>522</sup>
- **Limitations on investor-state dispute settlement:** USMCA would eliminate investor-state dispute settlement (ISDS) between the United States and Canada after a three-year phase-out period. The existing ISDS mechanism between the United States and Mexico would be limited to five sectors; outside these sectors, potential claims would be restricted substantively and procedurally.<sup>523</sup>
- **Promoting “good regulatory practices”:** USMCA lays out general requirements for developing and promulgating regulations, including publishing proposed regulatory changes and providing

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<sup>517</sup> Key changes in these areas are summarized in table 8.3 of USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 207.

<sup>518</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 13; USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 203–7; USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), May 30, 2019, Chapter 20, “Intellectual Property.”

<sup>519</sup> USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 172–75; USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), May 30, 2019, Chapter 19, “Digital Trade.”

<sup>520</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, II-1; USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 25, 214–18; USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), May 30, 2019, Chapter 23, “Labor.”

<sup>521</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, I-11-I-15; USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 251–52; USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), May 30, 2019, Chapter 24, “Environment.”

<sup>522</sup> USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 263–65; USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), accessed May 30, 2019, Chapter 33, “Macroeconomic Policies and Exchange Rate Matters.”

<sup>523</sup> USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 193–94; USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), May 30, 2019, Chapter 14, “Investment.”

opportunities for public comment. USMCA makes these provisions subject to dispute settlement. Parties are encouraged to promote regulatory compatibility and regulatory cooperation under the agreement.<sup>524</sup>

## Developments in the North American Free Trade Agreement (NAFTA)<sup>525</sup>

The North American Free Trade Agreement (NAFTA) between the United States, Canada, and Mexico entered into force on January 1, 1994. All of the agreement’s provisions were implemented, as scheduled, by the three parties by January 1, 2008, with the exception of the NAFTA cross-border trucking provisions.<sup>526</sup>

NAFTA’s central oversight body is the Free Trade Commission (FTC), which is responsible for overseeing NAFTA’s implementation, as well as activities under its dispute settlement provisions. The FTC itself has not officially met since 2012.<sup>527</sup> However, since October 2012, trade ministers, senior officials, and experts from the three member countries have met regularly to consider approaches to expand and deepen trade and investment opportunities in North America, and beginning in 2017, met regularly to renegotiate the agreement. As noted above, the renegotiated agreement—USMCA—was signed on November 30, 2018. The original NAFTA remains in effect pending final actions approving the USMCA by each of the three countries. Per article 2205 of the agreement, any of the countries may also withdraw from NAFTA six months after issuing written notice to the other parties.<sup>528</sup>

The following sections describe the major activities of NAFTA’s Commission for Labor Cooperation and Commission for Environmental Cooperation during 2018, as well as dispute settlement activities under NAFTA Chapters 11 and 19 in that year.

### NAFTA’s Commission for Labor Cooperation

The Commission for Labor Cooperation (CLC), composed of a ministerial council and an administrative secretariat, was established under the North American Agreement on Labor Cooperation (NAALC). The NAALC is a supplemental agreement to NAFTA that aims to promote effective enforcement of domestic labor laws and to foster transparency in administering them. The CLC is responsible for implementing the NAALC.

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<sup>524</sup> USITC, [U.S.-Mexico-Canada Trade Agreement: Likely Impact](#), April 2019, 256–58; USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), May 30, 2019, Chapter 28, “Good Regulatory Practices.”

<sup>525</sup> U.S. bilateral trade relations with Canada and Mexico are described in chapter 6 of this report.

<sup>526</sup> The section on Mexico in chapter 6 updates recent developments in NAFTA’s cross-border trucking provisions; more information appears in USITC, [The Year in Trade 2008](#), July 2009, 5–16. All product categories offer duty-free entry to originating goods from Mexico, and all shipments of goods from Canada are likewise eligible except those exceeding a tariff-rate quota.

<sup>527</sup> The FTC is composed of the U.S. Trade Representative, the Canadian Minister of Foreign Affairs, and the Mexican Secretary of Economy. The most recent official meeting of the commission was held in Washington, DC, on April 3, 2012. USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 3.

<sup>528</sup> NAFTA, Article 2205.

Each NAFTA partner has a national administrative office (NAO) within its labor ministry to act as the contact point with the other parties, the administrative secretariat, other government agencies, and the public.<sup>529</sup> Another NAO function is to receive and respond to public communications on labor law matters arising in another NAALC country. The United States' NAO is the Office of Trade and Labor Affairs in the U.S. Department of Labor (USDOL). Each NAO sets its own domestic procedures for reviewing and responding to public communications. Since 2010, the NAOs have also undertaken the activities of the secretariat, including carrying out the cooperative activities of the CLC. These activities range from seminars and conferences to joint research projects and technical assistance.<sup>530</sup>

As of the end of 2018, there were three submissions under review at the NAALC, the same number as last year. One with the United States' NAO (involving Mexico),<sup>531</sup> and two with the Canadian NAO (one involving Mexico and one involving the United States).<sup>532</sup>

On December 22, 2018, Mexico's executive branch submitted legislation to its Congress to amend Mexico's Federal Labor Law by implementing constitutional reforms to the labor justice system enacted in February 2017. One of the reforms consists of transferring the authority to adjudicate labor disputes from the current tripartite Conciliation and Administrative Boards to new labor courts, while transferring the registration of unions and collective bargaining agreements to a new federal institution. The U.S. Administration is consulting with the Mexican government about the reforms so that final legislation improves labor standards, protects Mexican workers' rights, and complies with Mexico's obligations under USMCA.<sup>533</sup>

## NAFTA's Commission for Environmental Cooperation

The Commission for Environmental Cooperation (CEC) was established under Article 8 of the North American Agreement on Environmental Cooperation (NAAEC). The NAAEC is a supplemental agreement to NAFTA that came into force at the same time as NAFTA; it was designed to support NAFTA's environmental goals, which are to protect and improve the environment, support sustainable development, and increase cooperation in reaching these goals.<sup>534</sup> The CEC was established to support cooperation among the parties to reach these goals.<sup>535</sup>

Articles 14 and 15 of NAAEC offer citizens and nongovernmental organizations a mechanism to help enforce environmental laws in the NAFTA countries. Article 14 governs allegations of failures to effectively enforce environmental laws submitted for review by the CEC. It sets out guidelines about criteria for submissions and for requesting a response from the relevant NAFTA party regarding the submission. Article 15 outlines the CEC Secretariat's obligations in considering the submissions and the

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<sup>529</sup> USDOL, ILAB, "[North American Agreement on Labor Cooperation: A Guide](#)" (accessed June 13, 2019).

<sup>530</sup> USDOL, ILAB, "[North American Agreement on Labor Cooperation: A Guide](#)" (accessed June 13, 2019).

<sup>531</sup> USDOL, ILAB, "[Submissions under the NAALC](#)" (accessed June 17, 2019).

<sup>532</sup> USDOL, ILAB, "[Submissions under the NAALC](#)" (accessed June 17, 2019).

<sup>533</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 4. On May 1, 2019, Mexican President Obrador signed a decree enacting reforms to Mexico's labor law. Presidential Decree, [Diario Oficial de la Federación](#) (Mexico's Official Gazette), May 1, 2019.

<sup>534</sup> CEC, "[North American Agreement on Environmental Cooperation](#)" (accessed June 14, 2019).

<sup>535</sup> CEC, "[About the CEC](#)" (accessed June 14, 2019).



development of a factual record concerning the allegations raised in the submissions.<sup>536</sup> At the end of 2018, five submissions remained active under Articles 14 and 15. Two involved Canada, with one submitted in 2017, and the other in 2018; and three involved Mexico, all submitted in 2018 (table 5.7).

**Table 5.7** Active submissions as of yearend 2018 under Articles 14 and 15 of the North American Agreement on Environmental Cooperation

Name	Case	First filed	Country <sup>a</sup>	Status
Alberta Tailings Ponds II	SEM-17-001	June 26, 2017	Canada	The Secretariat posted a request for information relevant to the factual record on its web site.
Metrobús Reforma	SEM-18-002 <sup>b</sup>	Feb. 2, 2018	Mexico	The Secretariat informed Council (the governing body of the CEC) that the Secretariat considers that the submission warrants development of a factual record.
Hydraulic Fracturing in Nuevo León	SEM-18-003	Oct. 3, 2018	Mexico	The Secretariat determined that the submission met the criteria of Article 14(1) and requested a response from the concerned government party in accordance with Article 14(2).
Chileno Bay Club	SEM-18-004	Nov. 9, 2018	Mexico	The Secretariat received a response from the concerned government party and began considering whether to recommend a factual record.
Grand-Brûlé—Saint-Sauveur Supply Line	SEM-18-005	Dec. 7, 2018	Canada	The Secretariat determined that the revised submission did not meet the Article 14(1) criteria and terminated the process under guideline 6.3.

Source: CEC, "[Submission on Enforcement Matters: Active Submissions](#)" (accessed June 14, 2019).

<sup>a</sup> Refers to the country against which an allegation was filed.

<sup>b</sup> CEC, "[Submissions](#)" (accessed July 2, 2019).

At the 25th regular session of the CEC Council on June 27, 2018, in Oklahoma City, Oklahoma, the CEC focused on "Innovation and Partnerships for Green Growth."<sup>537</sup> The session showed ways that partnerships among indigenous, academic, youth, and private sectors at the federal, state, and local levels can foster innovation, entrepreneurship, and technological advances that support environmental protection and healthier ecosystems in North America.<sup>538</sup>

In Oklahoma, the three countries' academic, government, and private sector partners demonstrated how scientific innovations such as radar and computer modeling assist in monitoring the atmosphere and climate developments. In this way, they support research, policy-making, and preparedness efforts to address extreme events and mitigate their impacts on human health, the environment, and economic growth and productivity.<sup>539</sup> For example, these technologies can help the CEC track North American species migrations and protect species and their habitats—both critical to environmental sustainability and ecotourism.

Also at this meeting, the CEC held a public session with experts from state governments, academia, and the private sector to address ways to promote innovation and partnerships supporting green growth in

<sup>536</sup> CEC, "[About Submissions on Enforcement Matters](#)" (accessed June 14, 2019).

<sup>537</sup> CEC, "[Twenty-Fifth Regular Session of the CEC Council](#)" (accessed June 14, 2019).

<sup>538</sup> CEC, "[Twenty-Fifth Regular Session of the CEC Council](#)" (accessed June 14, 2019).

<sup>539</sup> CEC, "[Twenty-Fifth Regular Session of the CEC Council](#)" (accessed June 14, 2019).

North America.<sup>540</sup> In addition, the Council reviewed progress to date in implementing 10 cooperative projects related to supporting legal and sustainable trade in select North American species and improving industrial energy efficiency.<sup>541</sup>

The Border Environment Cooperation Commission and the North American Development Bank were created in 1994 under a NAFTA side agreement to address environmental issues in the U.S.-Mexico border region. The bank's projects are certified by the Border Environmental Cooperation Commission. As of December 31, 2018, the bank had contracted a total of about \$3.1 billion in loans and grants to help finance 257 projects estimated to cost a total of \$9.8 billion.<sup>542</sup>

## NAFTA Dispute Settlement

The dispute settlement provisions of NAFTA—found in Chapters 11 (Investment) and 19 (Review and Dispute Settlement in Antidumping/Countervailing Duty Matters)—cover a variety of areas.<sup>543</sup> The sections below describe developments during 2018 in NAFTA Chapter 11 investor-state disputes and Chapter 19 binational reviews of final determinations of antidumping and countervailing cases. Appendix table A.26 presents an overview of developments in NAFTA Chapter 19 dispute settlement cases to which the United States was a party in 2018.

### NAFTA Chapter 11 Dispute Settlement Developments

Chapter 11 of NAFTA includes provisions designed to protect cross-border investors and their investments. It establishes a mechanism for the settlement of investment disputes that seeks to assure a “minimum standard of treatment” for investors of the parties.<sup>544</sup> An individual investor who alleges that a NAFTA country has breached its investment obligations under Chapter 11 may pursue arbitration through internationally recognized channels.<sup>545</sup> A key feature of the Chapter 11 arbitral provisions is the enforceability in domestic courts of final awards made by arbitration tribunals.<sup>546</sup> In 2018, there were six active Chapter 11 cases filed against Canada by U.S. investors,<sup>547</sup> and two filed against Mexico by U.S. investors.<sup>548</sup> There were no cases filed against the United States.

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<sup>540</sup> CEC, “[Twenty-Fifth Regular Session of the CEC Council](#)” (accessed June 14, 2019).

<sup>541</sup> The four groups of North American species featured in the CEC cooperative projects on sustainable trade of species are sharks, turtles/tortoises, tarantulas, and timber. All four species are listed in Appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). CEC, [Operational Plan for the Commission for Environmental Cooperation](#), June 28, 2017, 3–4.

<sup>542</sup> NADB, “[Our Impact](#)” (accessed June 14, 2019).

<sup>543</sup> NAFTA Secretariat, “[Overview of the Dispute Settlement Provisions](#)” (accessed June 14, 2019).

<sup>544</sup> NAFTA, Article 1105.

<sup>545</sup> Internationally recognized arbitral mechanisms include the International Centre for the Settlement of Investment Disputes (ICSID) at the World Bank, ICSID's Additional Facility Rules, and the rules of the United Nations Commission on International Trade Law (UNCITRAL). NAFTA Secretariat, “[Overview of the Dispute Settlement Provisions](#)” (accessed June 14, 2019). See also NAFTA, Article 1130.

<sup>546</sup> NAFTA Secretariat, “[Overview of the Dispute Settlement Provisions](#)” (accessed June 14, 2019). Such reviews involve the parties and designated agencies, rather than individuals or firms.

<sup>547</sup> USDOS, “[NAFTA Investor-State Arbitrations: Cases Filed against the Government of Canada](#)” (accessed June 14, 2019).

<sup>548</sup> USDOS, “[NAFTA Investor-State Arbitrations: Cases Filed against the United Mexican States](#)” (accessed June 14, 2019).

## NAFTA Chapter 19 Dispute Panel Reviews

Chapter 19 of NAFTA provides for a binational panel to review final determinations made by national investigating authorities in antidumping and countervailing duty cases.<sup>549</sup> Such a panel serves as an alternative to judicial review by domestic courts and may be established at the request of any involved NAFTA country.<sup>550</sup> At the end of 2018, the NAFTA Secretariat listed five binational panels active under Chapter 19 (table 5.8).<sup>551</sup> The United States filed one case contesting Mexico’s determinations; Canada filed three cases contesting U.S. determinations; and Mexico filed one case contesting U.S. determinations. Table A.26 lists all chapter 19 panels with developments in 2018, including those that were terminated.

**Table 5.8** NAFTA Chapter 19 binational panels, active reviews through 2018

Country of determination under panel review <sup>a</sup>	Case number	National agencies’ final determination <sup>b</sup>	Case title
<b>Mexico</b>	MEX-USA-2015-1904-01	SE Antidumping Administrative Review	Ammonium Sulphate
<b>United States</b>	USA-CDA-2017-1904-02	USDOC Antidumping Administrative Review	Certain Softwood Lumber Products
	USA-CDA-2017-1904-03	USDOC Antidumping Administrative Review	Certain Softwood Lumber Products
	USA-CDA-2018-1904-03	USITC Injury Determination	Softwood Lumber from Canada
	USA-MEX-2018-1904-04	USDOC Antidumping Administrative Review	Large Residential Washers from Mexico

Source: NAFTA Secretariat, “[Dispute Settlement: Status Report of Panel Proceedings](#)” (accessed June 14, 2019).

<sup>a</sup> The United States filed the first case contesting Mexico’s determination. Canada filed the next three cases, and Mexico filed the last case, both countries contesting U.S. determinations.

<sup>b</sup> In Canada, the Canada Border Services Agency makes final dumping determinations and the Canadian International Trade Tribunal makes subsidy determinations and injury determinations. In Mexico, all determinations are made by the Secretariat of the Economy. In the United States, dumping and subsidy determinations are made by the U.S. Department of Commerce and injury determinations are made by USITC. NAFTA Secretariat, “[Overview of the Dispute Settlement Provisions](#)” (accessed June 14, 2019).

<sup>549</sup> For a dispute arising under Chapter 19, a binational panel is made up of five representatives selected from the rosters lists of the parties involved in the dispute. (Rosters are composed of individuals from which panelists are appointed to settle disputes. Members of these rosters are of good character, high standing, and good repute and have been chosen strictly on the basis of their objectivity, reliability, sound judgment, and general familiarity with international trade law.) From their roster list, each party appoints two members, with the fifth selected from one of the two countries involved in the dispute. NAFTA Secretariat, “[Overview of the Dispute Settlement Provisions](#)” (accessed June 14, 2019).

<sup>550</sup> NAFTA Secretariat, “[Overview of the Dispute Settlement Provisions](#)” (accessed June 14, 2019). Such reviews involve the parties and designated agencies, rather than individuals or firms.

<sup>551</sup> In the case of USITC Injury Determination in the matter of Softwood Lumber from Canada (USA-CDA-2018-1904-03), the NAFTA dispute settlement panel convened a hearing in Washington D.C. on May 7, 2019. The panel issued its interim decision and panel order to remand the findings of the Commission on September 4, 2019. NAFTA Secretariat, Article 1904 Binational Panel Review, “[Interim Decision and Order of the Panel—Softwood Lumber from Canada: Determinations \(Final Injury Determination\)](#),” September 4, 2019.

## Developments in Other U.S. FTAs Already in Force during 2018

In 2018, U.S. officials met with FTA partners for discussions on a variety of matters, including labor and environmental issues, enhancing trade and investment, and dispute settlement.<sup>552</sup> Highlights of these consultations are presented in this section.

To date, the United States has implemented 14 FTAs with a total of 20 countries.<sup>553</sup> Twelve of the 14 U.S. FTAs have labor provisions to protect worker rights and facilitate cooperation on labor issues, and another includes such provisions in a supplemental agreement.<sup>554</sup> The USDOL's Bureau of International Labor Affairs monitors reports and submissions made under the labor provisions of U.S. trade agreements.<sup>555</sup> Similarly, 12 of the 14 FTAs contain environmental provisions to facilitate cooperation on environmental matters and to ensure that domestic environmental laws are effectively enforced, and another includes such provisions in a supplemental agreement.<sup>556</sup> Lastly, 12 of the 14 U.S. FTAs have investment provisions designed to protect foreign investors and their investments, as well as to facilitate the settlement of investment disputes.<sup>557</sup> The U.S. Department of State assists companies involved in investment disputes with foreign governments.<sup>558</sup> Highlights of the past year's activities are discussed below.

### U.S.-Australia FTA

The U.S.-Australia Free Trade Agreement was signed on May 18, 2004, and entered into force on January 1, 2005.<sup>559</sup> In 2018, discussions in the U.S.-Australia Free Trade Agreement's Joint Committee<sup>560</sup>

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<sup>552</sup> The presentation of developments on labor and environment issues under separate subsections is patterned after the coverage of FTAs under the USTR annual reports. See, for example, USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019. When no 2018 developments of note occurred under an FTA on a particular issue, the subsection is not presented.

<sup>553</sup> USDOS, "[Existing U.S. Trade Agreements—U.S. Trade Agreements at a Glance](#)" (accessed June 10, 2019).

<sup>554</sup> This supplemental agreement to NAFTA is the NAALC. USDOL, ILAB, "[North American Agreement on Labor Cooperation](#)" (accessed June 13, 2019). All U.S. FTAs include labor provisions except the U.S.-Israel FTA—the United States' first FTA, which entered into force in 1985. See earlier in this chapter for developments concerning the NAFTA and its successor agreement. USDOL, "[Trade Negotiation and Enforcement](#)" (accessed May 8, 2019).

<sup>555</sup> USDOL, "[Trade Negotiation and Enforcement](#)" (accessed May 8, 2019).

<sup>556</sup> This supplemental agreement is the NAAEC. CEC, "[North American Agreement on Environmental Cooperation](#)" (accessed June 14, 2019). The U.S.-Israel FTA also does not contain environment provisions. EPA, "[International Cooperation—U.S. Trade and Investment Agreements](#)" (accessed May 8, 2019). The NAFTA contains the North American Agreement on Environmental Cooperation (NAAEC), which operates through the Commission for Environmental Cooperation (CEC) in Montreal, Canada. See earlier in this chapter for developments concerning NAFTA and USMCA.

<sup>557</sup> The U.S.-Australia FTA and the U.S.-Israel FTA do not contain the investment provisions mentioned above.

<sup>558</sup> USDOS, Office of Investment Affairs, "[Investment Agreements and Disputes](#)" (accessed June 28, 2019).

<sup>559</sup> USDOS, "[Existing U.S. Trade Agreements—U.S. Trade Agreements at a Glance](#)" (accessed June 10, 2019).

<sup>560</sup> The U.S.-Australia Joint Committee is the central body under the agreement. It met last in December 2017, holding its sixth meeting to review the operation of the agreement. The Joint Committee received a report from the agreement's Committee on Sanitary and Phytosanitary Measures about its efforts to address SPS issues

led to Australia’s removal of a 14-year Australian ban on U.S. heat-treated beef products in May 2018. Australia also removed its luxury car tax on reimported cars refurbished overseas.<sup>561</sup>

## U.S.-Bahrain FTA

The U.S.-Bahrain Free Trade Agreement was signed September 14, 2004, and entered into force on August 1, 2006.<sup>562</sup> In 2018, the United States and Bahrain signed a Memorandum of Understanding on Trade in Food and Agriculture Products that said that Bahrain will continue to accept existing U.S. export certifications for food and agricultural products.<sup>563</sup>

### Labor

The United States and Bahrain discussed various aspects of labor rights, including (1) improving Bahrain’s capacity to counter employment discrimination; (2) possible legal amendments to make Bahrain’s labor laws more consistent with international labor standards; (3) enforcement of labor laws concerning freedom of association and collective bargaining; and, (4) encouraging dialogue among stakeholders in Bahrain on labor matters.<sup>564</sup>

### Environment

On March 7, 2018, senior officials from the two governments held the inaugural meeting of the Joint Forum on Environmental Cooperation under the Memorandum of Understanding on Environmental Cooperation—negotiated in parallel with the U.S.-Bahrain FTA—as well as the inaugural meeting of the Subcommittee on Environmental Affairs held under the FTA.<sup>565</sup> They reviewed progress in implementing commitments under the FTA’s Environment chapter, and discussed areas of potential cooperation under the 2017–2021 Work Program on Environmental Cooperation that was approved in August 2017.<sup>566</sup>

These areas included (1) projects and programs to improve air quality and reduce adverse health effects from air pollution; (2) protection of coastal environmental zones and overexploitation of marine resources; (3) capacity to protect endangered species—for example, through the Convention on

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affecting agricultural trade between the two countries. The two sides agreed to aim to hold the Joint Committee’s seventh meeting by the end of 2018 to review the FTA’s implementation. USTR, [“United States and Australia Meet to Review Implementation of Bilateral Free Trade Agreement,”](#) December 8, 2017; Government of Australia, DFAT, [“Australia-United States FTA—AUSFTA Joint Committee Meeting,”](#) December 7, 2017.

<sup>561</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.7.

<sup>562</sup> USDOS, [“Existing U.S. Trade Agreements—U.S. Trade Agreements at a Glance”](#) (accessed June 10, 2019).

<sup>563</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.7.

<sup>564</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.8.

<sup>565</sup> USDOS, OES, [“Joint Communiqué of the United States-Bahrain Joint Forum on Environmental Cooperation and Free Trade Agreement Subcommittee on Environmental Affairs,”](#) March 7, 2018.

<sup>566</sup> USDOS, OES, [“Joint Communiqué of the United States-Bahrain Joint Forum on Environmental Cooperation and Free Trade Agreement Subcommittee on Environmental Affairs,”](#) March 7, 2018; 83 Fed. Reg. 7829 (January 12, 2018).

International Trade in Endangered Species of Wild Fauna and Flora (CITES); and (4) promotion of the environmental technology business sector.<sup>567</sup>

## United States-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR)

The United States-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) was signed on May 28, 2004, with El Salvador, Honduras, Nicaragua, Guatemala, and Costa Rica; it was signed with the Dominican Republic on August 1, 2004. The CAFTA-DR entered into force with all parties by January 1, 2009.<sup>568</sup>

### Labor

In 2018, the United States continued engagement with the Dominican Republic over concerns identified in a 2013 USDOL report regarding labor laws in the Dominican sugar sector. In May 2018, USDOL published its sixth periodic review of the implementation of the 2013 report's recommendations.<sup>569</sup> In addition, USDOL conducted missions in 2018 to Honduras as a follow-up to the 2015 multiyear Labor Rights Monitoring and Action Plan, which set out concrete steps that the government of Honduras must take to improve the application of its labor laws. In October 2018, USDOL published a progress report on the status of implementation of the plan.<sup>570</sup>

In 2018, Guatemala established a National Tripartite Commission on Labor Relations and Freedom of Association. The commission contributed to the closure in November 2018 of a complaint by Guatemalan workers to the International Labour Organization (ILO) alleging violations of the ILO's freedom of association provisions.<sup>571</sup>

### Environment

Officials met twice in 2018 to discuss implementation of the environmental provisions of CAFTA-DR.<sup>572</sup> The Environmental Affairs Council met in June 2018 in Santo Domingo, Dominican Republic, with a

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<sup>567</sup> USDOS, OES, "[Joint Communiqué of the United States-Bahrain Joint Forum on Environmental Cooperation and Free Trade Agreement Subcommittee on Environmental Affairs](#)," March 7, 2018; USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.66.

<sup>568</sup> USDOS, "[Existing U.S. Trade Agreements—U.S. Trade Agreements at a Glance](#)" (accessed June 10, 2019). CAFTA-DR went into effect on a rolling basis depending on the country, starting on March 1, 2006, and ending on January 1, 2009.

<sup>569</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.09; USDOL, ILAB, [Sixth Periodic Review of Implementation of Recommendations in the U.S. Department of Labor's Public Report of Review of Submission 2011-03 \(Dominican Republic\)](#), May 16, 2018.

<sup>570</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.10; USDOL, [Statement on the Status of the Implementation of the U.S.-Honduras Labor Rights Monitoring and Action Plan](#), October 12, 2018.

<sup>571</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.10.

<sup>572</sup> USTR, "[CAFTA-DR \(Dominican Republic-Central America FTA\)—Final Text](#)" (accessed June 11, 2019); USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.66.



particular focus on combating wildlife trafficking and illegal logging.<sup>573</sup> The council also discussed the role of environmental courts and tribunals in enforcing environmental laws to help implement the Environmental Cooperation Agreement established under CAFTA-DR. The Secretariat for Environmental Matters, an independent body, received three new submissions from the public claiming a failure to effectively enforce a CAFTA-DR party's environmental laws. The Secretariat has received 41 such submissions since its establishment in 2007.<sup>574</sup>

## U.S.-Chile FTA

The U.S.-Chile Free Trade Agreement was signed June 6, 2003, and entered into force on January 1, 2004.<sup>575</sup> On October 16, 2018, officials from the two countries held the 12th meeting of the United States-Chile Free Trade Commission, which is responsible for the ongoing implementation of the U.S.-Chile FTA.<sup>576</sup> A major focus of that meeting was addressing longstanding intellectual property rights issues in Chile.<sup>577</sup>

### Labor

In 2018, USDOL released its annual report on child labor, citing Chile as having made “moderate advancement” in efforts to eliminate the worst forms of child labor. The report also mentioned positive measures in the areas of legal framework, labor and criminal law enforcement, and coordination of government efforts, as well as government policies and social programs.<sup>578</sup>

### Environment

In 2018, U.S. and Chilean officials met for the eighth meeting of the Environmental Affairs Council under the agreement, as well as the sixth meeting of the Joint Commission for Environmental Cooperation.<sup>579</sup> The two sides approved a Work Program covering 2018–20, which sets out work priorities, including strengthening effective implementation and enforcement of environmental laws, promoting conservation, and promoting improved air and water quality.<sup>580</sup>

## U.S.-Colombia TPA

The U.S.-Colombia Trade Promotion Agreement was signed November 22, 2006, and entered into force on May 15, 2012.<sup>581</sup> On January 1, 2019, the eighth annual set of tariff reductions took effect under the

<sup>573</sup> USTR, “[CAFTA-DR \(Dominican Republic-Central America FTA\)—Final Text](#)” (accessed June 11, 2019); USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.66.

<sup>574</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.66–67.

<sup>575</sup> USDOS, “[Existing U.S. Trade Agreements—U.S. Trade Agreements at a Glance](#)” (accessed June 10, 2019).

<sup>576</sup> USTR, “[The United States and Chile Hold the Twelfth Meeting](#),” October 17, 2018.

<sup>577</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.14.

<sup>578</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.14.

<sup>579</sup> USTR, “[The United States and Chile Hold the Twelfth Meeting](#),” October 17, 2018; Government of Chile, “[VIII Reunión del Consejo de Asuntos Ambientales](#)” (Eighth meeting of the Environmental Affairs Council), September 5, 2018.

<sup>580</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.67.

<sup>581</sup> USDOS, “[Existing U.S. Trade Agreements—U.S. Trade Agreements at a Glance](#)” (accessed June 10, 2019).

agreement; the agreement should be fully in effect 10 years after its entry into force, or 2022. On August 3, 2018, the United States and Colombia held the second meeting of the Free Trade Commission, the body established to review implementation of the United States-Colombia Trade Promotion Agreement.<sup>582</sup>

## Labor

The two governments held meetings about the Labor Chapter of the FTA in February and December 2018. Specifically, they met to discuss Colombia's implementation of recommendations made in the 2017 report issued by USDOL.<sup>583</sup> These recommendations addressed issues concerning Colombia's labor law inspection system, fines for employers who violate labor laws, abusive subcontracting and collective pacts, and prosecution of violence and threats against unionists.<sup>584</sup>

## Environment

In July 2018, the United States and Colombia signed the Agreement Establishing a Secretariat for Environmental Enforcement Matters consistent with the requirements of the FTA. The independent secretariat is responsible for receiving submissions from the public alleging that Colombia is failing to effectively enforce its environmental laws and developing factual records regarding such submissions when directed by an FTA party to do so. The two partners also finalized selection of an Executive Director to oversee the Secretariat's functions.<sup>585</sup>

## U.S.-Israel FTA

The U.S.-Israel Free Trade Agreement was signed April 22, 1985, and entered into force on September 1, 1985.<sup>586</sup> The United States-Israel Joint Committee is the central oversight body for the agreement, but it has not met since February 2016.<sup>587</sup> In November 2018, the two sides held the first round of negotiations on an agreement to succeed the 2004 U.S.-Israel Agreement on Trade in Agricultural Products. The 2004 agreement, which addressed market access in agricultural products, was supposed to expire in December 2008, but has been extended each year to provide time to negotiate a new agreement. According to USTR, the 2004 agreement provides Israel with duty-free access to 90 percent of agricultural tariff lines, whereas Israel provides the United States with duty-free access to only 72 percent.<sup>588</sup>

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<sup>582</sup> USTR, "[The United States and Colombia Meet](#)," August 3, 2018; USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.15.

<sup>583</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.15; USDOL, ILAB, "[First Periodic Review of Progress](#)," January 8, 2018.

<sup>584</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.15; USDOL, ILAB, "[First Periodic Review of Progress](#)," January 8, 2018.

<sup>585</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.67.

<sup>586</sup> USDOS, "[Existing U.S. Trade Agreements: U.S. Trade Agreements at a Glance](#)" (accessed June 10, 2019).

<sup>587</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.17.

<sup>588</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.17.



## U.S.-Jordan FTA

The U.S.-Jordan Free Trade Agreement was signed October 24, 2000, and entered into force on December 17, 2001; the U.S.-Jordan FTA was fully implemented as of January 1, 2010.<sup>589</sup> The Joint Committee that oversees the agreement met last in May 2016, discussing issues concerning trade and investment, labor, agriculture, and technical barriers to trade in agriculture, as well as aspects of WTO agreements.<sup>590</sup> The Qualifying Industrial Zone program allows products with a certain amount of Israeli content to enter the United States duty free if manufactured in Jordan (this is also true of such products when made in Egypt or in the West Bank and Gaza). In 2018, U.S. imports from Jordan under the Qualifying Industrial Zones were \$12.9 million, less than 1.0 percent of total U.S. imports from Jordan.<sup>591</sup>

### Labor

The United States and Jordan signed the Implementation Plan Related to Working and Living Conditions of Workers in Jordan in 2013. The plan addresses concerns about Jordan’s garment factories, such as anti-union discrimination against foreign workers, accommodation conditions for foreign workers, and gender discrimination and harassment. In 2018, the two parties continued work toward completing the plan, in particular addressing inspection of living conditions for garment workers by Jordan’s Ministry of Labor. In December 2018, the U.S. Department of Labor visited Jordan to press for the issuance of directives under the plan, as well as of outreach materials for migrant workers.<sup>592</sup>

### Environment

In February 2018, the two parties held a Joint Forum on Environmental Cooperation in Amman, Jordan.<sup>593</sup> During the Joint Forum, the parties reviewed accomplishments under the 2014–18 Environmental Work Program and approval of a new Work Program for 2018–21. The new work program sets out activities addressing effective enforcement of environmental laws, protecting wildlife, and sustainably managing wildlife, ecosystems, and natural resources by strengthening legislation implementing the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).<sup>594</sup>

## U.S.-Korea FTA (KORUS)

On January 5, 2018, representatives of the United States and South Korea met in Washington, DC, to negotiate modifications and amendments to the U.S.-Korea Free Trade Agreement (KORUS). The two countries discussed solutions to crosscutting barriers as well as sector-specific barriers to trade in key industrial goods sectors.<sup>595</sup> These discussions continued in a meeting in Seoul on January 31–February 1,

<sup>589</sup> USDOS, “[Existing U.S. Trade Agreements: U.S. Trade Agreements at a Glance](#)” (accessed June 10, 2019).

<sup>590</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.17.

<sup>591</sup> USITC DataWeb/USDOC (accessed June 28, 2019).

<sup>592</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.17–18.

<sup>593</sup> 83 Fed. Reg. 3860 (January 26, 2018).

<sup>594</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.68.

<sup>595</sup> USTR, “[Statement on the Conclusion of Meeting on the U.S.-Korea \(KORUS\) FTA](#),” January 5, 2018.

2018, where views on market access and tariffs were exchanged.<sup>596</sup> On March 28, 2018, U.S. Trade Representative Lighthizer and South Korean Minister for Trade Hyun Chong Kim reached an agreement in principle on the general terms of the amendments to the KORUS agreement.<sup>597</sup> As part of this last round of talks, the two countries also agreed on terms for a country exemption for South Korea from the steel import tariffs imposed by Presidential Proclamation 9705 in exchange for quantitative limitations on U.S. imports of steel from South Korea.<sup>598</sup> Subsequent meetings on the progress of KORUS revisions took place in Washington, DC, between Trade Representative Lighthizer and Trade, Industry, and Energy Minister Paik Ungyu on April 23, 2018, and between Trade Representative Lighthizer and Trade Minister Hyun Chong Kim on July 27, 2018.<sup>599</sup>

On September 3, 2018, USTR and South Korea's Ministry of Trade, Industry, and Energy published the agreed outcome of the negotiations to amend and modify KORUS.<sup>600</sup> Representatives of the United States and South Korea signed a number of amendments to KORUS and related commitments on September 24, 2018, in New York.<sup>601</sup> Notable changes were made on the following issues:

**Automotive Products.** South Korea agreed to extend the phaseout of the 25 percent U.S. tariff on South Korean trucks from 2021 to 2041.<sup>602</sup> It also agreed to several provisions pertaining to recognition of standards, committing to (1) double the number of U.S.-origin vehicles per manufacturer that may be imported annually and sold in South Korea if they meet U.S. safety standards in lieu of South Korean safety requirements, (2) recognize U.S. standards for auto parts needed to service U.S. vehicles, and (3) eliminate duplicative or additional emissions testing of U.S. vehicles for the South Korean market.<sup>603</sup> With regard to emissions standards, South Korea agreed to expand the "eco-credit" cap from 14 grams of carbon dioxide per

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<sup>596</sup> USTR, "[Statement on the Conclusion of US-Korea \(Korus\) FTA Meeting in Seoul](#)," February 1, 2018.

<sup>597</sup> USTR, "[Joint Statement by the United States Trade Representative Robert E. Lighthizer and Republic of Korea Minister for Trade Hyun Chong Kim](#)," March 28, 2018. Following the agreement in principle on the general terms of the revisions, USTR requested an investigation by USITC to provide advice on the probable economic effect of modifications to the staging of duty treatment for certain motor vehicles under KORUS. The investigation was initiated on April 6, 2018, and USITC published its report in June 2018. 83 Fed. Reg. 16900 (April 17, 2018); USITC, [U.S.-Korea FTA: Advice on Modifications to Duty Rates](#), June 2018.

<sup>598</sup> USTR, "[Joint Statement by the United States Trade Representative Robert E. Lighthizer and Republic of Korea Minister for Trade Hyun Chong Kim](#)," March 28, 2018; CRS, "[Section 232 Investigations: Overview and Issues for Congress](#)," April 2, 2019. South Korea was exempted from tariffs under Presidential Proclamation 9710 on March 22, 2018, with the understanding that "satisfactory alternative means to remove the threatened impairment to the national security by imports" would be negotiated alongside KORUS to maintain the exemption. Proclamation 9710, 83 Fed. Reg. 13355 (March 28, 2018); USTR, "[USTR Publishes Agreed Outcomes from US-Korea FTA Amendment and Modification Negotiations](#)," September 3, 2018. For more information on the resolution of South Korea's section 232 tariff exemptions, see the South Korea section in chapter 6 of this report.

<sup>599</sup> Government of South Korea, MOTIE, "[Minister Paik Discusses with US Trade Representative](#)," April 24, 2018; Government of South Korea, MOTIE, "[Trade Minister Meets US Chief Trade Negotiator](#)," July 31, 2018.

<sup>600</sup> USTR, "[USTR Publishes Agreed Outcomes from US-Korea FTA Amendment and Modification Negotiations](#)," September 3, 2018.

<sup>601</sup> White House, "[Joint Statement on the United States-Korea Free Trade Agreement](#)," September 24, 2018; USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 5; Government of South Korea, MOTIE, "[Trade Ministry, USTR Sign Revised KORUS FTA](#)," September 25, 2018.

<sup>602</sup> USTR, "[USTR Publishes Agreed Outcomes from US-Korea FTA Amendment and Modification Negotiations](#)," September 3, 2018.

<sup>603</sup> USTR [2019 National Trade Estimate](#), March 2019, 317.

kilometer to 17.9 grams (the current U.S. cap), and to consider more lenient targets for small-volume manufacturers in the forthcoming implementing regulations for the 2021–25 Corporate Average Fuel Economy standards.<sup>604</sup>

**Customs.** South Korea agreed to make changes to the procedures of the South Korean Customs Service for verifying the origin of exports from the United States for claims of preferential tariff treatment under KORUS. The two sides also committed to setting up a working group to monitor and address future issues.<sup>605</sup>

**Pharmaceuticals.** The United States secured a commitment from South Korea to amend its Premium Pricing Policy for Global Innovative Drugs, ensuring nondiscriminatory treatment for U.S. pharmaceutical exports in compliance with South Korea’s obligations under KORUS.<sup>606</sup>

The revised agreement also clarifies and restricts the investor-state dispute settlement application under KORUS,<sup>607</sup> introduces a new provision increasing the transparency of trade remedy procedures,<sup>608</sup> and provides preliminary modifications to the rules of origin for South Korean textiles.<sup>609</sup>

Annual meetings of committees formed under KORUS continued to convene in 2018. The Sanitary and Phytosanitary Procedures (SPS) and Agriculture Committees, formed in efforts to align biotechnology policies and pesticide maximum residue limits and to resolve SPS barriers to trade, met most recently in Washington, DC, in November 2018, and made substantive progress on a number of these issues.<sup>610</sup>

The South Korean government submitted the bill to the National Assembly for ratification on October 12, 2018, and the National Assembly ratified the revised KORUS agreement on December 7, 2018.<sup>611</sup> On

<sup>604</sup> Government of the United States and Government of South Korea, “[Agreed Minutes](#),” September 24, 2018, USTR, [2019 National Trade Estimate](#), March 2019, 327.

<sup>605</sup> USTR, [2019 National Trade Estimate](#), March 2019, 317; USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 5.

<sup>606</sup> USTR, [2019 National Trade Estimate](#), March 2019, 328; USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 5.

<sup>607</sup> Government of the United States and Government of South Korea, [Protocol between the Government of the United States of America and the Government of the Republic of Korea Amending the Free Trade Agreement between the United States of America and the Republic of Korea](#) (accessed July 5, 2019).

<sup>608</sup> Government of the United States and Government of South Korea, [Protocol between the Government of the United States of America and the Government of the Republic of Korea Amending the Free Trade Agreement between the United States of America and the Republic of Korea](#) (accessed July 5, 2019).

<sup>609</sup> If a subject product is not commercially available in the FTA region, USTR may engage with the FTA partner government to begin consultations on a proposed modification of the rule of origin. On September 24, 2018, the United States received a request from the South Korean government to initiate consultations under KORUS on the appropriateness of modifying product-specific rules of origin based on the commercial availability of a particular fiber, yarn, or fabric within the U.S. and South Korean territories. USDOC’s Committee for the Implementation of Textile Agreements issued a request for public comment on October 17, 2018, concerning whether the U.S. domestic industry could supply these products in commercial quantities in a timely way. Public comments closed on November 16, 2018. 83 Fed. Reg. 52418 (October 17, 2018); USDOC, OTEXA, “[Frequently Asked Questions About the Commercial Availability Process](#)” (accessed July 5, 2019). On February 22, 2019, USTR requested an investigation by USITC to provide advice on these modifications under section 104(1) of KORUS. Written public comments for USITC investigation were due on June 24, 2019. 84 Fed. Reg. 9380 (March 14, 2019).

<sup>610</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 5.

<sup>611</sup> Government of South Korea, MOTIE, “[Korea’s National Assembly Ratifies Revised KORUS FTA](#),” December 14, 2018.

the U.S. side, the President implemented the changes by proclamation pursuant to his authority in section 201(b) of the United States-Korea Free Trade Agreement Implementation Act and in accordance with the consultation and layover requirement in section 104 of the act.<sup>612</sup> The signed KORUS modifications entered into force on January 1, 2019.<sup>613</sup>

## U.S.-Morocco FTA

The U.S.-Morocco Free Trade Agreement was signed June 15, 2004, and entered into force on January 1, 2006.<sup>614</sup> The two parties held their fifth meeting of the FTA Joint Committee on October 18, 2017, concentrating on a number of agriculture and SPS issues, geographical indications (GIs), and certain textile and apparel cases. The United States and Morocco improved their understanding of their respective views on GIs during 2018, given a pending Morocco-EU agreement on the protection of GIs. In late 2018, the United States approved modifications of certain rules of origin for textiles and apparel under the FTA at Morocco's request.<sup>615</sup>

### Agriculture and Sanitary and Phytosanitary Measures

In the area of agricultural market access, in 2018 Morocco opened its market to imports of U.S. beef and poultry after the two sides agreed on export certificates. Morocco also agreed to speed up the phaseout of duties on 40 tariff lines covering wheat, beef, and poultry products, given that Morocco applied lower duties on EU products. Morocco also agreed to improve access to its tariff-rate quota for common wheat by increasing tenders and improving administration of the quota.<sup>616</sup>

### Labor

Following concerns raised by the United States in 2014 under the agreement's labor provisions, Morocco continued to carry out a new domestic worker law in 2018. This law extends protection and benefits to Moroccan workers by setting a minimum wage, limiting weekly working hours, setting a minimum age for employment, and providing for a day of rest for workers.<sup>617</sup>

### Environment

The United States-Morocco Working Group on Environmental Cooperation met in 2018 to monitor implementation of the agreement's Environment chapter, review accomplishments of the 2014–17 Plan of Action, and to approve a new Plan of Action for 2018–21. The new plan addresses environmental cooperation regarding technological solutions in the areas of water, air, and waste technology, as well as efforts to combat environmental crimes. It prioritizes combating wildlife trafficking, illegal logging, and illegal fishing through consultations and training. It also seeks to create opportunities for innovation and

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<sup>612</sup> Proclamation 9834 of December 21, 2018, published in 84 Fed. Reg. 35 (January 7, 2019); 19 U.S.C. § 3805 note.

<sup>613</sup> USTR, [2019 National Trade Estimate](#), March 2019, 317.

<sup>614</sup> USDOS, "[Existing U.S. Trade Agreements—U.S. Trade Agreements at a Glance](#)" (accessed June 10, 2019).

<sup>615</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.19.

<sup>616</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.19.

<sup>617</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.19.

technological solutions in areas such as solid waste management, recycling, and monitoring and mitigation of pollution.<sup>618</sup>

## U.S.-Oman FTA

The U.S.-Oman Free Trade Agreement was signed January 19, 2006, and entered into force on January 1, 2009.<sup>619</sup> The United States-Oman Joint Committee, which oversees the agreement, has discussed a broad range of trade issues, including trade and investment; the FTA’s customs, investment, and services chapters; possible cooperation in the broader Middle East and North Africa region; and cooperative efforts related to labor rights and environmental protection.<sup>620</sup>

### Labor

Stemming from the agreement’s labor provisions, in 2018 Oman launched a new two-year “Decent Work Country Program” in conjunction with the United Nations’ International Labour Organization. This program is aimed at building on the previous program, which ended in 2016. The new program focuses on social protection; employment, skills, and entrepreneurship development; and international labor standards and labor governance.<sup>621</sup>

### Environment

USTR has continued to review implementation of the U.S.-Oman FTA Environment chapter and held bilateral meetings in Muscat in March 2018 focusing on wildlife trafficking and illegal fishing. As part of these meetings, the United States and Oman signed a new Plan of Action for 2018–21. The plan sets out activities related to managing ecosystems and natural resources sustainably; combating wildlife trafficking; and promoting environmental education, training, awareness, and transparency, as well as public participation in environmental decision-making and enforcement.<sup>622</sup>

## U.S.-Panama TPA

The U.S.-Panama Trade Promotion Agreement was signed June 28, 2007, and entered into force on October 31, 2012.<sup>623</sup> On January 1, 2019, the eighth round of tariff reductions under the agreement took place. The United States-Panama Free Trade Commission (FTC) is the central oversight body for the agreement, but did not meet in 2018.<sup>624</sup> In 2018, the two countries continued to work together to address remaining implementation issues under the agreement. The two sides expect to hold the third FTC meeting in 2019 to review implementation of the TPA.<sup>625</sup>

<sup>618</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.68.

<sup>619</sup> USDOS, “[Existing U.S. Trade Agreements—U.S. Trade Agreements at a Glance](#)” (accessed June 10, 2019).

<sup>620</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.20.

<sup>621</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.20.

<sup>622</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.68.

<sup>623</sup> USDOS, “[Existing U.S. Trade Agreements—U.S. Trade Agreements at a Glance](#)” (accessed June 10, 2019).

<sup>624</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.20.

<sup>625</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.20-21.

## Labor

The two sides met in September 2018 to discuss various issues concerning labor law enforcement, in particular laws against child labor.<sup>626</sup>

## Environment

The Environmental Affairs Council (EAC) and the Environmental Cooperation Commission (ECC) met in October 2018 to discuss environmental protection under the agreement's Environment chapter, particularly wildlife trafficking, illegal logging, illegal fishing, and conservation of wetlands. The EAC approved a 2018–19 work program and working procedures for the Secretariat for Environmental Enforcement Matters, which launched at this meeting.<sup>627</sup> The independent secretariat aims to promote participation in environmental enforcement issues and receives and considers public submissions about the enforcement of environmental laws.<sup>628</sup>

The ECC discussed environmental cooperation projects completed under the 2014–17 Environmental Cooperation Work Program, as well as the status of current and planned environmental cooperation projects. These projects address issues such as illegal, unreported, and unregulated (IUU) fishing and illegal logging; wildlife trafficking; environmental management at ports; air quality; environmental impact assessments; and adoption of cleaner production practices. The ECC also approved its second work program for 2018–22. It prioritizes cooperative activities to strengthen environmental laws and regulations; improve private sector compliance with environmental laws; and increase education, transparency, and public participation to improve protection of the environment and enforcement of environmental laws.<sup>629</sup>

## U.S.-Peru TPA

The U.S.-Peru Trade Promotion Agreement (TPA) was signed April 12, 2006, and entered into force on February 1, 2009.<sup>630</sup> All remaining tariff reductions, which cover only agricultural products, should be complete by 2026. The U.S.-Peru Free Trade Commission oversees the agreement and its implementation. In 2018, four of the bodies organized under the Free Trade Commission met: the Committee on Technical Barriers to Trade, the Committee on Sanitary and Phytosanitary Matters, the Committee on Trade Capacity Building, and the Working Group on Customs and Trade Facilitation. The two governments expect to hold the next Free Trade Commission meeting in 2019.<sup>631</sup>

## Labor

In 2018, both sides continued to follow up on the issues raised in a 2016 U.S. Department of Labor (USDOL) report issued in response to a submission made under the Labor chapter of the TPA. These

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<sup>626</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.21.

<sup>627</sup> U.S. Embassy in Panama, "[United States and Panama Join to Protect the Environment under the Trade Promotion Agreement](#)," October 3, 2018.

<sup>628</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.68.

<sup>629</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.68.

<sup>630</sup> USDOS, "[Existing U.S. Trade Agreements—U.S. Trade Agreements at a Glance](#)" (accessed June 10, 2019).

<sup>631</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.22.



issues concerned Peru’s protection of fundamental labor rights and enforcement of labor laws, in particular as they relate to nontraditional exports and temporary contracting in both the agriculture and the textile industries.<sup>632</sup> In April 2018, USDOL issued its second periodic review of progress made in addressing these concerns,<sup>633</sup> and in November 2018, officials from USTR and USDOL held a teleconference with Peruvian officials to discuss efforts by Peru to address labor issues.<sup>634</sup> In addition, USDOL recognized Peru’s advances in combating child labor in its most recent report on the subject.<sup>635</sup> The USDOL report noted, among other things, that Peru increased criminal penalties for subjecting children to forced labor and had imposed its longest human trafficking sentence yet in a case involving minors.<sup>636</sup>

## Environment

In addition to its Environment chapter, the agreement includes the Annex on Forest Sector Governance, aimed at combating illegal logging and trade in timber and wildlife products from Peru. In February 2018, Peru and the United States convened the seventh meeting of the Environmental Affairs Council (EAC) and the Environmental Cooperation Commission (ECC), as well as the ninth meeting of the Subcommittee on Forest Sector Governance (Sub-committee) in Lima.<sup>637</sup> The EAC reviewed the progress Peru and the United States have made to effectively implement, and comply with, the obligations under the agreement’s Environment chapter, including implementation of the Secretariat for Submissions on Environmental Enforcement Matters. The secretariat received two submissions in July 2018 claiming failure to effectively enforce environmental laws.<sup>638</sup>

In addition, in July 2018, the ECC exchanged views regarding the implementation of the United States-Peru Environmental Cooperation Work Program for 2015–2018. The parties highlighted cooperation regarding small-scale gold mining, environmental monitoring and enforcement, and water management in support of the agreement’s Environment chapter.<sup>639</sup>

On February 26, 2018, the United States Interagency Committee on Trade in Timber Products from Peru (Timber Committee) requested that Peru verify whether three shipments of timber exported to the United States in 2017 met requirements under the agreement’s Forest Annex.<sup>640</sup> Peru issued its timber verification report in July 2018, which could not establish the legality of one shipment.<sup>641</sup> In August 2018, the Timber Committee released recommendations related to this issue. Many of these included

<sup>632</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.22.

<sup>633</sup> USDOL, ILAB, [“Second Periodic Review of Progress to Address Issues Identified in the U.S. Department of Labor’s Public Report of Review of Submission 2015-01 \(Peru\)”](#), April 20, 2018.

<sup>634</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.22.

<sup>635</sup> USDOL, ILAB, [2017 Findings on the Worst Forms of Child Labor—17th Edition](#), September 20, 2018.

<sup>636</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.23.

<sup>637</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.69.

<sup>638</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.69.

<sup>639</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.69.

<sup>640</sup> USTR, [“Statement Regarding Implementation of the PTPA Forest Annex and Peru’s July 2018 Verification Report”](#), September 17, 2018; USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.23. The Interagency Committee on Trade in Timber Products from Peru is composed of senior U.S. officials from USTR and from the U.S. Departments of Justice, State, Agriculture, and Interior, who work to oversee implementation of the PTPA Forest Annex.

<sup>641</sup> USTR, [“U.S. Timber Committee Responds to Peru’s Timber Verification”](#), September 19, 2018.



commitments already made by Peru but not yet substantially implemented, such as upgrading Peru’s timber traceability system, improving detection of illegally harvested timber, and taking stronger action against those violating Peru’s forestry laws.<sup>642</sup>

## U.S.-Singapore FTA

The U.S.-Singapore Free Trade Agreement was signed May 6, 2003, and entered into force on January 1, 2004.<sup>643</sup>

### Environment

In January 2018, the two governments held their biennial review under the Memorandum of Intent between the United States of America and the Republic of Singapore on Cooperation in Environmental Matters, which was negotiated in parallel with the Environment chapter of the U.S.-Singapore Free Trade Agreement. The two sides focused on shared commitments to environmental protection and sustainable natural resource use.<sup>644</sup> The two governments reviewed accomplishments under the 2016–17 Plan of Action, in particular efforts to combat wildlife trafficking and illegal fishing. They also agreed on a new Plan of Action for 2018–19, which focuses on (1) implementation and enforcement of environmental laws; (2) conservation and sustainable use of and trade in natural resources; and (3) the exchange of information on environmental policies, best practices in environmental protection, and innovative environmental technology and techniques for pollution management.<sup>645</sup>

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<sup>642</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, II.23, IV.69.

<sup>643</sup> USDOS, “[Existing U.S. Trade Agreements—U.S. Trade Agreements at a Glance](#)” (accessed June 10, 2019).

<sup>644</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.69–70.

<sup>645</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 1, 2019, IV.70.

# Chapter 6

## U.S. Trade Relations with Major Trading Partners

This chapter reviews U.S. bilateral trade relations with the United States' top trading partners in 2018: the European Union (EU), China, Canada, Mexico, Japan, South Korea, India, and Taiwan (ordered according to the value of their two-way merchandise trade with the United States). For each trading partner, the chapter summarizes U.S. bilateral trade, including trade in both merchandise and private services,<sup>646</sup> and reports the major developments in bilateral trade policies and programs during 2018.

### European Union

#### U.S.-EU Trade Overview

The EU as a single entity is the United States' largest two-way trading partner (i.e., exports plus imports) in terms of both goods and services. The value of U.S. merchandise trade with the 28 member states of the EU increased 12.4 percent, from \$717.7 billion in 2017 to \$806.4 billion in 2018. The EU share of total U.S. goods trade rose slightly, from 18.6 percent in 2017 to 19.2 percent in 2018. The U.S. merchandise trade deficit with the EU rose by \$17.9 billion, from \$151.2 billion in 2017 to \$169.1 billion in 2018, as U.S. imports grew more than U.S. exports in value terms (figure 6.1).

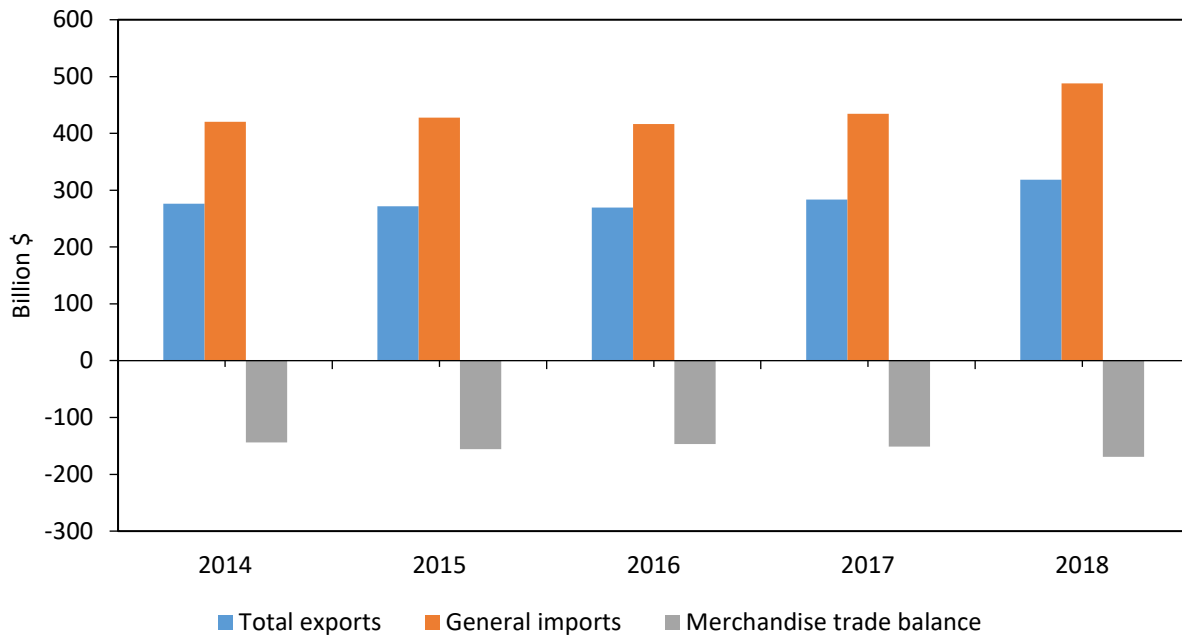
The EU was the largest market for U.S. merchandise exports in 2018 for the third year in a row, accounting for 19.1 percent of total U.S. exports. U.S. goods exports to the EU increased 12.5 percent, from \$283.3 billion in 2017 to \$318.6 billion in 2018. Leading U.S. exports to the EU included civilian aircraft, engines, and parts; crude petroleum; medicaments (medicines); refined petroleum products; and nonmonetary gold. Nearly all of the top 15 U.S. goods exports to the EU increased between 2017 and 2018.

The EU remained the second-largest source of U.S. merchandise imports, following China, in 2018. The EU accounted for 19.2 percent of total U.S. goods imports in 2018. U.S. imports from the EU increased 12.3 percent, from \$434.5 billion in 2017 to \$487.8 billion in 2018. Leading U.S. imports were passenger motor vehicles, medicaments, certain immunological products, light oils, and parts of turbojets and turbopropellers. U.S.-EU merchandise trade data are shown in appendix tables A.27 through A.30.

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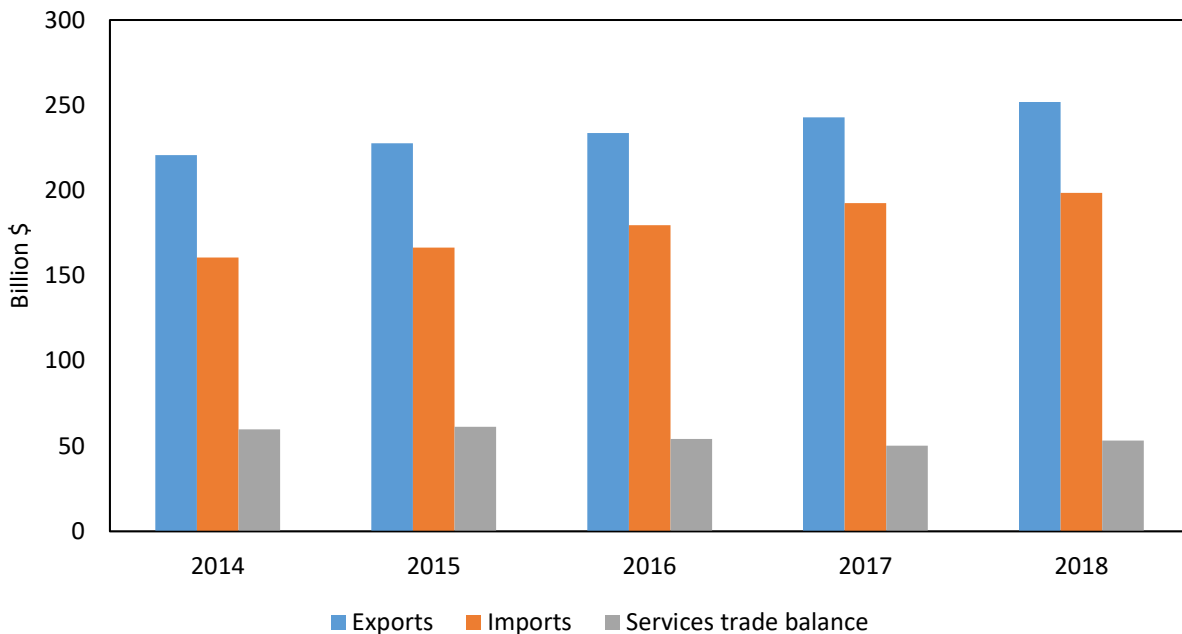
<sup>646</sup> Services trade is based on data for cross-border trade in private services, which exclude government sales and purchases of goods and services not included elsewhere (n.i.e.). The sole exception is the EU: U.S. services imports from the EU include government goods and services n.i.e. According to BEA, trade data from EU-based government services providers are "suppressed to avoid the disclosure of data of individual companies." USDOC, BEA, International Services Data, "Table 2.3, U.S. Trade in Services, by Country or Affiliation and by Type of Service, European Union," September 12, 2019. Exports and imports of government services primarily consist of services supplied in support of operations by the U.S. military and embassies abroad. USITC, [Recent Trends in U.S. Services Trade, 2018 Annual Report](#), June 2018, 12.

**Figure 6.1** U.S. merchandise trade with the EU, 2014–18



Source: USITC DataWeb/USDOC (accessed May 17, 2019).  
 Note: Underlying data can be found in appendix table [B.5](#).

**Figure 6.2** U.S. cross-border trade in private services with the EU, 2014–18



Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, International Services, tables 2.2 and 2.3, and International Transactions, table 3.2, June 20, 2019.  
 Note: Data for 2018 are preliminary. Underlying data can be found in appendix table [B.7](#).

U.S. two-way cross-border trade in services with the EU increased 3.4 percent to \$450.4 billion in 2018 and accounted for 33.4 percent of total U.S. trade in services that year. The United States continued to register a trade surplus in services with the EU—one that increased from \$50.3 billion in 2017 to \$53.2 billion in 2018—as U.S. exports grew more than U.S. imports (figure 6.2). The United Kingdom (UK) was the EU’s largest services trader with the United States, with 29.8 percent of the EU total, followed by Germany and France.

U.S. exports of services to the EU increased 3.7 percent (\$8.9 billion) to \$251.8 billion in 2018, while U.S. imports increased 3.1 percent (\$6.0 billion) to \$198.6 billion (tables A.31 and A.32). Leading U.S. services exports to the EU included other business services,<sup>647</sup> charges for the use of intellectual property,<sup>648</sup> travel services, and financial services. Leading U.S. services imports from the EU included travel services, other business services, transport, and charges for the use of intellectual property.

## Trade Developments

A potential U.S.-EU trade agreement was under discussion beginning in July 2018. These discussions led to the establishment of an Executive Working Group to reduce transatlantic trade barriers, which was one of the primary trade events of the U.S.-EU relationship over the past year. However, attention was also focused on the steel and aluminum tariffs imposed on EU goods by the United States under section 232 of the Trade Expansion Act of 1962, and EU retaliatory measures. Despite their disagreement over the tariffs, the United States and EU—along with Japan—found common ground in looking at nonmarket economic policies of third countries, on which they issued a joint scoping paper outlining possible collective remedial actions.<sup>649</sup> Finally, the EU’s much-discussed General Data Privacy Regulation (GDPR) went into effect in May 2018, in concert with a joint U.S.-EU review of the EU-U.S. Privacy Shield Framework.<sup>650</sup> All of these topics are described below.

EU automotive exports to the United States were also at issue in 2018. On May 23, 2018, USDOC initiated an investigation under section 232 of the Trade Expansion Act to determine the effects on national security of imports of automobiles, including cars, SUVs, vans and light trucks, and automobile parts.<sup>651</sup> The EU submitted written comments to USDOC on June 29, 2018.<sup>652</sup> EU Ambassador David

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<sup>647</sup> Other business services includes research and development services; professional and management consulting services; and technical, trade-related, and other business services, which include architectural and engineering, construction, audiovisual, waste treatment, operational leasing, trade-related, and other business services. USDOC, BEA, [“Additional Information, Explanatory Notes,”](#) May 9, 2019.

<sup>648</sup> Charges for the use of intellectual property “not included elsewhere” (n.i.e.) include “charges for the use of proprietary rights, such as patents, trademarks, and copyrights, and charges for licenses to use, reproduce, distribute, and sell or purchase intellectual property.” USDOC, BEA, [U.S. International Economic Accounts: Concepts and Methods](#), September 2014, 10–22.

<sup>649</sup> USTR, [“Joint Statement on Trilateral Meeting of the Trade Ministers of the United States, Japan, and the European Union,”](#) May 31, 2018.

<sup>650</sup> USTR, [2018 National Trade Estimate Report](#), 2018, 207.

<sup>651</sup> 83 Fed. Reg. 24735 (May 30, 2018).

<sup>652</sup> Delegation of the European Union to the United States, [“Comments by the European Union to the Bureau of Industry and Security, Office of Technology Evaluation, U.S. Department of Commerce,”](#) June 29, 2018.

O’Sullivan provided testimony at USDOC’s public hearing on July 19, 2018, stating that EU automotive exports to the United States do not threaten or impair the U.S. auto industry or national security.<sup>653</sup>

In March 2018, the first Joint Committee meeting under the Bilateral Agreement on Prudential Measures regarding Insurance and Reinsurance (the U.S.-EU Covered Agreement) was held to reaffirm commitments made in 2017 concerning continuous review, close coordination, and full and timely implementation of agreement provisions.<sup>654</sup> The UK continued to prepare for an expected exit from the EU (Brexit)<sup>655</sup> by signing a separate U.S.-UK Bilateral Agreement on Prudential Measures Regarding Insurance and Reinsurance in December 2018; this agreement upholds the terms of the U.S.-EU Covered Agreement.<sup>656</sup> Under the framework of the Transatlantic Economic Council, the EU hosted the ninth workshop for small and medium-sized enterprises (SMEs) in Vienna, Austria. This workshop focused on best practices for supporting SME development through dual vocational education programs, technology-assisted financing, cooperative intellectual property protections, and public-private partnerships.<sup>657</sup> Lastly, In March 2018, the EU Commission proposed a directive to establish an interim EU-wide tax on digital services.<sup>658</sup> However, the proposal was abandoned in early 2019 when several member states voiced opposition. By March 2019, four member states (France, Italy, Spain, UK) had separately introduced or proposed introducing a digital services tax bill.<sup>659</sup>

Also during 2018, there was a new development in the long-running dispute on EU measures affecting trade in large civil aircraft, based on a dispute that the United States filed with the World Trade Organization (WTO) in 2004. On May 15, 2018, the WTO compliance panel issued a report confirming that the EU and certain EU member states had failed to comply with the earlier WTO determination that found launch aid to be inconsistent with their WTO obligations (DS316).<sup>660</sup> The outcome of the WTO compliance panel report is described in more detail in chapter 3.

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<sup>653</sup> USTR, [“Section 232 National Security Investigation of Imports of Automobiles and Automotive Parts Hearing Panel,”](#) hearing transcript, July 19, 2018, 187–90. Following receipt of the Secretary of Commerce’s confidential report on the investigation, the President issued a proclamation on May 17, 2019, directing the USTR to pursue negotiations on agreements addressing threatened impairment of national security from EU, Japan, and other trading partners. These negotiations are ongoing as of this writing, with the USTR due to provide an update to the President on their outcome in November 2019. 84 Fed. Reg. 23433 (May 21, 2019).

<sup>654</sup> USTR, [“Statement on the First Joint Committee Meeting,”](#) March 27, 2018. For more information about this agreement, see USITC, [The Year in Trade 2017](#), July 2017, 152–53.

<sup>655</sup> On April 11, 2019, the European Council voted to further delay Brexit from May 2019 to October 31, 2019. This vote came after the original Brexit deadline (March 29, 2019) passed without EU-UK agreement on a withdrawal plan. EC, [“President Juncker at the Special Meeting of the European Council \(Art. 50\),”](#) April 11, 2019.

<sup>656</sup> USTR, [“Treasury, USTR Finalize Bilateral Agreement with the UK,”](#) December 11, 2018.

<sup>657</sup> USTR, [“Joint Statement from the 9th EU-U.S. SME Workshop,”](#) November 15, 2018.

<sup>658</sup> EC, [Proposal for a Council Directive on the Common System of a Digital Services Tax on Revenues Resulting from the Provision of Certain Digital Services](#), March 21, 2018.

<sup>659</sup> USTR, [2019 National Trade Estimate Report](#), 211–12.

<sup>660</sup> Launch aid is “the provision of financing for design and development to Airbus companies.” WTO, [“Dispute Settlement: DS316; European Communities and Certain Member States—Measures Affecting Trade in Large Civil Aircraft”](#) (accessed August 22, 2019).

## Section 232 Steel and Aluminum Tariffs

On February 16, 2018, under section 232 of the Trade Expansion Act of 1962, the U. S. Department of Commerce (USDOC) released its report finding that imports of steel and aluminum threatened U.S. national security.<sup>661</sup> In response to these findings, the President imposed a 25 percent ad valorem tariff on imported steel from all countries, temporarily excluding Canada and Mexico, and a 10 percent ad valorem tariff on imported aluminum from all countries, also temporarily excluding Canada and Mexico, effective March 23, 2018.<sup>662</sup>

On March 22, 2018, President Trump issued two more proclamations temporarily exempting the EU and certain other countries from the tariffs, as discussions continued with the goal of finding “satisfactory alternative means to address the threatened impairment to the national security.”<sup>663</sup> With respect to the EU, the new proclamations highlighted “our shared commitment to supporting each other in national security concerns; the strong economic and strategic partnership between the United States and the EU, and between the United States and EU member countries; and our shared commitment to addressing global excess capacity in steel [and aluminum] production.” If satisfactory alternative means were not found, these exemptions would last only through May 1, 2018.<sup>664</sup> On April 30, 2018, the President issued two more proclamations, which further exempted the EU, Canada, and Mexico from the tariffs until June 1, 2018.<sup>665</sup>

On May 16, 2018, the EU responded to the proposed imposition of the section 232 steel and aluminum tariffs by issuing a regulation that announced the imposition of additional ad valorem duties on selected U.S. products in two stages. The first stage included ad valorem duties of up to 25 percent on imports from the United States valued at \$3.1 billion, including agricultural products, processed food, beverages, tobacco, eye makeup, cotton T-shirts, steel and aluminum products, and more.<sup>666</sup>

On June 1, 2018, the United States imposed the section 232 tariffs on steel and aluminum imports from the EU; on June 20, 2018, the European Commission adopted the regulation imposing retaliatory tariffs,

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<sup>661</sup> USDOC, BIS, OTE, [The Effect of Imports of Steel on National Security](#), January 11, 2018. These developments are further described in chapter 2.

<sup>662</sup> Proclamation 9705, 83 Fed. Reg. 11625 (March 15, 2018); Proclamation 9704, 83 Fed. Reg. 11619 (March 15, 2018).

<sup>663</sup> Proclamation 9711, 83 Fed. Reg. 13361 (March 28, 2018); Proclamation 9710, 83 Fed. Reg. 13355 (March 28, 2018).

<sup>664</sup> Proclamation 9711, 83 Fed. Reg. 13361 (March 28, 2018); Proclamation 9710, 83 Fed. Reg. 13355 (March 28, 2018).

<sup>665</sup> Proclamation 9740, 83 Fed. Reg. 20683 (May 7, 2018); Proclamation 9739, 83 Fed. Reg. 20677 (May 7, 2018). This exemption for Canada and Mexico expired on June 1, 2018, however, and on that date, the 25 percent tariff on steel imports and the 10 percent tariff on aluminum imports for both countries went into effect. Proclamation 9758, 83 Fed. Reg. 25849 (June 5, 2018).

<sup>666</sup> [Regulation \(EC\) 724/2018 of the European Parliament and of the Council of 16 May 2018](#). Some products—bourbon, whiskey, and certain types of motorcycles and motor boats—were included in both the first- and second-stage product lists, which makes them subject to a 25 percent tariff in the first stage, and to an additional 25 percent tariff should the second stage of response come to pass. [Commission Implementing Regulation \(EU\) 2018/886 on certain commercial policy measures concerning certain products originating in the United States of America and amending Implementing Regulation \(EU\) 2018/724](#), June 20, 2018.

effective June 22.<sup>667</sup> Also on June 1, the EU requested WTO dispute settlement consultations with the United States (DS548) concerning the imposition of the section 232 tariffs.<sup>668</sup> On July 16, 2018, the United States responded by requesting WTO consultations with the EU regarding the EU imposition of retaliatory tariffs (DS559).<sup>669</sup> For more information about these WTO dispute settlement cases, see chapter 3.

The second stage of the two-stage EU response, announced in May 2018, included extra ad valorem duties of 10, 25, 35, and 50 percent on about \$3.9 billion worth of U.S. goods, including motor vehicles, cranberries, textile fabrics, footwear, tableware, washing machines, and more. These tariffs are to be applied either starting March 23, 2021, or after the WTO Dispute Settlement Body rules that the “United States’ safeguard measures are inconsistent with the relevant provisions of the WTO Agreement,” if that ruling comes earlier.<sup>670</sup>

In 2017, the last full year before tariffs were imposed, the EU was the largest source of U.S. steel imports, comprising 19.8 percent of all U.S. steel product imports.<sup>671</sup> The EU was also the fifth-largest source for U.S. aluminum imports, comprising 6.6 percent of all U.S. aluminum imports in 2017.<sup>672</sup>

## Trade Agreement Negotiations

On July 25, 2018, President Trump and European Commission President Jean-Claude Juncker established a U.S.-EU Executive Working Group to work together to (1) eliminate non-auto industrial tariffs and nontariff barriers; (2) increase trade in several key industries, including services, chemicals, pharmaceuticals, medical products, and soybeans; and (3) work together with other WTO partners on WTO reform to address such issues as industrial subsidies, intellectual property theft, forced technology transfer, overcapacity, and other distortions imposed by state-owned enterprises.<sup>673</sup> The two sides also

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<sup>667</sup> EC, “[EU Adopts Rebalancing Measures in Reaction](#),” June 20, 2018; [Commission Implementing Regulation \(EU\) 2018/886 of 20 June 2018](#).

<sup>668</sup> WTO, “[Dispute Settlement: DS548; United States—Certain Measures on Steel and Aluminum Products](#)” (accessed July 2, 2019).

<sup>669</sup> WTO, “[Dispute Settlement: DS559; European Union—Additional Duties on Certain Products from the United States](#)” (accessed July 2, 2019).

<sup>670</sup> [Regulation \(EC\) 724/2018 of the European Parliament and of the Council of 16 May 2018 on Certain Commercial Policy Measures Concerning Certain Products Originating in the United States of America](#).

<sup>671</sup> USITC DataWeb/USDOC (accessed June 27, 2019). “Steel products” here are defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 16 in chapter 99, subchapter III (provisions 9903.80.XX): HTS 7206, 7207, 7208, 7209, 7210, 7211, 7212, 7213, 7214, 7215, 7216.10.00, 7216.21.00, 7216.22.00, 7216.31.00, 7216.32.00, 7216.33.00, 7216.40.00, 7216.50.00, 7216.99.00, 7217, 7218, 7219, 7220, 7221, 7222, 7223, 7224, 7225, 7226, 7227, 7228, 7229, 7301.10.00, 7302.10, 7302.40.00, 7302.90.00, 7304, 7305, and 7306. Ranking is based on U.S. imports for consumption of steel products.

<sup>672</sup> USITC DataWeb/USDOC (accessed June 27, 2019). “Aluminum” here is defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 19 for aluminum (provisions 9903.85.XX): HTS 7601, 7604, 7605, 7606, 7607, 7608, 7609, and 7616.99.51. Ranking is based on U.S. imports for consumption of aluminum.

<sup>673</sup> White House, “[Remarks by President Trump and President Jean-Claude Juncker](#),” July 25, 2018; EC, “[Joint U.S.-EU Statement Following President Juncker’s Visit to the White House](#),” July 25, 2018.



agreed to launch a dialogue on standards, following up on past work, and to cooperate in the area of energy, in particular to facilitate U.S. exports of liquefied natural gas to the EU.<sup>674</sup>

On October 16, 2018, the Office of the U.S. Trade Representative (USTR) notified Congress of the Administration’s intent to initiate negotiations on a trade agreement with the EU under the Bipartisan Congressional Trade Priorities and Accountability Act of 2015.<sup>675</sup> USTR’s letter to Congress set out broad goals of securing higher-paying jobs in the United States, and improving trade and investment opportunities with the EU. In addition to consulting with Congress, USTR solicited comments from the public and held a hearing on December 14, 2018. Using this input, in January 2019, USTR published negotiating objectives for the agreement.<sup>676</sup> For more information, see chapter 5.

## Non-market Economic Policy

On May 31, 2018, a trilateral meeting of the U.S., EU, and Japanese trade ministers produced a joint scoping paper on the issue of non-market-oriented policies of third countries that lead to unfair competitive conditions. All parties agreed to “deepen and accelerate” discussions on possible new WTO rules for industrial subsidies and state-owned enterprises, with a view toward future negotiations. The three parties also released two joint statements on cooperating to address forced technology transfer, and on identifying the elements that signal market conditions and the means to maintain these conditions.<sup>677</sup>

The scoping paper defined the basis for developing strong rules on market-distorting industrial subsidies. Specific objectives outlined included improving transparency by incentivizing WTO members to notify the WTO of subsidies granted or maintained. The ministers also recognized the need to better address the market-distorting behavior of public bodies and state-owned enterprises by defining a “public body” and dealing with “state-influenced market-distorting behavior” of entities not defined as public bodies. The paper also suggested ways to improve the effectiveness of subsidy rules, including prohibiting the most harmful subsidies, providing a targeted remedy to address subsidies that contribute to overcapacity, and enhancing information-gathering rules at the WTO.<sup>678</sup>

The group’s first joint statement addressed (1) policies that pressure foreign companies to transfer technology to domestic entities and (2) government-supported “unauthorized intrusion into, and theft from, the computer networks of foreign companies to access their sensitive commercial information and trade secrets and use that information for commercial gain.” Specific objectives outlined in the statement included pinpointing and sharing best practices for stopping governments’ direct and unfair support for systematic investment in—and acquisition of—foreign companies’ assets in order to obtain their technology and intellectual property. The three parties also agreed to work with like-minded

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<sup>674</sup> USTR, “[Remarks by President Trump and President Jean-Claude Juncker](#),” July 25, 2018; EC, [EU-US Relations: Interim Report on the Work of the Executive Working Group](#), January 30, 2019, 2; EC, “[Joint U.S.-EU Statement following President Juncker’s Visit to the White House](#),” July 25, 2018.

<sup>675</sup> USTR, “[Trump Administration Announces Intent](#),” October 16, 2018.

<sup>676</sup> USTR, [United States-European Union Negotiations: Summary of Specific Negotiating Objectives](#), January 2019.

<sup>677</sup> USTR, “[Joint Statement on Trilateral Meeting of the Trade Ministers of the United States, Japan, and the European Union](#),” May 31, 2018.

<sup>678</sup> USTR, “[Joint Statement on Trilateral Meeting of the Trade Ministers of the United States, Japan, and the European Union](#),” May 31, 2018.

partners to stop policies and practices that contribute to forced technology transfer, through the WTO dispute settlement process if necessary.<sup>679</sup>

The second joint statement addressed non-market-oriented policies and practices that lead to overcapacity and uncompetitive markets. The statement affirmed a list of elements that signal market-oriented conditions—including freely determined decisions on prices, costs, inputs, purchases, sales, investments, and capital allocation based on market signals; market-determined prices of capital, labor, and technology; and recognition of international accounting standards, corporation law, bankruptcy law, and private property law—and pledged to add to this list if possible. The parties also agreed to work with other countries on finding ways to maintain market-oriented conditions.<sup>680</sup>

## GDPR and the U.S.-EU Privacy Shield

The EU’s General Data Protection Regulation (GDPR), intended to modernize and replace the EU’s 1995 Data Protection Directive, lays out a comprehensive approach to data protection and privacy.<sup>681</sup> It took effect on May 25, 2018.<sup>682</sup> GDPR establishes strict privacy rights for individuals as regards the processing, collection, dissemination, erasure, and portability of their personal data.<sup>683</sup>

The GDPR characteristic that most concerns U.S. companies and trade associations is GDPR’s “extraterritorial jurisdiction”—the fact that it applies outside the EU’s boundaries.<sup>684</sup> Companies that handle personal data of EU data subjects<sup>685</sup> fall under EU legal jurisdiction with respect to obeying GDPR rules regardless of the companies’ physical location. Complying with GDPR adds legal and administrative expenses and raises costs of data storage and processing for affected firms. Moreover, firms that fail to comply with GDPR data protection rules not only may be liable as “controllers” of personal data, but also may be jointly liable with their contractors that are “processors” of those personal data. Violators may be fined up to 4 percent of their annual global firm revenue.<sup>686</sup> Despite widespread concern over the anticipated costs of complying with GDPR’s policies, some experts have acknowledged a benefit to the competitiveness of larger digital services companies that have adequate resources to bear the compliance costs of such legislation.<sup>687</sup>

A further concern for U.S. companies is the possible spread of the GDPR approach. Given the large size of the EU market and the breadth of its authority, many countries outside the EU often use EU

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<sup>679</sup> USTR, “[Joint Statement on Trilateral Meeting of the Trade Ministers of the United States, Japan, and the European Union](#),” May 31, 2018.

<sup>680</sup> USTR, “[Joint Statement on Trilateral Meeting of the Trade Ministers of the United States, Japan, and the European Union](#),” May 31, 2018.

<sup>681</sup> For additional background, see USITC, [Global Digital Trade 1: Market Opportunities and Key Foreign Trade Restrictions](#), August 2017, 377.

<sup>682</sup> CRS, [Data Flows, Online Privacy, and Trade Policy](#), March 2019, 11.

<sup>683</sup> CRS, [Data Flows, Online Privacy, and Trade Policy](#), March 2019.

<sup>684</sup> USTR, [2019 National Trade Estimate Report](#), 2018, 208.

<sup>685</sup> An EU data subject is anyone whose personal data are located in the EU, regardless of the residence, citizenship, or physical location of the data subject.

<sup>686</sup> USTR, [2019 National Trade Estimate Report](#), 2018, 208.

<sup>687</sup> USITC, hearing transcript, March 6, 2018, 86 (testimony of Susan Aaronson, George Washington University).

regulations as a model for their own. This tendency could have the effect of duplicating these stringent data policies in other markets in which U.S. firms operate.<sup>688</sup>

Though GDPR only came into force in 2018, data privacy has long been part of the U.S.-EU economic policy agenda. In fact, 2018 saw the second annual review of the U.S.-EU Privacy Shield framework, which gives companies a mechanism for transferring personal data from the EU to the United States that is consistent with EU law.<sup>689</sup> At the second annual review in Brussels, Belgium, in October 2018, the European Commission concluded that the Privacy Shield framework “continues to provide an adequate level of privacy protection under EU law.”<sup>690</sup> The EU highlighted improvements made by USDOC following the first annual review in 2017, including setting up a system of checks on random firms to ensure compliance, and the verification of public access to firms’ privacy policies online.<sup>691</sup> The EU also reiterated the need for the United States to nominate a permanent ombudsperson to address potential disputes. Despite the overall positive review, the Privacy Shield framework was the subject of cases before the EU General Court and Irish Supreme Court in 2018.<sup>692</sup>

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<sup>688</sup> USITC, [Global Digital Trade 1: Market Opportunities and Key Foreign Trade Restrictions](#), August 2017, 16.

<sup>689</sup> USITC, [The Year in Trade 2017](#), July 2017, 153.

<sup>690</sup> USTR, [2019 National Trade Estimate Report](#), 2018, 208–9.

<sup>691</sup> EC, “[EU-U.S. Privacy Shield: Second Review Shows Improvements](#),” December 19, 2018; EC, [Report from the Commission to the European Parliament and the Council on the Second Annual Review of the Functioning of the EU-U.S. Privacy Shield](#), December 19, 2018.

<sup>692</sup> USTR, [2019 National Trade Estimate Report](#), 2018, 207.

## China

### U.S.-China Trade Overview

In 2018, China remained the United States' top single-country trading partner in terms of two-way merchandise trade, accounting for 15.7 percent of total U.S. trade. Total U.S. merchandise trade with China increased 3.9 percent, from \$635.4 billion in 2017 to \$659.8 billion in 2018. Over the same period, the U.S. merchandise trade deficit with China grew by \$43.6 billion in 2018 to \$419.2 billion. The growth in the bilateral merchandise trade deficit was attributable to a \$9.6 billion decrease in U.S. exports to China, accompanied by a \$34.0 billion increase in U.S. imports (figure 6.3).

In 2018, China was the third-largest single-country destination for U.S. merchandise exports, accounting for 7.2 percent of global U.S. merchandise exports. Between 2017 and 2018, U.S. exports of merchandise to China declined 7.4 percent, from \$129.9 billion in 2017 to \$120.3 billion in 2018. Agricultural exports contributed to the vast majority of this decline, particularly soybeans. Leading U.S. exports to China were civilian aircraft, engines, and parts; passenger motor vehicles;<sup>693</sup> crude petroleum; semiconductors; and soybeans.

China remained the largest source of U.S. merchandise imports in 2018, accounting for 21.2 percent of global U.S. imports. The value of U.S. imports from China increased 6.7 percent in 2018, from \$505.5 billion in 2017 to \$539.5 billion in 2018. Leading U.S. imports from China were cellphones; portable computers and tablets; telecommunications equipment; and computer parts and accessories. Imports in all of these top four categories rose from 2017 to 2018, with the exception of cellphone imports, which declined 3.1 percent. U.S.-China merchandise trade data are shown in appendix tables A.33–A.36.

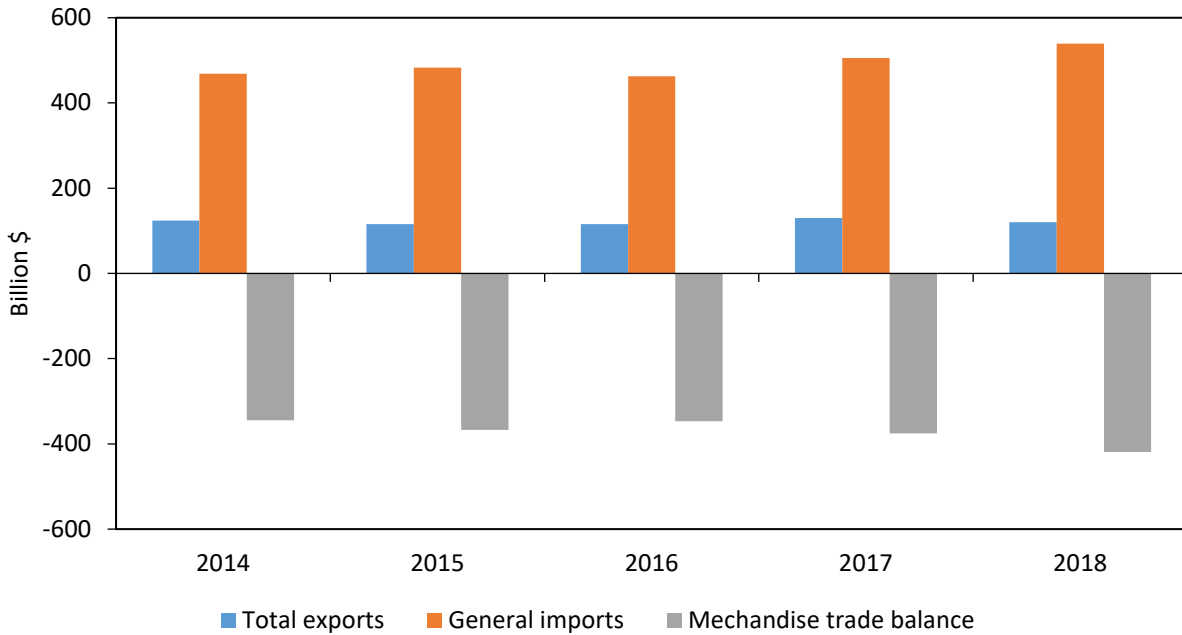
China was the United States' third-largest services trading partner in 2018, with two-way services trade growing by 2.8 percent from \$72.9 billion in 2017 to \$75.0 billion in 2018. U.S. services exports grew by 2.1 percent to \$56.7 billion, while services imports grew by 5.3 percent, reaching \$18.3 billion. As a result, the U.S. services trade surplus with China grew by 0.6 percent in 2018, reaching \$38.5 billion (figure 6.4).

In 2018, top services exports to China included travel services (\$32.1 billion); charges for intellectual property use (\$8.5 billion); and transport (\$5.3 billion) (table A.37). Travel services is by far the largest of these sectors, comprising 56.5 percent of 2018 U.S. services exports to China. The fastest-growing category of services exports to China in 2018 was maintenance and repair services, growing 20.0 percent since 2017. The top U.S. services imports from China included other business services (\$5.4 billion); transport (\$5.0 billion); and travel services (\$4.5 billion) (table A.38). These three sectors accounted for 82.1 percent of 2018 U.S. services imports from China. The fastest-growing import category, however, was insurance services, growing 63.5 percent since 2017.

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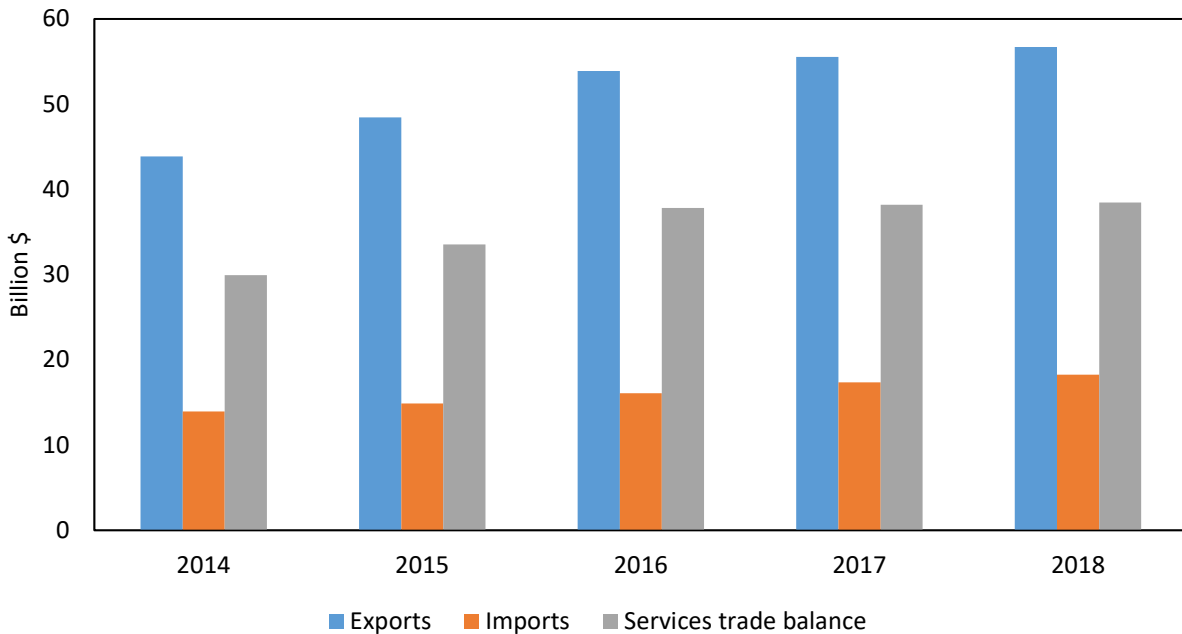
<sup>693</sup> Passenger motor vehicles are classified under the following 15 6-digit lines in the Harmonized Tariff Schedule of the United States (HTS): 8703.21, 8703.22, 8703.23, 8703.24, 8703.31, 8703.32, 8703.33, 8703.40, 8703.50, 8703.60, 8703.70, 8703.80, 8703.90, 8704.21, and 8704.31.

**Figure 6.3** U.S. merchandise trade with China, 2014–18



Source: USITC DataWeb/USDOC (accessed May 9, 2018).  
 Note: Underlying data can be found in appendix table [B.5](#).

**Figure 6.4** U.S. cross-border trade in private services with China, 2014–18



Source: USDOC, BEA U.S. International Transactions, Services, & IIP, International Transactions, International Services, tables 2.2 and 2.3, and International Transactions, table 3.2, June 20, 2019.  
 Note: Data for 2018 are preliminary. Underlying data can be found in appendix table [B.7](#).

## Trade Developments

Since China's accession to the WTO in 2001, the United States has filed 23 WTO disputes against China. Of the 20 WTO disputes China has filed since its accession, 15 have been against the United States. In 2018, the United States filed 2 new WTO disputes against China. The first one was filed on March 23, 2018, following the release of USTR's *Findings of the Investigation into China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation under Section 301 of the Trade Act of 1974*, discussed below.<sup>694</sup> In that dispute, the United States requested consultations with China concerning measures pertaining to the protection of intellectual property rights (IPRs).<sup>695</sup>

In the second dispute, filed on July 16, 2018, the United States requested consultations about China's imposition of additional duties on imported U.S. products.<sup>696</sup> Developments in these and other WTO disputes during 2018 are described in more detail in chapter 3 and appendix table A.25.

In 2018, high-level U.S.-China official dialogue did not follow the same structure as in the past. Previously, high-level U.S.-China bilateral discussions fell under the umbrella of the U.S.-China Joint Commission on Commerce and Trade, the U.S.-China Strategic Economic Dialogue, the U.S.-China Strategic and Economic Dialogue,<sup>697</sup> and the relatively new U.S.-China Comprehensive Economic Dialogue, which the Trump Administration established in April 2017. But USTR deemed efforts before 2018 to be "largely ineffective," citing what it viewed as the marginal progress made by each of these groups.<sup>698</sup> As a result, institutions such as the U.S.-China Economic and Security Review Commission noted that high-level institutional bilateral discussions were less structured in 2018, and even called into question the future of such forums.<sup>699</sup>

A series of high-level bilateral consultations took place in May 2018 between U.S. Secretary of the Treasury Steven Mnuchin, U.S. Secretary of Commerce Wilbur L. Ross, U.S. Trade Representative Robert Lighthizer, Chinese State Council Vice Premier Liu He, and other high-ranking Chinese officials. On May 19, 2018, as a result of those discussions, the United States and China released a joint statement of progress regarding a number of bilateral trade issues.<sup>700</sup> According to the statement, both sides agreed to meaningful increases in U.S. agricultural and energy exports to China, the importance of IPR protection, and the need to encourage two-way bilateral investment.<sup>701</sup>

Despite these developments, on May 29, 2018, the United States announced that it planned to proceed with the tariff hikes against China under section 301.<sup>702</sup> In response, China declared those actions to be "clearly contrary to the recent agreement between the two sides," and said it would not carry out the

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<sup>694</sup> USTR, [Findings of the Investigation into China's Acts](#), March 22, 2018.

<sup>695</sup> WTO, ["Dispute Settlement: DS542; China—Certain Measures Concerning the Protection of Intellectual Property Rights"](#) (accessed July 2, 2019).

<sup>696</sup> WTO, ["Dispute Settlement: DS558; China—Additional Duties on Certain Products from the United States"](#) (accessed July 2, 2019).

<sup>697</sup> The S&ED was known as the SED from 2006 to 2009.

<sup>698</sup> USTR, [2018 Report to Congress on China's WTO Compliance](#), February 2019, 21.

<sup>699</sup> USCC, [2018 Report to Congress](#), November 2018, 93.

<sup>700</sup> White House, ["Joint Statement of the United States and China Regarding Trade Consultations,"](#) May 19, 2018.

<sup>701</sup> White House, ["Joint Statement of the United States and China Regarding Trade Consultations,"](#) May 19, 2018.

<sup>702</sup> White House, ["Statement on Steps to Protect Domestic Technology and Intellectual Property,"](#) May 29, 2018.

market-opening efforts it had planned to pursue if threatened by the higher tariffs.<sup>703</sup> After the imposition of tariffs from both sides, as described further below, President Trump and China's President Xi Jinping met at the G20 conference in Argentina on December 1, 2018. At this meeting, they agreed that the United States would suspend raising the tariff rate from 10 percent to 25 percent on the third tranche of approximately \$200 billion worth of Chinese goods.<sup>704</sup> The suspension was aimed at providing the negotiators with more time to find a mutually acceptable solution.<sup>705</sup>

## Tariff Escalation

In 2018, the United States implemented a variety of trade measures as trade tensions rose. In particular, it imposed higher tariffs and implemented several related policies, including short-term relief programs for U.S. agriculture and enhanced reviews for Chinese investment (described below). China, too, increased its tariffs on U.S. imports at various periods throughout 2018 in response to U.S. actions, and an increasing number of U.S. companies operating in China have expressed concerns over increased regulatory barriers.<sup>706</sup>

**Section 232 Steel and Aluminum Tariffs.** On February 16, 2018, under section 232 of the Trade Expansion Act of 1962, USDOC released its report finding that imports of steel and aluminum threatened to impair U.S. national security.<sup>707</sup> In response to these findings, the President imposed a 25 percent ad valorem tariff on imported steel from China and all other countries (except Canada and Mexico) and a 10 percent ad valorem tariff on imported aluminum from China and all other countries (except Canada and Mexico), effective March 23, 2018.<sup>708</sup> In response, China requested dispute settlement consultations with the United States at the WTO on April 5, 2018.<sup>709</sup> In April 2018, China also imposed additional tariffs of 15 to 25 percentage points on selected U.S. exports, including aluminum waste and scrap, pork, fruits and nuts, wine, modified ethanol, ginseng roots, and stainless steel pipes.<sup>710</sup> The United States requested WTO dispute settlement consultations with China on the imposition of these

<sup>703</sup> CRS, [Trump Administration Tariff Actions: Frequently Asked Questions](#), February 22, 2019.

<sup>704</sup> White House, ["Statement from the Press Secretary Regarding the President's Working Dinner with China,"](#) December 1, 2018.

<sup>705</sup> USTR, [2018 Report to Congress on China's WTO Compliance](#), February 2019, 23.

<sup>706</sup> The American Chamber of Commerce in China reported early in 2018 that 60 percent of U.S. member companies who are operating in China listed regulatory barriers as a top challenge to doing business in China; this percentage was up 39 percent since 2014. AmCham-China, [2018 China Business Climate Survey Report](#), January 2018, 40; USCC, [2018 Report To Congress](#), November 201, 43.

<sup>707</sup> USDOC, BIS, OTE, [The Effect of Imports of Steel on National Security](#), January 11, 2018; USDOC, BIS, OTE, [The Effect of Imports of Aluminum on the National Security](#), January 17, 2018. These developments are further described in chapter 2.

<sup>708</sup> Proclamation 9705, 83 Fed. Reg. 11625 (March 15, 2018); Proclamation 9704, 83 Fed. Reg. 11619 (March 15, 2018). This exemption for Canada and Mexico expired on June 1, 2018, however, and on that date, the 25 percent tariff on steel imports and the 10 percent tariff on aluminum imports for both countries went into effect. Proclamation 9758, 83 Fed. Reg. 25849 (June 5, 2018).

<sup>709</sup> WTO, ["Dispute Settlement: DS544; United States—Certain Measures on Steel and Aluminum Products"](#) (accessed July 1, 2019).

<sup>710</sup> USDOC, ITA, ["Current Foreign Retaliatory Actions"](#) (accessed September 11, 2019) references Ministry of Finance of the People's Republic of China, ["Notice of the Customs Tariff Commission of the State Council on Suspension of Tariff Deduction Obligations for Certain Import Commodities Originating in the United States,"](#) April 1, 2018.



additional duties on July 16, 2018.<sup>711</sup> Dispute Settlement Body panels were established for both WTO disputes on November 21, 2018.<sup>712</sup>

In 2017, the last full year before tariffs were imposed, China was the 10th-largest source of U.S. steel imports, accounting for 3.4 percent of all U.S. steel imports in that year.<sup>713</sup> China was also the 2nd-largest source of U.S. aluminum imports in 2017, accounting for 12.8 percent of all U.S. aluminum imports.<sup>714</sup> Although China was the world's largest producer of primary aluminum, producing over half the world's supply in 2017, U.S. aluminum imports from China are shipped mostly in the form of semifinished products such as bars, rods, and wire.<sup>715</sup>

**Intellectual Property Rights, Technology Transfer, and Innovation.** The United States and China have had longstanding consultations on issues related to IPRs, technology transfer, and innovation, particularly since China's WTO accession and its acceptance of the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement.<sup>716</sup> On August 14, 2017, President Trump issued a memorandum directing USTR to conduct a section 301 investigation to determine whether any of China's laws, policies, practices, or actions might be unreasonable or discriminatory and might harm American IPRs, innovation, or technology development.<sup>717</sup> USTR initiated a section 301 investigation on August 18, 2017, and issued its report on March 22, 2018.<sup>718</sup> The investigation focused on whether the following practices were unreasonable or discriminatory and whether they burdened or restricted U.S. commerce:

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<sup>711</sup> WTO, "[Dispute Settlement: DS558; China—Additional Duties on Certain Products from the United States](#)" (accessed July 1, 2019).

<sup>712</sup> WTO, "[Dispute Settlement: DS558; China—Additional Duties on Certain Products from the United States](#)" (accessed July 1, 2019).

<sup>713</sup> USITC DataWeb/USDOC (accessed June 27, 2019). "Steel products" here are defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 16 in chapter 99, subchapter III (provisions 9903.80.XX): HTS 7206, 7207, 7208, 7209, 7210, 7211, 7212, 7213, 7214, 7215, 7216.10.00, 7216.21.00, 7216.22.00, 7216.31.00, 7216.32.00, 7216.33.00, 7216.40.00, 7216.50.00, 7216.99.00, 7217, 7218, 7219, 7220, 7221, 7222, 7223, 7224, 7225, 7226, 7227, 7228, 7229, 7301.10.00, 7302.10, 7302.40.00, 7302.90.00, 7304, 7305, and 7306. Ranking is based on U.S. imports for consumption of steel products.

<sup>714</sup> USITC DataWeb/USDOC (accessed June 27, 2019). "Aluminum products" here are defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 19 for aluminum (provisions 9903.85.XX): HTS 7601, 7604, 7605, 7606, 7607, 7608, 7609, and 7616.99.51. Ranking is based on U.S. imports for consumption of aluminum.

<sup>715</sup> CRS, "[Effects of U.S. Tariff Action on U.S. Aluminum Manufacturing](#)," updated October 9, 2018.

<sup>716</sup> For information about the estimated effect of China's IPR infringement on the U.S. economy, see USITC, [China: Intellectual Property Infringement](#), November 2010, and USITC, [China: Effects of Intellectual Property Infringement](#), May 2011. The first bilateral IPR agreement with China was negotiated in 1995. Signed into law on March 11, 1995, the agreement terminated the Special 301 investigation against China that was ongoing at the time, lifted sanctions, and revoked China's status as a priority foreign country. In exchange, China agreed to establish mechanisms to ensure the enforcement of IPRs, to publish all of its laws and regulations concerning intellectual property protection, and to provide U.S. rights holders greater access to the Chinese market. USTR, *1995 Trade Policy Agenda and 1994 Annual Report*, March 1994; 60 Fed. Reg. 12583 (March 7, 1995).

<sup>717</sup> 82 Fed. Reg. 39007 (August 17, 2017); USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 42.

<sup>718</sup> USTR, "[USTR Announces Initiation of Section 301 Investigation of China](#)," August 18, 2017; 83 Fed. Reg. 14906 (April 6, 2018).

1. China's use of foreign ownership restrictions
2. China's regime of technology regulations regarding the terms of licensing of technologies by U.S. companies to Chinese entities
3. China's facilitation of investment in and acquisition of U.S. companies by Chinese companies
4. China's support of intrusions and theft from computer networks of U.S. companies<sup>719</sup>

For more information on this investigation and its findings in 2018, see chapter 2.

In 2018, China had various plans and directives in place to revise its laws and regulations protecting IPRs in accordance with TRIPS, and has undertaken broad efforts to reorganize its intellectual property responsibilities among its government agencies.<sup>720</sup> However, USTR continued to find that China's 2018 IPR protection and enforcement regime presented serious barriers to U.S. exports and investment.<sup>721</sup> Given the scope and scale of its reported IPR infringement activities, China remained on USTR's Priority Watch List in its *2019 Special 301 Report*.<sup>722</sup>

The *Special 301 Report* did note some positive developments in 2018:

1. As noted above, China reorganized its intellectual property responsibilities among its government agencies. This included China's creation of a new State Administration for Market Regulation (SAMR) agency aimed at centralizing its government's enforcement responsibilities over patent and trademark regulation.<sup>723</sup>
2. The Chinese government continued its process of judicial reforms in 2018, establishing a new appellate tribunal within the Supreme People's Court (SCP), the "SPC IP Court."<sup>724</sup>
3. China proposed revisions to its existing intellectual property laws and regulations.<sup>725</sup>

Despite these developments in 2018, USTR claimed that China has still not made fundamental structural changes to strengthen its system of intellectual property protection and enforcement, has not fully opened its market to foreign investment, has not allowed the market to play a decisive role in allocating resources, and has not refrained from government interference in private sector decisions about technology transfer.<sup>726</sup>

On March 22, 2018, USTR released its *Findings of the Investigation into China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation under Section 301 of the Trade Act of 1974*.<sup>727</sup> Of its main determinations, USTR found that some aspects pertaining to IPR

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<sup>719</sup> 83 Fed. Reg. 14906 (April 6, 2018).

<sup>720</sup> USTR, [2018 Report to Congress on China's WTO Compliance](#), February 2019, 37; USTR, [2019 Special 301 Report](#), April 2019, 40.

<sup>721</sup> USTR, [2018 Report to Congress on China's WTO Compliance](#), February 2018, 37.

<sup>722</sup> USTR, [2019 Special 301 Report](#), April 2019, 40. For more information on the *2019 Special 301 Report*, see chapter 2.

<sup>723</sup> USTR, [2019 Special 301 Report](#), April 2019, 41.

<sup>724</sup> USTR, [2019 Special 301 Report](#), April 2019, 41.

<sup>725</sup> USTR, [2019 Special 301 Report](#), April 2019, 40.

<sup>726</sup> USTR, [2019 Special 301 Report](#), April 2019, 40.

<sup>727</sup> USTR, [Findings of the Investigation into China's Acts](#), March 22, 2018.

protection could be addressed through the WTO dispute settlement process.<sup>728</sup> On March 23, 2018, USTR filed a request for consultations with China at the WTO to address certain Chinese laws and regulations pertaining to the protection of IPRs that the United States alleges are inconsistent with China's obligations under the TRIPS Agreement. The WTO Dispute Settlement Body established a panel on November 21, 2018.<sup>729</sup>

**Rising Tariffs.** Based on the findings of its section 301 investigation, and pursuant to the direction of the President, USTR imposed an additional 25 percent tariff on approximately \$50 billion worth of select Chinese imports that were implemented in two different tranches (installments). The first tranche was imposed on an estimated \$34 billion of U.S. imports from China (under 818 tariff subheadings) that entered the United States for consumption on or after July 6, 2018, and the second tranche was imposed on an estimated \$16 billion of Chinese imports (under 279 tariff subheadings) that entered the United States for consumption on or after August 23, 2018.<sup>730</sup> The top sectors that were subject to tariffs were aerospace, information and communication technology, robotics, and machinery.<sup>731</sup>

Following the imposition of U.S. tariffs on Chinese goods, China imposed what its State Council Tariff Committee considered retaliatory tariffs of 25 percent covering about \$50 billion worth of select U.S. imports.<sup>732</sup> These were implemented in two tranches, coinciding with the U.S. July 6, 2018, and August 23, 2018, implementation dates.<sup>733</sup> These tariffs affected U.S. exports to China of various agricultural products (e.g. soybeans) and transportation products (e.g., vehicles, vessels).<sup>734</sup>

On September 24, 2018, President Trump imposed an additional tariff on what the White House estimated to impact approximately \$200 billion worth of Chinese imports.<sup>735</sup> Initially set at 10 percent, these tariffs were scheduled to increase to 25 percent by January 1, 2019.<sup>736</sup> In response, China announced that it would raise tariffs on \$60 billion in U.S. imports by 5 or 10 percent depending on the

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<sup>728</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 43.

<sup>729</sup> WTO, "[Dispute Settlement: DS542; China—Certain Measures Concerning the Protection of Intellectual Property Rights](#)" (accessed July 1, 2019). For more information, see the dispute settlement section of chapter 3.

<sup>730</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 43; 83 Fed. Reg. 28710 (June 20, 2018); 83 Fed. Reg. 40823 (August 16, 2018).

<sup>731</sup> USTR, "[Under Section 301 Action, USTR Releases Proposed Tariff List on Chinese Products](#)," April 4, 2018. The list of products was subsequently modified in 2019. This list covered approximately \$200 billion worth of imports. USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 43.

<sup>732</sup> USDOC, ITA, "[Current Foreign Retaliatory Actions](#)" (accessed September 11, 2019) references Ministry of Finance of the People's Republic of China, "[Announcement of the Customs Tariff Commission of the State Council on Adding Tariffs to Imports of US\\$50 Billion](#)," June 16, 2018, and Ministry of Commerce of the People's Republic of China, "[Announcement on Tariffs on Certain Goods Originating in the United States](#)," August 8, 2018

<sup>733</sup> 83 Fed. Reg. 28710 (June 20, 2018). 83 Fed. Reg. 40823 (August 16, 2018).

<sup>734</sup> USDOC, ITA, "[Current Foreign Retaliatory Actions](#)" (accessed September 11, 2019) references Ministry of Finance of the People's Republic of China, "[Announcement of the Customs Tariff Commission of the State Council on Adding Tariffs to Imports of US\\$50 Billion](#)," June 16, 2018, and Ministry of Commerce of the People's Republic of China, "[Announcement on Tariffs on Certain Goods Originating in the United States](#)," August 8, 2018.

<sup>735</sup> White House, "[Statement from the President Regarding Trade with China](#)," June 18, 2018; 83 Fed. Reg. 47974 (September 18, 2018).

<sup>736</sup> In a modification issued by USTR on December 19, 2018, the date of the scheduled tariff increase to 25 percent was postponed from January 1, 2019, until March 2, 2019. This March 2 increase was postponed until further notice by USTR in a modification issued on March 5, 2019. 84 Fed. Reg. 20459 (May 9, 2019); 83 Fed. Reg. 47974 (September 21, 2018).

product, effective September 24, 2018.<sup>737</sup> After the G20 meeting in November–December 2018, President Trump agreed to keep tariffs at 10 percent on January 1, 2019, and China agreed to temporarily suspend the imposition of tariffs on automotive vehicles and parts. That is, whereas tariffs on these products were originally set to go into effect on January 1, 2019, the Chinese government agreed to suspend them for an additional three months.<sup>738</sup>

## Short-Term Agricultural Relief Programs

In response to increases in Chinese tariffs on U.S. agricultural exports, the U.S. Department of Agriculture (USDA) authorized \$12 billion in programs to help U.S. agricultural producers weather an estimated \$11 billion in losses from disrupted markets. According to USDA, U.S. agricultural exports of soybeans, sorghum, livestock products (e.g., milk, pork), and fruits and nuts appear to have been impacted the most in 2018.<sup>739</sup> Moreover, since the U.S. tariffs were imposed, USDA has identified unusually strict and cumbersome Chinese customs entry procedures for U.S. agricultural exports, whose delays have affected the marketability of perishable crops.<sup>740</sup>

To address these issues, USDA initiated three short-term relief programs. The first, called the Market Facilitation Program, provided incremental payments to U.S. soybean, sorghum, corn, wheat, cotton, dairy, and hog producers to help farmers manage the effects of disrupted markets. The second, referred to as the Food Purchase and Distribution Program, purchased unexpected surpluses of affected commodities (e.g., fruits, nuts, legumes, beef, pork, and milk) and redistributed those products to food banks and other charitable programs. Finally, USDA used its Trade Promotion Program to help develop new export markets for U.S. products, which is administered through the Foreign Agricultural Service. The combined cost of those programs was an estimated \$12 billion.<sup>741</sup>

## Monitoring Foreign Investment in the United States

Increasing concern has been expressed about the U.S. national security implications of Chinese and other countries' investment in U.S. advanced technology companies. As a result, the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA) was signed into law with the declared aim of protecting critical American technology and intellectual property from harmful foreign acquisitions.<sup>742</sup>

<sup>737</sup> CRS, "[Enforcing U.S. Trade Laws: Section 301 and China](#)," updated May 23, 2019; Ministry of Finance of the People's Republic of China, "[Announcement of the Customs Tariff Commission of the State Council on the Application of Tariffs on Imported Goods Originating from Approximately US\\$60 Billion in the United States](#)," September 18, 2018.

<sup>738</sup> White House, "[Statement from the Press Secretary Regarding the President's Working Dinner with China](#)," December 1, 2018. Ministry of Finance of the People's Republic of China, "[The State Council Customs Tariff Commission Issued a Notice to Suspend the Imposition of Tariffs on Cars and Parts Originating in the United States](#)," December 14, 2018. In the absence of a negotiated settlement, both sides imposed those threatened tariffs in May 2019. Ministry of Finance of the People's Republic of China, "[The State Council Customs Tariff Commission Issued a Notice to Increase the Tariff Rate on Some Imported Goods Originating in the United States](#)," May 13, 2019; 84 Fed. Reg. 20459 (May 9, 2019).

<sup>739</sup> USDA, "[USDA Assists Farmers Impacted by Unjustified Retaliation](#)," July 24, 2018.

<sup>740</sup> USDA, "[USDA Assists Farmers Impacted by Unjustified Retaliation](#)," July 24, 2018.

<sup>741</sup> USDA, "[USDA Assists Farmers Impacted by Unjustified Retaliation](#)," July 24, 2018.

<sup>742</sup> CRS, "[The Committee on Foreign Investment in the United States \(CFIUS\)](#)," updated May 15, 2019; USTR, [2018 Report to Congress on China's WTO Compliance](#), February 2019.

FIRRMA was intended both to modernize the tools used for protecting critical U.S. technology and to strengthen mechanisms already administered by the Committee on Foreign Investment in the United States (CFIUS).<sup>743</sup> FIRRMA has mandated expanded export control measures, requiring a U.S. interagency process to identify and impose controls over the exportation of certain “emerging and foundational technologies.”<sup>744</sup>

As of 2018, FIRRMA (1) expanded the scope of what CFIUS can investigate by redefining terms such as “critical technologies” and adding certain new transactions, including real estate (for properties close to military installations), to what is reviewable; (2) modified CFIUS’s review procedures to increase scrutiny of investments originating from countries of special concern; and (3) required CFIUS to take specific actions within prescribed deadlines for certain programs and for reporting requirements to various Congressional committees. These 2018 revisions to CFIUS are considered the most comprehensive changes made to the foreign investment review process since 2007.<sup>745</sup> The Administration is now using the expanded CFIUS mandate to address concerns over Chinese state-directed investment in critical technologies.<sup>746</sup>

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<sup>743</sup> CFIUS is an interagency U.S. government body, composed of nine Cabinet members, two ex officio members, and other members as appointed by the President, that assists the President in reviewing the national security aspects of foreign direct investment in the U.S. economy. See CRS, “[The Committee on Foreign Investment in the United States \(CFIUS\)](#),” updated May 15, 2019.

<sup>744</sup> CRS, “[The Committee on Foreign Investment in the United States \(CFIUS\)](#),” updated May 15, 2019, 13.

<sup>745</sup> CRS, “[The Committee on Foreign Investment in the United States \(CFIUS\)](#),” updated May 15, 2019.

<sup>746</sup> USTR, [2018 Report to Congress on China’s WTO Compliance](#), February 2019.

## Canada

### U.S.-Canada Trade Overview

In 2018, Canada was the United States' second-largest single-country trading partner after China, which is the same position it held in 2017. U.S. two-way merchandise trade with Canada grew 6.1 percent to \$617 billion in 2018 from \$582 billion in 2017, accounting for 14.7 percent of total U.S. merchandise trade with the world. The U.S. merchandise trade deficit with Canada grew 15.8 percent to \$19.7 billion in 2018, as U.S. imports rose by \$19.1 billion and U.S. exports rose by \$16.5 billion (figure 6.5).

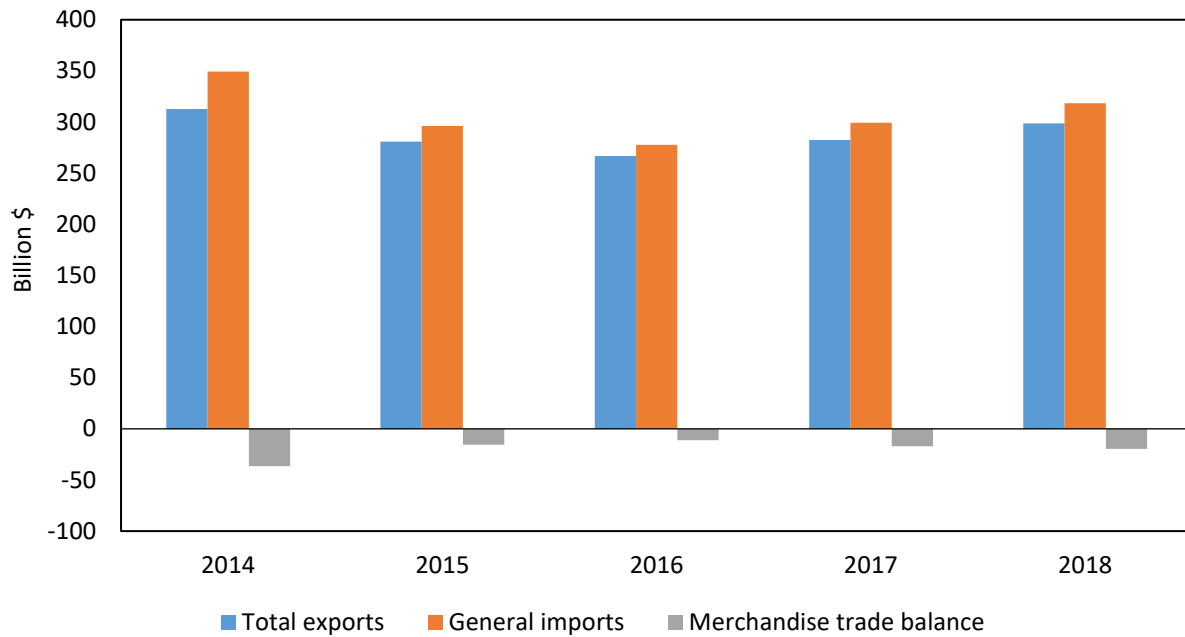
In 2018, Canada was the largest single-country export market for U.S. goods, accounting for 18.0 percent of all U.S. merchandise exports to the world. U.S. merchandise exports to Canada increased 5.8 percent from \$282.3 billion in 2017 to \$298.7 billion in 2018. The top U.S. exports to Canada during 2018 were crude petroleum; civilian aircraft, engines, and parts; motor vehicles—both for passengers and for goods transport—as well as their parts and accessories; and light oils.

In 2018, Canada remained the third-largest single-country import source for the United States, behind China and Mexico. U.S. merchandise imports from Canada grew from \$299.3 billion in 2017 to \$318.4 billion in 2018, a 6.4 percent increase. The top U.S. imports from Canada during 2018 were crude petroleum; passenger motor vehicles and their parts and accessories; refined petroleum products; natural gas; and coniferous wood and products. U.S.-Canada merchandise trade data are shown in appendix tables A.39–A.42.

Canada remained the second-largest single-country U.S. trading partner in services in 2018, following the United Kingdom. Two-way cross-border services trade grew 9.4 percent from \$90.8 billion to \$99.3 billion in 2018, accounting for 7.4 percent of total U.S. services trade with the world. U.S. cross-border services exports to Canada increased by \$5.8 billion, or 10.1 percent, to \$63.6 billion in 2018, while U.S. cross-border services imports from Canada increased by \$2.7 billion, or 8.2 percent, to \$35.6 billion. As a result, the U.S. surplus in services trade with Canada increased to \$28.0 billion from \$24.9 billion the year before (figure 6.6).

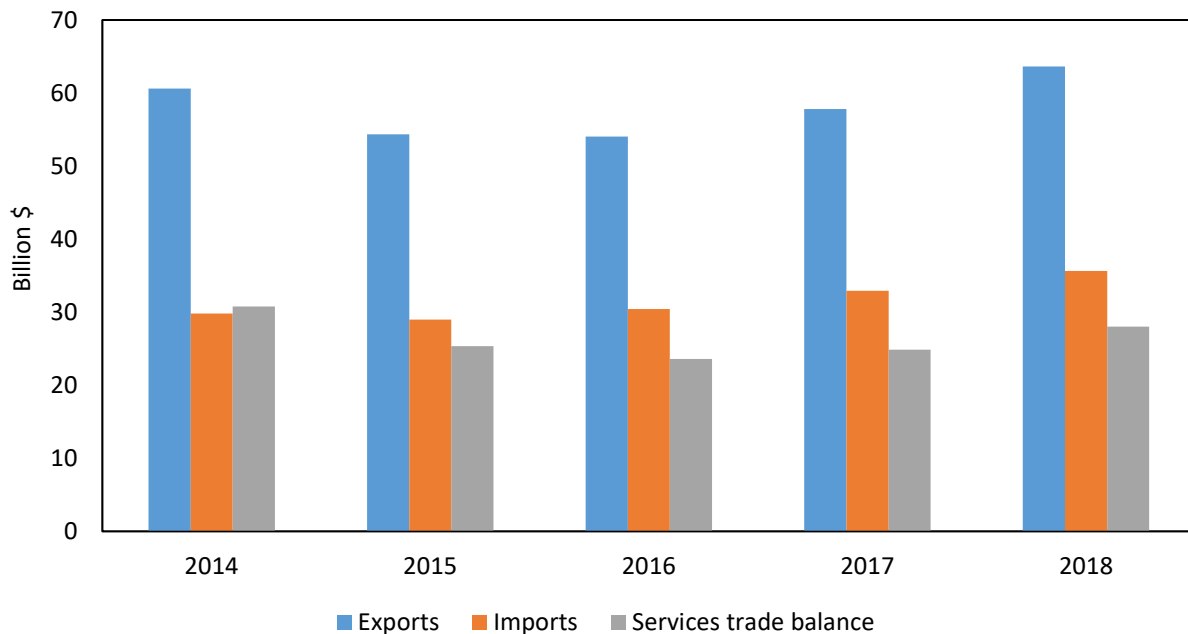
The United States' largest services exports in 2018 included travel services (\$18.2 billion), other business services (\$14.2 billion), and charges for intellectual property use (\$8.5 billion) (table A.43). "Other business services" were the fastest-growing services export, increasing by 27.8 percent compared to 2017. Major U.S. services imports from Canada were travel services (\$9.2 billion), other business services (\$8.8 billion), and transport (\$5.5 billion) (table A.44). Imports of charges for intellectual property use (\$2.3 billion) was the fastest-growing services import, increasing by 37.5 percent since 2017. In terms of trade balance, the United States produced its largest surpluses in travel services (\$9.0 billion) and charges for intellectual property use (\$6.2 billion), with deficits in maintenance and repair services (\$0.3 billion) and telecommunications, computer, and information services (\$0.7 billion).

**Figure 6.5** U.S. merchandise trade with Canada, 2014–18



Source: USITC DataWeb/USDOC (accessed May 9, 2019).  
 Note: Underlying data can be found in appendix table [B.5](#).

**Figure 6.6** U.S. cross-border trade in private services with Canada, 2014–18



Source: USDOC, BEA U.S. International Transactions, Services, & IIP, International Transactions, International Services, tables 2.2 and 2.3, and International Transactions, table 3.2, June 20, 2019.  
 Note: Data for 2018 are preliminary. Underlying data can be found in appendix table [B.7](#).



## Trade Developments

Much of the U.S.-Canada trade relationship is governed by the North American Free Trade Agreement (NAFTA). In 2018, negotiations to modernize the agreement concluded after one year. On August 27, 2018, the United States and Mexico reached a preliminary agreement in principle and, on September 30, 2018, Canada and the United States reached agreement, along with Mexico. On November 30, 2018, in Buenos Aires, Argentina, on the margins of the G20 meeting, Canada, Mexico, and the United States signed the United States-Mexico-Canada (USMCA) Agreement.<sup>747</sup> For more details about the USMCA, see chapter 5.

Canadian automotive exports to the United States were also at issue in 2018. On May 23, 2018, USDOC initiated an investigation under section 232 of the Trade Expansion Act to determine the effects on national security of imports of automobiles, including cars, SUVs, vans and light trucks, and automobile parts.<sup>748</sup> Canada's Deputy Ambassador to the United States, Kirsten Hillman, provided testimony at USDOC's public hearing on July 19, 2018, stating that Canada-U.S. auto trade does not pose a risk to U.S. national security.<sup>749</sup>

In other 2018 developments, Canada joined other countries in requesting WTO dispute settlement consultations with the United States and imposing countermeasures on imports from the United States following the U.S. imposition of tariffs on steel and aluminum products for national security reasons. Also, the United States imposed antidumping and countervailing duties on softwood lumber imports from Canada, and both sides signed a memorandum of understanding on regulatory cooperation. These topics are discussed below.

### Section 232 Steel and Aluminum Tariffs

Following investigations into the national security implications of U.S. steel and aluminum imports under section 232 of the Trade Expansion Act of 1962 (section 232), the President imposed a 25 percent ad valorem tariff on imported steel from all countries except Canada and Mexico, and a 10 percent ad valorem tariff on imported aluminum from all other countries except Canada and Mexico, effective March 23, 2018.<sup>750</sup> Canada and Mexico were exempted from the initial imposition of these tariffs for

<sup>747</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 11.

<sup>748</sup> 83 Fed. Reg. 24735 (May 30, 2018).

<sup>749</sup> USTR, "[Section 232 National Security Investigation of Imports of Automobiles and Automotive Parts Hearing Panel](#)," hearing transcript, July 19, 2018, 196–201. Following receipt of the Secretary of Commerce's confidential report on the investigation, the President issued a proclamation on May 17, 2019, directing USTR to pursue negotiations on agreements addressing threatened impairment of national security from EU, Japan, and other trading partners. These negotiations are ongoing as of this writing, with the USTR due to provide an update to the President on their outcome in November 2019. 84 Fed. Reg. 23433 (May 21, 2019). At the signing of USMCA on November 30, 2018, the USTR issued a side letter agreement with Canada on the section 232 investigation on passenger vehicles, trucks, or automotive parts. The side letter confirmed that should the United States apply tariffs under this section 232 investigation, Canadian exports to the United States of 2.6 million passenger vehicles, all light trucks, and \$32.4 billion of auto parts would be excluded from the measure and subject to tariff treatment under USMCA. USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), November 30, 2018, Side Letter Text on 232 CA-US Response.

<sup>750</sup> Proclamation 9705, 83 Fed. Reg. 11625 (March 15, 2018); Proclamation 9704, 83 Fed. Reg. 11619 (March 15, 2018).

several reasons. These included the two countries' shared commitments to addressing national security concerns and global excess capacity in steel; the economic integration of the three countries, as well as the physical proximity of the three countries' industrial bases and the export of U.S. steel articles to Canada and Mexico; and the close relation of U.S. economic welfare to national security.<sup>751</sup> On April 30, 2018, the President issued two more proclamations, which extended the initial tariff exemption deadline of May 1, 2018, for the EU, Canada, and Mexico.<sup>752</sup> This extended exemption expired on June 1, 2018, however, and on that date, the 25 percent tariff on steel imports and the 10 percent tariff on aluminum imports from Canada went into effect.<sup>753</sup>

In response to these tariffs, Canada requested dispute settlement consultations at the WTO on the same day they were imposed.<sup>754</sup> Canada also imposed its own tariffs on imports of steel, aluminum, and other products from the United States in the amount of \$12.6 billion on July 1, 2018, deemed by Canada to be equivalent to the 2017 value of Canadian exports affected by the U.S. tariffs.<sup>755</sup> The United States requested WTO dispute settlement consultations with Canada on the imposition of these additional duties on July 16, 2018, and a Dispute Settlement Body (DSB) panel was established.<sup>756</sup> DSB panels were established for both WTO disputes on November 21, 2018.<sup>757</sup>

In 2017, the last full year before tariffs were imposed, Canada was the largest single-country source of U.S. steel imports, comprising 17.7 percent of all U.S. steel product imports.<sup>758</sup> Canada was also the largest source for U.S. aluminum imports, which comprised 38.5 percent of all U.S. aluminum imports.<sup>759</sup>

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<sup>751</sup> Proclamation 9705, 83 Fed. Reg. 11625 (March 15, 2018); Proclamation 9704, 83 Fed. Reg. 11619 (March 15, 2018).

<sup>752</sup> Proclamation 9740, 83 Fed. Reg. 20683 (May 7, 2018); Proclamation 9739, 83 Fed. Reg. 20677 (May 7, 2018).

<sup>753</sup> Proclamation 9758, 83 Fed. Reg. 25849 (June 5, 2018). For more information on section 232 investigations, see chapter 2.

<sup>754</sup> WTO, "[Dispute Settlement: DS550; United States—Certain Measures on Steel and Aluminum Products](#)" (accessed July 1, 2019).

<sup>755</sup> Government of Canada, Department of Finance, "[Updated: Countermeasures in Response to Unjustified Tariffs on Canadian Steel and Aluminum Products](#)" (accessed July 1, 2019).

<sup>756</sup> WTO, "[Dispute Settlement: DS557; Canada—Additional Duties on Certain Products from the United States](#)" (accessed July 1, 2019).

<sup>757</sup> WTO, "[Dispute Settlement: DS557; Canada—Additional Duties on Certain Products from the United States](#)" (accessed July 1, 2019); WTO, "[Dispute Settlement: DS550; United States—Certain Measures on Steel and Aluminum Products](#)" (accessed July 1, 2019). U.S. tariffs on Canadian imports were lifted on May 19, 2019, and Canadian tariffs on U.S. imports were lifted May 20, 2019. On May 23, 2019, Canada and the United States notified the WTO that they had reached a mutually agreed solution, and the two WTO disputes filed against each other (DS550 and DS557) were terminated. USTR, "[Joint Statement by the United States and Canada on Section 232 Duties on Steel and Aluminum](#)," May 17, 2019; Proclamation 9894, 84 Fed. Reg. 23987 (May 23, 2019); Government of Canada, Department of Finance, "[Canada Eliminates Countermeasures as the United States Lifts Tariffs](#)," May 20, 2019.

<sup>758</sup> USITC DataWeb/USDOC (accessed June 27, 2019). "Steel products" here are defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 16 in chapter 99, subchapter III (provisions 9903.80.XX): HTS 7206, 7207, 7208, 7209, 7210, 7211, 7212, 7213, 7214, 7215, 7216.10.00, 7216.21.00, 7216.22.00, 7216.31.00, 7216.32.00, 7216.33.00, 7216.40.00, 7216.50.00, 7216.99.00, 7217, 7218, 7219, 7220, 7221, 7222, 7223, 7224, 7225, 7226, 7227, 7228, 7229, 7301.10.00, 7302.10, 7302.40.00, 7302.90.00, 7304, 7305, and 7306. Ranking is based on U.S. imports for consumption of steel products.

<sup>759</sup> USITC DataWeb/USDOC (accessed June 27, 2019). "Aluminum" here is defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 19 for aluminum (provisions 9903.85.XX): HTS

## Softwood Lumber

The United States-Canada Softwood Lumber Agreement (SLA) was signed on October 12, 2006. In it, Canada agreed to apply certain export charges and volume limits on its exports of softwood lumber to the United States when the price of such products falls below certain thresholds. Following several extensions, the 2006 SLA officially expired on October 12, 2015, and entered a one-year grace period when no trade remedy petition was permitted, to allow for renegotiation of a new agreement. After the grace period expired on November 25, 2016, the U.S. lumber industry petitioned the Commission and USDOC for trade remedy investigations on imports of softwood lumber from Canada.<sup>760</sup>

On November 8, 2017, USDOC published its final affirmative determinations in antidumping and countervailing duty investigations on softwood lumber from Canada, and on December 7, 2017, USITC found that imports of softwood lumber from Canada had caused material injury to U.S. softwood lumber producers.<sup>761</sup> On January 3, 2018, USDOC amended its final affirmative determinations and issued antidumping (AD) and countervailing duty (CVD) orders on softwood lumber imports from Canada.<sup>762</sup>

Subsequently Canada requested panel reviews of the USDOC and Commission determinations in November and December 2017 and on January 19, 2018, under chapter 19 of the NAFTA.<sup>763</sup> Canada also filed disputes under the WTO Dispute Settlement Understanding against the United States regarding U.S. softwood lumber AD and CVD measures on November 28, 2017. After consultations failed to resolve the disputes, Canada requested the establishment of panels, and the WTO DSB established panels in both disputes on April 9, 2018.<sup>764</sup> During 2018, the United States and Canada did not engage in negotiations toward a new softwood lumber agreement.

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7601, 7604, 7605, 7606, 7607, 7608, 7609, and 7616.99.51. Ranking is based on U.S. imports for consumption of aluminum.

<sup>760</sup> USITC, [Softwood Lumber Products from Canada](#), December 2017, I–12. For more details, see USITC, [The Year in Trade 2017](#), August 2018, 164–65.

<sup>761</sup> USITC, [“Softwood Lumber from Canada Injures U.S. Industry,”](#) December 7, 2017; 82 Fed. Reg. 61587 (December 28, 2017).

<sup>762</sup> 83 Fed. Reg. 347 (January 3, 2018); 83 Fed. Reg. 350 (January 3, 2018). For more information on the antidumping duty and countervailing duty orders, see chapter 2.

<sup>763</sup> NAFTA Secretariat, [“Dispute Settlement: Status Report of Panel Proceedings”](#) (accessed July 1, 2019). In the case of USITC Injury Determination in the matter of Softwood Lumber from Canada (USA-CDA-2018-1904-03), the NAFTA dispute settlement panel convened a hearing in Washington D.C. on May 7, 2019. The panel issued its interim decision and panel order to remand the findings of the Commission on September 4, 2019. See the “NAFTA Dispute Settlement” section in chapter 5 of this report for further details on this process. NAFTA Secretariat. Article 1904 Binational Panel Review, [“Interim Decision and Order of the Panel—Softwood Lumber from Canada: Determinations \(Final Injury Determination\),”](#) September 4, 2019.

<sup>764</sup> WTO, [“Dispute Settlement: DS534; United States—Anti-Dumping Measures Applying Differential Pricing Methodology to Softwood Lumber from Canada”](#) (accessed July 1, 2019); WTO, [“Dispute Settlement: DS533; United States—Countervailing Measures on Softwood Lumber from Canada”](#) (accessed July 1, 2019).

## Canada-United States Regulatory Cooperation Council

On June 4, 2018, U.S. and Canadian officials signed a memorandum of understanding regarding the Canada-United States Regulatory Cooperation Council (RCC).<sup>765</sup> The memorandum reaffirmed the principles and commitments of the RCC to deepen regulatory cooperation and reduce, eliminate, or prevent unnecessary regulatory differences between the two countries. The memorandum further stated that it looks to promote economic growth, innovation, competitiveness, and job creation through the elimination of unnecessary regulatory differences.<sup>766</sup>

In the memorandum, the two sides set out their understanding as to how the RCC participants would continue to operate as co-chairs of the RCC's governing council so as to provide strategic direction on regulatory cooperation. This includes actions such as setting priorities and objectives to focus on closer alignment of existing regulatory systems at the federal level; ensuring that regulatory outcomes protect consumers, health, safety, security, and the environment; and ensuring that cooperation initiatives do not unnecessarily duplicate the mandates of existing agencies and departments. The memorandum includes an annex that sets out the RCC's objectives, principles, and mandate. The annex also includes sections addressing regulatory cooperation, including guidance in identifying sectors for increased alignment; expression of a shared commitment to good regulatory practices; and information about RCC membership, the RCC Secretariat, RCC meetings, roles in support of the RCC, and stakeholder engagement.<sup>767</sup>

## Wine, Beer, and Spirits

According to USTR, market access barriers in several Canadian provinces have hampered exports of U.S. wine and spirits to Canada for many years.<sup>768</sup> Among these were measures governing the sale of wine in grocery stores maintained by the provincial liquor board in British Columbia that appear to provide advantages to British Columbian wine through an exclusive retail sales channel not available to imported wines.<sup>769</sup> Consequently, the United States requested WTO dispute-settlement consultations with Canada

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<sup>765</sup> White House, "[Memorandum of Understanding between the Treasury Board of Canada Secretariat and the United States Office of Information and Regulatory Affairs Regarding the Canada-United States Regulatory Cooperation Council](#)," June 4, 2018.

<sup>766</sup> USDOC, ITA, "[U.S.-Canada Regulatory Cooperation Council](#)" (accessed July 1, 2019); White House, "[Memorandum of Understanding between the Treasury Board of Canada Secretariat and the United States Office of Information and Regulatory Affairs Regarding the Canada-United States Regulatory Cooperation Council](#)," June 4, 2018; Executive Office of the President of the United States, "[Promoting Regulatory Cooperation between the U.S. and Canada](#)," June 4, 2018.

<sup>767</sup> White House, "[Memorandum of Understanding between the Treasury Board of Canada Secretariat and the United States Office of Information and Regulatory Affairs Regarding the Canada-United States Regulatory Cooperation Council](#)," June 4, 2018.

<sup>768</sup> USTR, [2019 National Trade Estimate](#), March 29, 2019, 82–85.

<sup>769</sup> WTO, "[Dispute Settlement: DS531; Canada—Measures Governing the Sale of Wine in Grocery Stores \(second complaint\)](#)" (accessed July 1, 2019).

in two disputes. Its first dispute requested consultations on January 18, 2017;<sup>770</sup> its second, on September 28, 2017.<sup>771</sup> A panel was established on July 20, 2018, in the latter dispute.<sup>772</sup>

In an exchange of letters between Canadian Minister of Foreign Affairs Chrystia Freeland and USTR Lighthizer on November 30, 2018, Canada committed to ensure that British Columbia would stop its practice of allowing only local wines to be stocked in supermarkets, addressing the U.S. dispute in the WTO disputes, by no later than November 1, 2019. In exchange, the United States agreed to take no further action at the WTO before this date.<sup>773</sup>

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<sup>770</sup> WTO, "[Dispute Settlement: DS520; Canada—Measures Governing the Sale of Wine in Grocery Stores](#)" (accessed July 1, 2019).

<sup>771</sup> WTO, "[Dispute Settlement: DS531; Canada—Measures Governing the Sale of Wine in Grocery Stores \(second complaint\)](#)" (accessed July 1, 2019); WTO, "[Dispute Settlement: DS520; Canada—Measures Governing the Sale of Wine in Grocery Stores](#)" (accessed July 1, 2019).

<sup>772</sup> WTO, "[Dispute Settlement: DS531; Canada—Measures Governing the Sale of Wine in Grocery Stores \(second complaint\)](#)" (accessed July 1, 2019). For more information on these WTO disputes, see chapter 3.

<sup>773</sup> USTR, [2019 National Trade Estimate](#), March 29, 2019, 85; USTR, "[Letter to the Honorable Chrystia Freeland](#)," November 30, 2018.

## Mexico

### U.S.-Mexico Trade Overview

In 2018, Mexico remained the United States' third-largest single-country merchandise trading partner, following China and Canada. Merchandise trade between the two countries increased by 9.7 percent to \$611.5 billion in 2018, accounting for 14.5 percent of U.S. trade with the world. While both imports and exports increased in 2018, the U.S. merchandise trade deficit with Mexico rose by \$10.6 billion to \$81.5 billion, since U.S. imports from Mexico increased more than U.S. exports (figure 6.7).

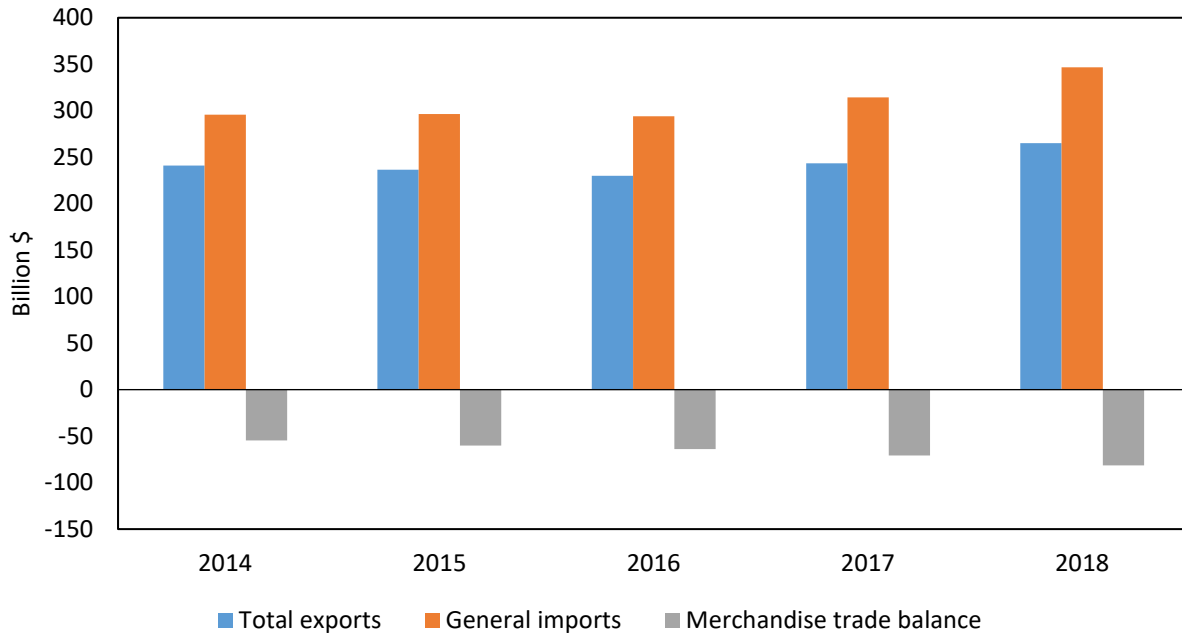
Mexico remained the United States' second-largest single-country export market after Canada in 2018, accounting for 15.9 percent of total U.S. exports to the world. U.S. merchandise exports to Mexico totaled \$265.0 billion, an increase of 8.9 percent from 2017. In 2018, leading U.S. exports to Mexico included light oils, refined petroleum products, computer parts and accessories, internal combustion diesel engines, semiconductors, parts and accessories of bodies (including cabs) for motor vehicles, and civilian aircraft, engines, and parts. The increase in the value of exports from 2017 to 2018 appears to have been driven largely by increased exports of oil and petroleum products.

Mexico was the United States' second-largest single-country import source in 2018 after China, accounting for 13.6 percent of U.S. total imports. In 2018, U.S. merchandise imports from Mexico increased by 10.3 percent to \$346.5 billion, driven mainly by the increased value of U.S. imports of computers and crude petroleum. Leading U.S. imports from Mexico included passenger motor vehicles, computers, crude petroleum, telecommunications equipment, road tractors for semitrailers, color TV reception apparatus, and insulated ignition wiring sets. U.S.-Mexico merchandise trade data are shown in appendix tables A.45 through A.48.

In 2018, the U.S. cross-border trade surplus in services with Mexico increased by 14.3 percent to \$7.7 billion, largely as a result of growing U.S. services exports (figure 6.8). U.S. exports of services to Mexico rose 4.0 percent (\$1.3 billion) to \$33.4 billion in 2018, whereas U.S. services imports from Mexico rose 1.2 percent to \$25.7 billion. Mexico continued to be the United States' sixth-largest single-country trading partner for services in 2018, after the UK, Canada, China, Japan, and Germany.

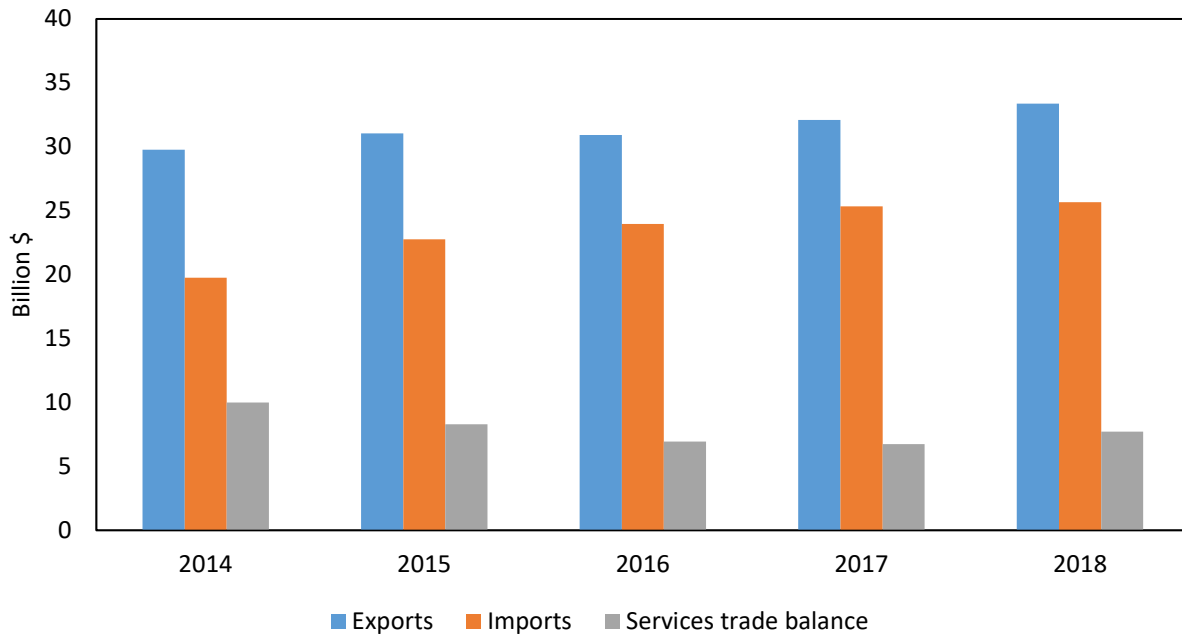
In 2018, leading U.S. services exports to Mexico included travel services, transport, and charges for intellectual property use (table A.49). Leading U.S. services imports from Mexico included travel services; transport; other business services; and telecommunications, computer, and information services (table A.50). Travel services was the largest services category for both imports and exports, accounting for 67.7 percent and 53.6 percent of U.S. imports and exports of services, respectively, in 2018.

**Figure 6.7** U.S. merchandise trade with Mexico, 2014–18



Source: USITC DataWeb/USDOC (accessed May 28, 2019).  
 Note: Underlying data can be found in appendix table [B.5](#).

**Figure 6.8** U.S. cross-border trade in private services with Mexico, 2014–18



Source: USDOC, BEA U.S. International Transactions, Services, & IIP, International Transactions, International Services, tables 2.2 and 2.3, and International Transactions, table 3.2, June 20, 2019.  
 Note: Data for 2018 are preliminary. Underlying data can be found in appendix table [B.7](#).



## Trade Developments

Most of the U.S.-Mexico trade relationship is governed by NAFTA, which came into force January 1, 1994. On August 16, 2017, negotiations between the United States, Canada, and Mexico to modernize NAFTA started in Washington, DC. On November 30, 2018, the United States, Canada, and Mexico signed the United States-Mexico-Canada Agreement (USMCA). These negotiations are described in chapter 5.

Mexican automotive exports to the United States were also at issue in 2018. On May 23, 2018, USDOC initiated an investigation under section 232 of the Trade Expansion Act to determine the effects on national security of imports of automobiles, including cars, SUVs, vans and light trucks, and automobile parts.<sup>774</sup> The Mexican Ambassador to the United States, Gerónimo Gutiérrez Fernández, provided testimony at USDOC's public hearing on July 19, 2018, stating that U.S. imports of vehicles and auto parts from Mexico do not threaten U.S. national security.<sup>775</sup>

The following section describes major U.S.-Mexico trade developments in 2018, including U.S. government tariffs on aluminum and steel imports from Mexico, work to modernize U.S.-Mexico border crossings, and recent results related to NAFTA's cross-border trucking provisions. In a long-running WTO dispute involving Mexico's complaint about U.S. dolphin-safe labeling provisions for tuna and tuna products, the WTO DSB issued a report on compliance proceedings in 2018, bringing the case to an end.<sup>776</sup> The Appellate Body report upheld all aspects of the previous panels' legal and factual analysis that Mexico appealed—in particular the panels' findings that the dolphin-safe labeling measure was not inconsistent with U.S. WTO obligations. This dispute is described in more detail in chapter 3.

### Section 232 Steel and Aluminum Tariffs

Following investigations into the national security implications of U.S. steel and aluminum imports under section 232 of the Trade Expansion Act of 1962, the White House imposed a 25 percent ad valorem tariff on imported steel from all countries except Canada and Mexico, and a 10 percent ad valorem tariff on imported aluminum from all other countries except Canada and Mexico, effective March 23, 2018.<sup>777</sup> As

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<sup>774</sup> 83 Fed. Reg. 24735 (May 30, 2018).

<sup>775</sup> USTR, "[Section 232 National Security Investigation of Imports of Automobiles and Automotive Parts Hearing Panel](#)," hearing transcript, July 19, 2018, 191–96. Following receipt of the Secretary of Commerce's confidential report on the investigation, the President issued a proclamation on May 17, 2019 directing the USTR to pursue negotiations on agreements addressing threatened impairment of national security from EU, Japan, and other trading partners. These negotiations are ongoing as of this writing, with the USTR due to provide an update to the President on their outcome in November 2019. 84 Fed. Reg. 23433 (May 21, 2019). At the signing of USMCA on November 30, 2018, USTR issued a side letter agreement with Mexico on the section 232 on passenger vehicles, trucks, or automotive parts. The side letter confirmed that should the United States apply tariffs under this section 232 investigation, Mexican exports to the United States of 2.6 million passenger vehicles, all light trucks, and \$108 billion of auto parts would be excluded for at least 60 days after the imposition of the measure, and subject to tariff treatment under USMCA. USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), November 30, 2018, MX-US Side Letter Text on 232.

<sup>776</sup> WTO, "[Dispute Settlement: DS381; United States—Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products](#)" (accessed July 2, 2019).

<sup>777</sup> Proclamation 9705, 83 Fed. Reg. 11625 (March 15, 2018); Proclamation 9704, 83 Fed. Reg. 11619 (March 15, 2018).

noted earlier, Canada and Mexico were exempted from the initial imposition of these tariffs because of shared commitments to addressing national security concerns and global excess capacity in steel; the economic integration of the three countries; the physical proximity of the three countries' industrial bases; the export of U.S. steel articles to Canada and Mexico; and the close relation of U.S. economic welfare to national security.<sup>778</sup> On April 30, 2018, the President issued two more proclamations, which extended the initial tariff exemption deadline of May 1, 2018, for the EU, Canada, and Mexico.<sup>779</sup> This extended exemption expired on June 1, 2018, however, and on that date, the 25 percent tariff on steel imports and the 10 percent tariff on aluminum imports from Mexico went into effect.<sup>780</sup>

In response to the tariffs, on June 5, 2018, the Mexican government suspended NAFTA preferential duty rates on U.S. products classified under 71 subheadings of the international Harmonized System (HS) of tariff classification, 50 of which correspond to various steel products. Retaliatory tariffs imposed by Mexico range up to 25 percent, and included agricultural and food products, as well as steel and aluminum.<sup>781</sup>

At the same time, Mexico challenged the U.S. measures by filing a dispute under the WTO dispute settlement provisions. On June 5, 2018, Mexico requested consultations with the United States on certain measures imposed by the United States, allegedly to adjust imports of steel and aluminum into the United States.<sup>782</sup> Mexico claimed that the measures appear to be inconsistent with WTO obligations.<sup>783</sup> On July 16, 2018, the United States requested WTO dispute settlement consultations with Mexico on the imposition of the additional duties, and a panel was established.<sup>784</sup>

In 2017, the last full year before tariffs were imposed, Mexico was the third-largest single-country source of U.S. steel product imports, supplying 8.6 percent of all U.S. steel product imports.<sup>785</sup> Mexico

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<sup>778</sup> Proclamation 9705, 83 Fed. Reg. 11625 (March 15, 2018); Proclamation 9704, 83 Fed. Reg. 11619 (March 15, 2018).

<sup>779</sup> Proclamation 9740, 83 Fed. Reg. 20683 (May 7, 2018); Proclamation 9739, 83 Fed. Reg. 20677 (May 7, 2018).

<sup>780</sup> Proclamation 9758, 83 Fed. Reg. 25849 (June 5, 2018). For more information on section 232 investigations, see chapter 2.

<sup>781</sup> The complete list of HS codes appears in the [Diario Oficial de la Federación](#) (*Mexican Official Gazette*), June 5, 2018.

<sup>782</sup> WTO, "[Dispute Settlement: DS551; United States—Certain Measures on Steel and Aluminum Products](#)" (accessed June 5, 2019).

<sup>783</sup> WTO, "[Dispute Settlement: DS551; United States—Certain Measures on Steel and Aluminum Products](#)" (accessed June 5, 2019).

<sup>784</sup> WTO, "[Dispute Settlement: DS560; Mexico—Additional Duties on Certain Products from the United States](#)" (accessed June 5, 2019). U.S. tariffs on Mexican imports were lifted on May 19, 2019, and Mexican tariffs on U.S. imports were lifted on May 20, 2019. On May 28, 2019, Mexico and the United States notified the DSB that they had reached a mutually agreed solution, and the two WTO disputes filed against each other (DS551 and DS660) were terminated. USTR, "[Joint Statement by the United States and Mexico on Section 232 Duties on Steel and Aluminum](#)," May 17, 2019; Proclamation 9894, 84 Fed. Reg. 23987 (May 23, 2019); Presidential Decree, [Diario Oficial de la Federación](#) (*Mexican Official Gazette*), May 20, 2019.

<sup>785</sup> USITC DataWeb/USDOC (accessed June 27, 2019). "Steel products" here are defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 16 in chapter 99, subchapter III (provisions 9903.80.XX): HTS 7206, 7207, 7208, 7209, 7210, 7211, 7212, 7213, 7214, 7215, 7216.10.00, 7216.21.00, 7216.22.00, 7216.31.00, 7216.32.00, 7216.33.00, 7216.40.00, 7216.50.00, 7216.99.00, 7217, 7218, 7219, 7220, 7221, 7222, 7223, 7224, 7225, 7226, 7227, 7228, 7229, 7301.10.00, 7302.10, 7302.40.00, 7302.90.00, 7304, 7305, and 7306. Ranking is based on U.S. imports for consumption of steel products.

was the seventh-largest source for U.S. aluminum imports in 2017, supplying 2.8 percent of all U.S. aluminum imports.<sup>786</sup>

## Modern Borders

In 2018, the United States and Mexico continued to make progress on cross-border improvements. In April 2017, officials of U.S. Customs and Border Protection and Mexico's Tax Administration Service (SAT) met in Mexico City to advance the development of customs practices in both the United States and Mexico.<sup>787</sup> Their intent was to enhance bilateral work in trade and travel facilitation; continue to cooperate on innovative approaches to cargo inspection for faster goods flow; and improve the efficiency of their customs processes to manage risk and to reduce processing times and transactional costs.<sup>788</sup> To improve cargo inspection, a pilot program known as Unified Cargo Processing was put into action.<sup>789</sup> The U.S. Department of Homeland Security regarded the pilot as successful; upon its implementation at the Mariposa port of entry in Nogales, Arizona, in July 2016, wait times were significantly reduced for both U.S. and Mexican businesses.<sup>790</sup>

Due to its success in Nogales, the Unified Cargo Processing pilot program was expanded to include the Otay Mesa Cargo Facility in San Diego County, California. In an announcement on September 20, 2017, the U.S. Department of Homeland Security introduced the program's aims of ending separate inspections and reducing wait times at the border.<sup>791</sup> In 2018, the U.S. General Services Administration (GSA) continued to modernize and expand the facility by doubling the number of pedestrian processing facilities from 6 to 12 lanes to accommodate a new transit hub.<sup>792</sup>

Recent GSA efforts to modernize ports of entry include the Calexico Land Port of Entry, which was built in 1974 and is the main border crossing linking the Imperial Valley agricultural industry to the Mexican state of Baja California. In 2018, GSA completed phase 1 of the facility's modernization and expansion plan. This phase involved the creation of new pedestrian and privately owned vehicle inspection facilities and the expansion of the port's facility for commercial inspections. This first phase of the project, which included 10 new northbound vehicle-processing lanes, opened in September 2018.<sup>793</sup>

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<sup>786</sup> USITC DataWeb/USDOC (accessed June 27, 2019). "Aluminum" here is defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 19 for aluminum (provisions 9903.85.XX): HTS 7601, 7604, 7605, 7606, 7607, 7608, 7609, and 7616.99.51. Ranking is based on U.S. imports for consumption of aluminum.

<sup>787</sup> U.S. Customs, "[United States and Mexico Hold Official Meeting to Strengthen Economic Competitiveness and Security](#)," April 20, 2017.

<sup>788</sup> For further details, see "Modern Border" in the section on Mexico, in USITC, *The Year in Trade 2017*, August 2018, 169.

<sup>789</sup> The Unified Cargo Inspection program was announced in August 2016. U.S. Customs, "[U.S. Customs and Border Protection Announces Unified Cargo Inspection Pilot](#)," August 5, 2016.

<sup>790</sup> U.S. Customs, "[Readout of Acting Commissioner Kevin McAleeman's Trip to Mexico City](#)," April 21, 2017; U.S. Customs, "[CBP Announces Unified Cargo Inspection Pilot Program at the Otay Mesa Cargo Facility](#)," September 20, 2017.

<sup>791</sup> U.S. Customs, "[CBP Announces Unified Cargo Inspection Pilot Program at the Otay Mesa Cargo Facility](#)," September 20, 2017.

<sup>792</sup> GSA, "[Otay Mesa Land Port of Entry](#)" (accessed July 1, 2019).

<sup>793</sup> GSA, "[Calexico West Land Port of Entry](#)" (accessed June 10, 2019); GSA, "[Calexico West LPOE Project Facts](#)" (accessed June 10, 2019).

## Cross-Border Trucking between the United States and Mexico

Chapter 12 of NAFTA states that Mexican trucks are to be allowed to provide cross-border truck services throughout the United States beginning in 2000. However, the beginning of such services was delayed because of U.S. safety concerns. To address these concerns, the U.S. Department of Transportation and the Federal Motor Carrier Safety Administration (FMCSA) launched the U.S.-Mexico Cross-Border Long-Haul Trucking Pilot Program on October 14, 2011.<sup>794</sup> The pilot program concluded on October 10, 2014.<sup>795</sup> On January 15, 2015, FMCSA began accepting applications from Mexico-domiciled motor carriers interested in conducting long-haul operations beyond the U.S. commercial zones.<sup>796</sup>

In 2018, reports from FMCSA indicated that motor carriers that were either owned by Mexicans or domiciled in Mexico continued to operate safely on U.S. roads. If enacted, the United States-Mexico-Canada Agreement would enable the United States to restrict the number of authorizations of Mexican-domiciled carriers to provide cross-border long-haul truck services into the United States in the event of “material harm” to U.S. trucking suppliers, operators, and drivers.<sup>797</sup>

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<sup>794</sup> 76 *Fed. Reg.* 20807 (April 13, 2011)

<sup>795</sup> USDOT, FMCSA, [United States-Mexico Cross-Border Long-Haul Trucking Pilot Program](#), January 2015. Details of the program may be found in USITC, [The Year in Trade 2016](#), July 2017, 156.

<sup>796</sup> 80 *Fed. Reg.* 2179 (January 10, 2015). “U.S. commercial zones” refers to the commercial zones that extend up to 25 miles north of the U.S. border with Mexico.

<sup>797</sup> “Material harm” in the context of this provision means a “significant loss in the share of the U.S. market for long-haul truck services held by persons of the United States caused by or attributable to persons of Mexico.” According to the agreement, the parties shall meet no later than five years after the agreement enters into force to “exchange views” on the operation of this provision. USTR, [Agreement between the United States of America, the United Mexican States, and Canada](#), May 30, 2019, “Annex II Investment and Services Non-Conforming Measures—United States.”

## Japan

### U.S.-Japan Trade Overview

In 2018, Japan remained the United States' fourth-largest single-country trading partner in terms of two-way trade, accounting for 5.2 percent of total U.S. merchandise trade. U.S. merchandise trade with Japan increased 6.6 percent, from \$204.1 billion in 2017 to \$217.6 billion in 2018. At the same time, the U.S. merchandise trade deficit with Japan declined by \$1.2 billion in 2018 to \$67.6 billion. The decrease in the bilateral merchandise trade deficit was attributable to a \$7.4 billion increase in U.S. exports to Japan and a corresponding \$6.1 billion increase in U.S. imports from Japan (figure 6.9).

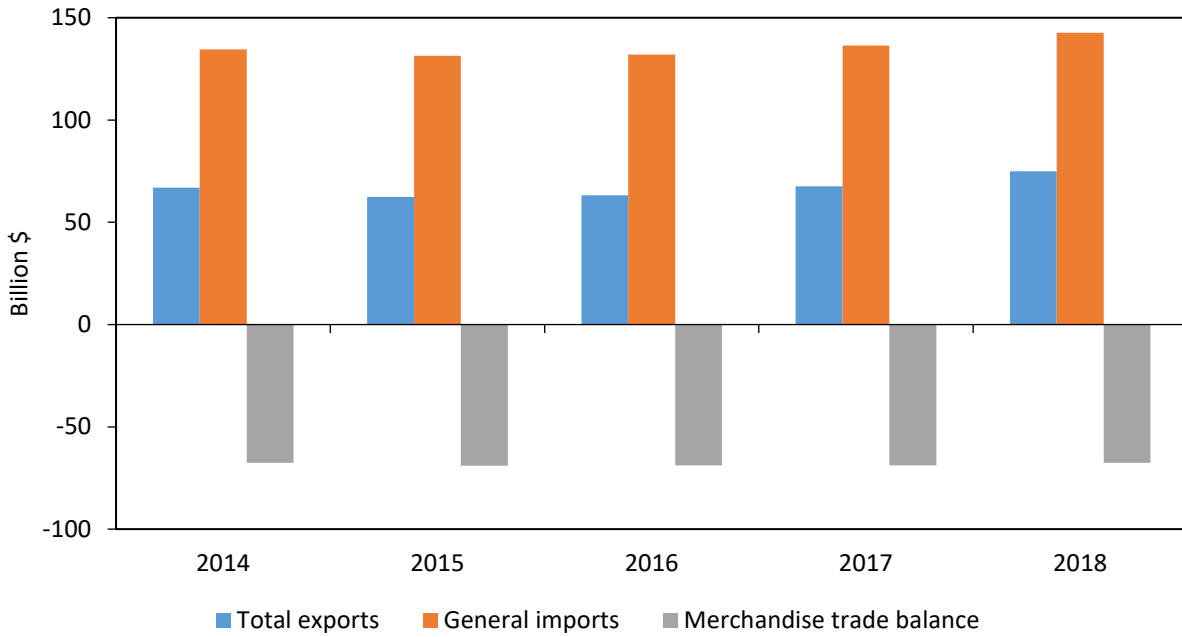
Japan remained the fourth-largest destination for U.S. merchandise exports in 2018, accounting for 4.5 percent of global U.S. exports. Between 2017 and 2018, U.S. exports to Japan increased 10.9 percent, from \$67.6 billion in 2017 to \$75.0 billion in 2018. Leading U.S. exports to Japan were civilian aircraft, engines, and parts; liquefied propane; corn; semiconductor manufacturing machines; and medicaments.

Japan remained the fourth-largest source of U.S. merchandise imports in 2018, accounting for 5.6 percent of global U.S. imports. The value of U.S. imports from Japan increased 4.5 percent in 2018, from \$136.5 billion in 2017 to \$142.6 billion in 2018. Leading U.S. imports from Japan were passenger motor vehicles, parts for airplanes or helicopters, motor vehicle gearboxes, and parts for printers. U.S.-Japan merchandise trade data are shown in appendix tables A.51–A.54.

Japan remained the United States' fourth-largest single-country services trading partner in 2018, representing \$74.8 billion, or 5.5 percent of U.S. services trade. U.S. cross-border services exports to Japan fell by \$0.8 billion, or 1.8 percent, to \$44.4 billion in 2018, while U.S. cross-border services imports from Japan increased by \$1.4 billion, or 4.8 percent, to \$30.4 billion. As a result, the U.S. surplus in services trade with Japan declined to \$14.0 billion from \$16.2 billion the year before (figure 6.10).

The United States' largest services exports in 2018 included travel services (\$10.3 billion), transport (\$9.8 billion), and other business services (\$7.7 billion) (table A.55). Maintenance and repair services (\$1.5 billion) made up the fastest-growing service export, increasing by 17.3 percent compared to 2017. Major U.S. services imports from Japan were charges for intellectual property use (\$11.8 billion), transport (\$9.2 billion), and government goods and services (\$4.3 billion) (table A.56). Imports of financial services (\$1.6 billion) increased by 15.8 percent in 2018. In terms of two-way trade, the United States produced its largest surpluses in travel services (\$6.7 billion) and other business services (\$4.2 billion), with deficits in charges for intellectual property use (\$5.2 billion) and government goods and services (\$3.6 billion).

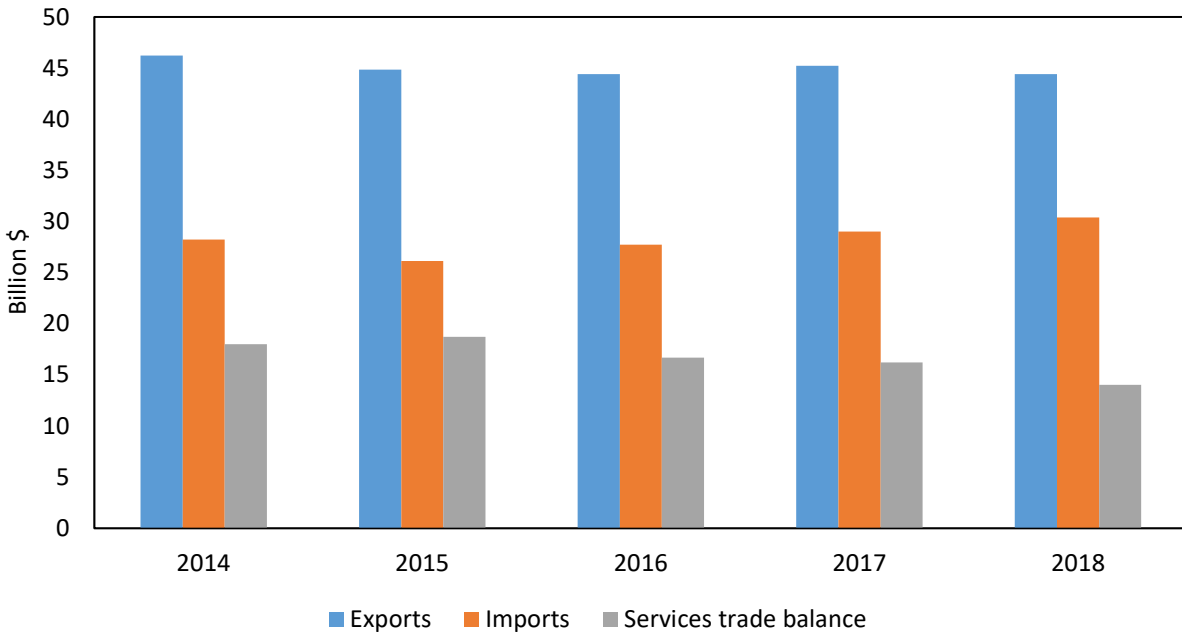
**Figure 6.9** U.S. merchandise trade with Japan, 2014–18



Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Underlying data can be found in appendix table [B.5](#).

**Figure 6.10** U.S. cross-border trade in services with Japan, 2014–18



Source: USDOC, BEA U.S. International Transactions, Services, & IIP, International Transactions, International Services, tables 2.2 and 2.3, and International Transactions, table 3.2, June 20, 2019.

Note: Data for 2018 are preliminary. Underlying data can be found in appendix table [B.7](#).

## Trade Developments

In 2017, the United States withdrew from the Trans-Pacific Partnership<sup>798</sup>—a proposed free trade agreement among 12 Asia/Pacific countries, including the United States and Japan.

Japanese automotive exports to the United States were at issue in 2018. On May 23, 2018, USDOC initiated an investigation under section 232 of the Trade Expansion Act to determine the effects on national security of imports of automobiles, including cars, SUVs, vans and light trucks, and automobile parts.<sup>799</sup> Kazutoshi Aikawa, a representative of the Government of Japan, provided testimony at USDOC’s public hearing on July 19, 2018. In his testimony, Mr. Aikawa stated that Japanese automotive exports to the United States do not threaten or impair the U.S. auto industry or national security.<sup>800</sup>

President Trump and Prime Minister Shinzo Abe of Japan agreed to initiate bilateral negotiations for a U.S.-Japan Trade Agreement in September 2018. In a joint statement, the two sides agreed to start negotiations towards an agreement on goods and services “that can produce early achievements.” After these discussions have been completed, they agreed that the two countries will tackle other trade and investment topics. Both leaders agreed to respect the positions of the other with respect to desired outcomes, as follows: for the United States, “market access outcomes in the motor vehicle sector” will increase U.S. motor vehicle production and jobs; and for Japan, “with regard to agricultural, forestry, and fishery products, outcomes related to market access as reflected in Japan’s previous economic partnership agreements constitute the maximum level.”<sup>801</sup>

In October, USTR officially notified Congress of the Administration’s intent to initiate negotiations on a trade agreement with Japan.<sup>802</sup> After notifying Congress, USTR published a notice in the *Federal Register* seeking public comment and announcing it would hold a public hearing in December 2018 on the proposed U.S.-Japan trade agreement.<sup>803</sup> Following the public hearing, USTR published its negotiating objectives in December 2018.<sup>804</sup> In this document, USTR noted that it may seek to pursue negotiations

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<sup>798</sup> After the U.S. withdrawal, the other 11 Asian/Pacific countries participating in the Trans-Pacific Partnership agreed to form the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which entered into force for the first six signatories on December 30, 2018.

<sup>799</sup> 83 Fed. Reg. 24735 (May 30, 2018).

<sup>800</sup> USTR, “[Section 232 National Security Investigation of Imports of Automobiles and Automotive Parts Hearing Panel](#),” hearing transcript, July 19, 2018, 215–20. Following receipt of the Secretary of Commerce’s confidential report on the investigation, the President issued a proclamation on May 17, 2019 directing the USTR to pursue negotiation on agreements addressing threatened impairment of national security from EU, Japan, and other trading partners. These negotiations are ongoing as of this writing, with the USTR due to provide an update to the President on their outcome in November 2019. 84 Fed. Reg. 23433 (May 21, 2019).

<sup>801</sup> White House, “[Joint Statement of the United States and Japan](#),” September 26, 2018.

<sup>802</sup> USTR, “[Trump Administration Announces Intent to Negotiate Trade Agreements with Japan, the European Union and the United Kingdom](#),” October 16, 2018.

<sup>803</sup> 83 Fed. Reg. 54164 (October 26, 2018).

<sup>804</sup> USTR, [United States-Japan Trade Agreement \(USJTA\) Negotiations: Summary of Specific Negotiating Objectives](#), December 10, 2018. For more information on U.S.-Japan trade negotiations, see discussion on free trade agreements in chapter 5.



with Japan in stages, which would be different from past U.S. trade negotiations, which involved one comprehensive negotiation.<sup>805</sup>

In 2018, the United States and Japan coordinated efforts to address trade issues of common interest. For example, the United States and Japan, along with the EU, held trilateral meetings in 2018 to discuss policy measures to address nonmarket economic issues including global excess capacity and forced technology transfer.<sup>806</sup> The third meeting of the U.S.-Japan Economic Dialogue was convened in Tokyo in November 2018, with discussions focusing on expanding further trade and investment between Japan and the United States.<sup>807</sup> Additionally, the United States and Japan worked to advance issues related to digital trade within the Asia-Pacific Economic Cooperation and WTO.<sup>808</sup> Furthermore, several trade developments related to agricultural products, passenger motor vehicles, and pharmaceuticals occurred between Japan and the United States in 2018.

## Section 232 Steel and Aluminum Tariffs

Following investigations into the national security implications of U.S. steel and aluminum imports under section 232 of the Trade Expansion Act of 1962, the President imposed a 25 percent ad valorem tariff on imported steel from all countries except Canada and Mexico, and a 10 percent ad valorem tariff on imported aluminum from all other countries except Canada and Mexico, effective March 23, 2018.<sup>809</sup> Japan was among the countries affected by these tariffs on steel and aluminum. In response to the new U.S. tariffs, on May 18, 2018, Japan notified the WTO of its intent to impose retaliatory tariffs on U.S. products.<sup>810</sup> However, Japan did not initiate WTO proceedings or impose retaliatory tariffs in 2018.

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<sup>805</sup> USTR, [United States-Japan Trade Agreement \(USJTA\) Negotiations: Summary of Specific Negotiating Objectives](#), December 10, 2018; CRS, [“U.S.-Japan Trade Agreement Negotiations,”](#) June 5, 2019, 1.

<sup>806</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 28. For more information about these meetings, see the EU section earlier in this chapter.

<sup>807</sup> USTR, [“Remarks by Vice President Pence and Prime Minister Abe of Japan in Joint Press Statements,”](#) November 13, 2018.

<sup>808</sup> USTR, [2019 Trade Policy Agenda and 2018 Annual Report](#), March 2019, 28.

<sup>809</sup> Proclamation 9705, 83 Fed. Reg. 11625 (March 15, 2018); Proclamation 9704, 83 Fed. Reg. 11619 (March 15, 2018). This exemption for Canada and Mexico expired on June 1, 2018, however, and on that date, the 25 percent tariff on steel imports and the 10 percent tariff on aluminum imports for both countries went into effect. Proclamation 9758, 83 Fed. Reg. 25849 (June 5, 2018). For more information, see the chapter 2 section on national security investigations.

<sup>810</sup> WTO, [“Immediate Notification under Article 12.5 of the Agreement on Safeguards to the Council for Trade in Goods of Proposed Suspension of Concessions and Other Obligations Referred to in Paragraph 2 of Article 8 of the Agreement on Safeguards,”](#) May 18, 2018.

In 2017, Japan was the sixth-largest single-country source of U.S. steel imports, supplying 5.7 percent of all U.S. steel product imports.<sup>811</sup> Japan was also the 15th-largest source of U.S. aluminum imports, supplying 1.0 percent of all U.S. aluminum imports.<sup>812</sup>

## Agricultural Products

Historically, Japan has served as a top export market for U.S. agricultural products. In 2018, Japan maintained its status as the third-largest single-country market for U.S. agricultural goods.<sup>813</sup> U.S. agricultural exports to Japan increased by 8.4 percent, totaling \$12.9 billion in 2018.<sup>814</sup> Recent U.S.-Japan agricultural trade developments include a reduction in Japan's safeguard tariff on imports of frozen beef and the reopening of the Japanese market to U.S. lamb and goat meat exports.

Japan's 2018 tariff reduction followed a tariff increase the year before. In August 2017, Japan increased its duty on imports of frozen beef from 38.5 percent to 50 percent after imports exceeded the volume level established by Japan's special safeguard (SSG) measure. Frozen beef exporters in countries with economic partnership agreements (EPAs) with Japan were exempted from the safeguard tariff and able to export frozen beef below the SSG rate. At the beginning of the Japanese fiscal year in April 2018, Japan reset its safeguard mechanism and reduced its tariff on frozen beef imports back to 38.5 percent. However, the Japanese government has announced its intention to maintain its volume-triggered safeguard mechanism for countries without an EPA, including the United States.<sup>815</sup> In 2018, Japan was the third-largest destination for U.S. frozen beef exports, totaling \$560 million.<sup>816</sup>

In addition to reducing the tariff on frozen beef to pre-safeguard levels, Japan reopened its market to U.S. sheep and goat meat exports in July 2018, following working-level meetings of the U.S.-Japan Economic Dialogue.<sup>817</sup> Japan had banned U.S. exports of sheep and goat for more than 14 years after bovine spongiform encephalopathy (popularly known as "mad cow disease") was detected in the United States in 2003. In 2018, Japan imported \$200.9 million in sheep and goat meat, with 97 percent of imports originating from Australia and New Zealand.<sup>818</sup> U.S. exports of sheep and goat meat totaled \$352,600, representing less than 0.002 percent of Japan's total imports of these meats.<sup>819</sup>

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<sup>811</sup> USITC DataWeb/USDOC (accessed June 27, 2019). "Steel products" here are defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 16 in chapter 99, subchapter III (provisions 9903.80.XX): HTS 7206, 7207, 7208, 7209, 7210, 7211, 7212, 7213, 7214, 7215, 7216.10.00, 7216.21.00, 7216.22.00, 7216.31.00, 7216.32.00, 7216.33.00, 7216.40.00, 7216.50.00, 7216.99.00, 7217, 7218, 7219, 7220, 7221, 7222, 7223, 7224, 7225, 7226, 7227, 7228, 7229, 7301.10.00, 7302.10, 7302.40.00, 7302.90.00, 7304, 7305, and 7306. Ranking is based on U.S. imports for consumption of steel products.

<sup>812</sup> USITC DataWeb/USDOC (accessed June 27, 2019). "Aluminum" here is defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 19 for aluminum (provisions 9903.85.XX): HTS 7601, 7604, 7605, 7606, 7607, 7608, 7609, and 7616.99.51. Ranking is based on U.S. imports for consumption of aluminum.

<sup>813</sup> USDA, FAS, "[Top Markets for U.S. Agricultural Exports in 2018](#)," April 30, 2019.

<sup>814</sup> Authors' calculations using USDA, FAS, "[Top Markets for U.S. Agricultural Exports 2017](#)," March 20, 2018; USDA, FAS, "[Top Markets for U.S. Agricultural Exports 2018](#)," April 30, 2019.

<sup>815</sup> USDA, FAS, "[Japan's Tariff on U.S. Frozen Beef Reverts as Safeguard Resets](#)," April 1, 2018.

<sup>816</sup> USITC DataWeb/USDOC, HS subheading 0202 (accessed May 22, 2019).

<sup>817</sup> USDA, FAS, "[Japan Reopens Market to U.S. Lamb](#)," July 12, 2018.

<sup>818</sup> IHS Markit, Global Trade Atlas database, HS subheading 0204 (accessed May 22, 2019).

<sup>819</sup> IHS Markit, Global Trade Atlas database, HS subheading 0204 (accessed May 22, 2019).

Several market access issues continued to affect U.S. agricultural exports to Japan in 2018. For example, in 2017, Japan’s Consumer Affairs Agency expanded its requirements for country of origin labeling (COOL) to include main ingredients in processed foods manufactured in Japan. Although the new requirements were subject to a transition period ending in 2022, the United States raised concerns with Japan in 2018 that new COOL requirements may adversely affect U.S. exports of food ingredients to Japan.<sup>820</sup> Japan also continues to operate a tariff-rate quota (TRQ) of 682,200 metric tons for imported rice. USTR maintains that Japan’s rice TRQ inhibits U.S. rice producers from accessing final consumers in Japan.<sup>821</sup> USTR has also identified Japan’s state-operated wheat import system and its “gate price mechanism” for pork as ongoing barriers to U.S. agricultural exports.<sup>822</sup>

## Passenger Motor Vehicles

Passenger motor vehicles make up a significant share of two-way trade between Japan and the United States. In 2018, the United States exported \$623.0 million worth of passenger motor vehicles to Japan while importing \$40.4 billion. The United States has consistently experienced large deficits in passenger motor vehicle trade with Japan, reaching \$39.8 billion in 2018.<sup>823</sup> Although Japan has no auto tariffs, U.S. industry says there are significant nontariff barriers which serve as a barrier to market access for U.S. passenger motor vehicle producers.<sup>824</sup> These barriers include standards and testing protocols that are unique to the Japanese market, a lack of transparency about the process of developing Japanese regulations, and policies that hinder the development of distribution and service networks for U.S. passenger motor vehicles in Japan.<sup>825</sup>

USTR has identified improving market access opportunities in Japan’s automotive sector as a key objective for a trade agreement with Japan. As part of its list of negotiating objectives released in December 2018, USTR has announced intentions to negotiate “securing additional provisions as necessary to obtain fair and more equitable trade in the motor vehicle sector.”<sup>826</sup>

## Pharmaceutical Products

Introduced in 2010, Japan’s Price Maintenance Premium is a program designed to accelerate the introduction of innovative drugs to the Japanese market.<sup>827</sup> In 2018, the government of Japan introduced reforms altering the requirements for drug producers to qualify for the premium. USTR has cited these changes as a potential trade barrier for U.S. pharmaceutical companies. New requirements for local clinical trials and product launches appear to favor Japanese companies while excluding small

<sup>820</sup> USTR, [2019 National Trade Estimate Report](#), March 2019, 282.

<sup>821</sup> USTR, [2019 National Trade Estimate Report](#), March 2019, 280.

<sup>822</sup> USTR, [2019 National Trade Estimate Report](#), March 2019, 281.

<sup>823</sup> USITC DataWeb/USDOC, HS subheadings 8703.21, 8703.22, 8703.23, 8703.24, 8703.31, 8703.32, 8703.33, 8703.40, 8703.50, 8703.60, 8703.70, 8703.80, 8703.90, 8704.21, and 8704.31 (accessed July 7, 2019).

<sup>824</sup> CRS, “[U.S.-Japan Trade Agreement Negotiations](#),” June 5, 2019.

<sup>825</sup> USTR, [2019 National Trade Estimate Report](#), March 2019, 291.

<sup>826</sup> USTR, [United States-Japan Trade Agreement \(USJTA\) Negotiations: Summary of Specific Negotiating Objectives](#), December 10, 2018. For more information on U.S.-Japan trade negotiations, see discussion on free trade agreements in chapter 5.

<sup>827</sup> USDOC, ITA, “[Japan Country Commercial Guide: Pharmaceuticals](#),” September 6, 2019; USTR, [2019 Special 301 Report](#), April, 2019, 15.

and medium-sized U.S. pharmaceutical companies from receiving the premium.<sup>828</sup> According to the most recent data from Japan's Ministry of Health, Labour, and Welfare, U.S.-origin pharmaceuticals made up 20 percent of Japan's \$95 billion pharmaceutical market. However, changes to the pricing system are expected to negatively affect the growth of Japan's pharmaceutical market.<sup>829</sup>

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<sup>828</sup> USTR, [2019 Special 301 Report](#), April, 2019, 15.

<sup>829</sup> USDOC, ITA, "[Japan Country Commercial Guide: Pharmaceuticals](#)," September 6, 2019

## Republic of Korea (South Korea)

### U.S.-South Korea Trade Overview

South Korea continued to be the United States' sixth-largest single-country merchandise trading partner in 2018. Two-way merchandise trade was valued at \$130.6 billion, up from \$119.8 billion in 2017. The share of U.S. trade with South Korea remained unchanged from previous years, at 3.1 percent of U.S. trade with the world. The United States recorded a trade deficit of \$17.9 billion with South Korea in 2018, a 22.6 percent decrease from the \$23.1 billion deficit in 2017, as U.S. exports to South Korea increased by \$8.0 billion and U.S. imports from South Korea increased by \$2.8 billion (figure 6.11). The U.S. combined goods and services trade deficit with South Korea has decreased for the third year in a row, reaching \$5.4 billion in 2018. This is the same value as the trade deficit in 2011, the year before the U.S.-Korea Free Trade Agreement (KORUS) entered into force.<sup>830</sup>

U.S. merchandise exports to South Korea were valued at \$56.3 billion in 2018, up 16.6 percent from 2017. Leading U.S. exports to South Korea were crude petroleum; machines for the manufacture of semiconductor devices or electronic integrated circuits; civilian aircraft, engines, and parts; semiconductors; liquefied propane; and corn. Crude petroleum was among the top U.S. exports to South Korea for the second year in a row; it was also the fastest growing, spiking 410.4 percent in value from \$1.1 billion in 2017 to \$5.6 billion in 2018.<sup>831</sup> Beef exports represented the fifth-largest U.S. export to South Korea, with a total value of \$1.7 billion in 2018, up 43.6 percent from \$1.2 billion in 2017.<sup>832</sup> South Korea is the second-largest export market for U.S. beef after Japan, accounting for about 21.2 percent of U.S. beef exports in 2018. Passenger motor vehicles were another top export to South Korea in 2018, growing from \$1.5 billion in 2017 to \$1.7 billion in 2018.<sup>833</sup> Exports of all passenger motor vehicles combined are the United States' sixth-largest export to South Korea.

U.S. merchandise imports from South Korea totaled \$74.2 billion in 2018, increasing 3.9 percent (\$2.7 billion) from 2017. U.S. imports of passenger motor vehicles, the top import from South Korea, declined to \$13.8 billion in 2018, down \$1.9 billion (12.1 percent) from 2017. Other top U.S. imports from South Korea included computer parts and accessories, cellphones, refined petroleum products, and immunological products. U.S.-South Korea merchandise trade data are shown in appendix tables A.57–A.60.

In 2018, South Korea was the United States' ninth-largest single-country services trading partner in terms of two-way trade. U.S. cross-border services exports to South Korea decreased 6.7 percent in

<sup>830</sup> USDOC, BEA, Interactive data International Transactions, Services & IIP, International Transactions, Table 1.3, June 28, 2019.

<sup>831</sup> See USITC, *Year in Trade 2017*, August 2018, 179, for an explanation of the factors motivating this increase in crude petroleum exports. See also appendix table A.59 in this report.

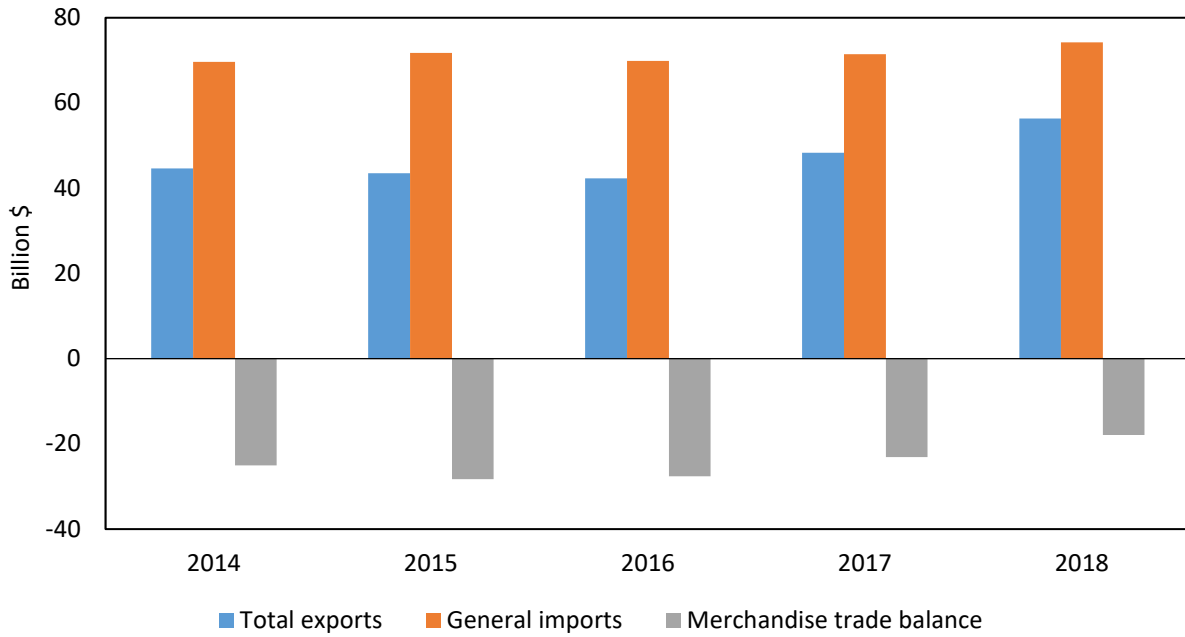
<sup>832</sup> USITC DataWeb/USDOC (accessed May 9, 2019). Total beef exports consist of fresh, frozen, and prepared beef and beef products and are classified in the following HTS 6-digit lines: 0201.10, 0201.20, 0201.30, 0202.10, 0202.20, 0202.30, 0206.10, 0206.21, 0206.22, 0206.29, 0210.20, and 1602.50.

<sup>833</sup> USITC DataWeb/USDOC (accessed May 9, 2019). Passenger motor vehicles are classified in the following 15 HTS 6-digit lines: 8703.21, 8703.22, 8703.23, 8703.24, 8703.31, 8703.32, 8703.33, 8703.40, 8703.50, 8703.60, 8703.70, 8703.80, 8703.90, 8704.21, and 8704.31.

2018 to \$21.9 billion. U.S. cross-border services imports from South Korea increased in 2018, by 7.0 percent, to reach \$9.9 billion. As a result, the U.S. services trade surplus with South Korea fell from \$14.3 billion in 2017 to \$12.0 billion in 2018, a decline of 15.6 percent (figure 6.12).

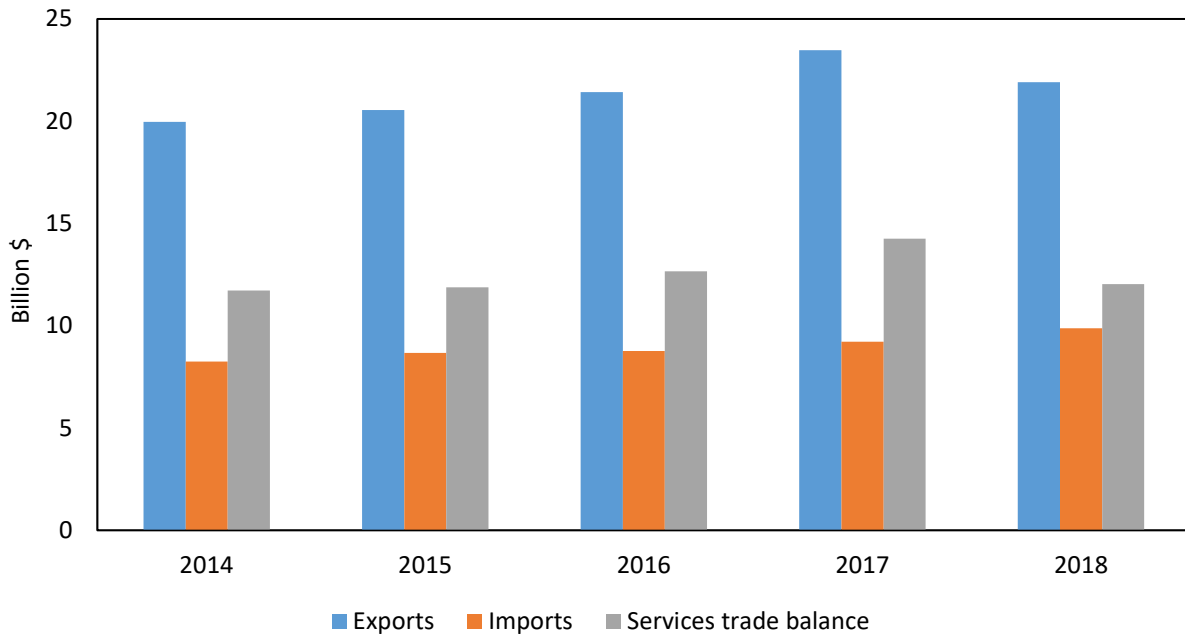
In 2018, leading U.S. services exports to South Korea included travel services (\$9.4 billion), charges for intellectual property use (\$5.0 billion), transport (\$2.7 billion), and other business services (\$1.6 billion) (table A.61). All four of these services exports categories experienced declines from 2017. Leading U.S. services imports from South Korea include transport (\$6.5 billion), travel services (\$1.5 billion), and other business services (\$956 million) (table A.62). Both transport and travel services exports increased from 2017 to 2018, by 7.4 and 16.4 percent, respectively.

**Figure 6.11** U.S. merchandise trade with South Korea, 2014–18



Source: USITC DataWeb/USDOC (accessed May 9, 2019).  
 Note: Underlying data can be found in appendix table [B.5](#).

**Figure 6.12** U.S. cross-border trade in private services with South Korea, 2014–18



Source: USDOC, BEA U.S. International Transactions, Services, & IIP, International Transactions, International Services, tables 2.2 and 2.3, and International Transactions, table 3.2, June 20, 2019.  
 Note: Data for 2018 are preliminary. Underlying data can be found in appendix table [B.7](#).



## Trade Developments

Several high-level meetings on issues of bilateral trade between the United States and South Korea took place in 2018. Most notably, President Trump and South Korean President Moon Jae-in met on September 24, 2018, in New York to sign the modifications to the KORUS agreement.<sup>834</sup> This followed two other meetings in Washington, DC, one between U.S. Trade Representative Lighthizer and Trade Minister Kim Hyun-chong on July 31, 2018, and the other between U.S. House Committee Foreign Affairs Chairman Ed Royce and South Korean Minister of Trade, Industry, and Energy Paik Ungyu on July 1, 2018. At both meetings, South Korea expressed views on why South Korean automobile exports should be exempt from potential tariffs under section 232 of the U.S. Trade Expansion Act.<sup>835</sup> On July 19, 2018, the South Korean Deputy Minister for Trade, Kang Sung-Cheon, also provided similar testimony at USDOC's hearing on the section 232 investigation of automotive imports.<sup>836</sup> At the end of 2018, this section 232 investigation was still in progress.<sup>837</sup>

Three different WTO disputes involving the United States and South Korea were active in 2018. Two of these disputes were in response to the safeguard actions that the United States took in response to imports of large residential washers (DS546) and of crystalline silicon photovoltaic products (DS545).<sup>838</sup> Panels were established for both disputes on September 26, 2018, but neither had been composed as of yearend 2018.<sup>839</sup> In the third active 2018 WTO dispute, South Korea requested consultations with the United States on February 14, 2018, in a dispute concerning several issues related to U.S. antidumping and countervailing duty measures across two countervailing duty proceedings and six antidumping proceedings (DS539). A panel was established by the Dispute Settlement Body on May 28, 2018, and was composed on December 5, 2018. However, no further actions have been taken since then.<sup>840</sup> On June 4, 2018, the USDOC concluded its section 129 investigation on large residential washers from South

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<sup>834</sup> White House, "[Remarks by President Trump and President Moon of the Republic of Korea at U.S.-Korea Free Trade Agreement Signing Ceremony](#)," September 24, 2018.

<sup>835</sup> Government of South Korea, MOTIE, "[Trade Minister Meets US Chief Trade Negotiator](#)," July 31, 2018; Government of South Korea, MOTIE, "[Minister Paik Meets US House Foreign Affairs Committee Chairman](#)," July 1, 2018.

<sup>836</sup> USTR, "[Section 232 National Security Investigation of Imports of Automobiles and Automotive Parts Hearing Panel](#)," hearing transcript, July 19, 2018, 221–25.

<sup>837</sup> Following the submission of the Commerce Secretary's report on February 17, 2019, the President issued Proclamation 9888 on May 17, 2019, noting that the circumstances and volume of U.S. imports of automobiles and certain automobile parts "threaten[s] to impair the national security of the United States." The President proclaimed that USTR, in consultation with other executive branches, should continue to monitor these imports and pursue trade agreements to address this threat, updating the President by November 13, 2019. 84 Fed. Reg. 23433 (May 21, 2019).

<sup>838</sup> For more information on the President's safeguard actions, see chapter 2.

<sup>839</sup> WTO, "[Dispute Settlement: DS545: United States—Safeguard Measure on Imports of Crystalline Silicon Photovoltaic Products](#)" (accessed July 8, 2019); WTO, "[Dispute Settlement: DS546: United States—Safeguard Measure on Imports of Large Residential Washers](#)" (accessed July 8, 2019). See chapter 3 for more information, including a description of the WTO dispute settlement process.

<sup>840</sup> WTO, "[Dispute Settlement: DS539: United States—Anti-Dumping and Countervailing Duties on Certain Products and the Use of Facts Available](#)" (accessed July 8, 2019).

Korea, revising its final countervailing duty analysis in accordance with WTO Dispute Settlement Panel and Appellate Body Panel reports.<sup>841</sup> For more information on these WTO disputes, see chapter 3.

## Section 232 Steel and Aluminum Tariffs

Following investigations into the national security implications of U.S. steel and aluminum imports under section 232 of the Trade Expansion Act of 1962, the President imposed a 25 percent ad valorem tariff on imported steel from all countries except Canada and Mexico, and a 10 percent ad valorem tariff on imported aluminum from all other countries except Canada and Mexico, effective March 23, 2018.<sup>842</sup> Through negotiations that took place alongside those involving KORUS (see below), South Korea received an exemption for its steel products before the tariff took effect, while discussions on a satisfactory alternative solution to addressing the threatened impairment to U.S. national security by steel imports from South Korea continued.<sup>843</sup> At the conclusion of these discussions, South Korea agreed to an absolute annual quota for its exports of 54 subcategories of steel to the United States. The quota was effective on May 1, 2018, and is equivalent to 70 percent of the United States' average import volume of steel from South Korea from 2015–17.<sup>844</sup> On May 31, 2018, the quota was modified to be measured on a quarterly basis, effective July 1, 2018.<sup>845</sup>

South Korea was the second-largest single-country source for U.S. imports of steel in 2017 behind Canada, supplying 9.6 percent of U.S. steel imports.<sup>846</sup> South Korea is a less important source of U.S. imports of aluminum; in 2017 it was the 20th-largest single-country supplier of aluminum to the United States.<sup>847</sup> The 10 percent tariff on U.S. imports of aluminum from South Korea is still in effect as of August 2019.

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<sup>841</sup> USDOC, ITA, "[Large Residential Washers from the Republic of Korea: Final Section 129 Determination Regarding the Countervailing Duty Investigation](#)," June 4, 2018; WTO, "[Dispute Settlement: DS464: United States—Anti-Dumping and Countervailing Measures on Large Residential Washers from Korea](#)" (accessed July 8, 2019).

<sup>842</sup> Proclamation 9705, 83 Fed. Reg. 11625 (March 15, 2018); Proclamation 9704, 83 Fed. Reg. 11619 (March 15, 2018). This exemption for Canada and Mexico expired on June 1, 2018, however, and on that date, the 25 percent tariff on steel imports and the 10 percent tariff on aluminum imports for both countries went into effect.

Proclamation 9758, 83 Fed. Reg. 25849 (June 5, 2018).

<sup>843</sup> Proclamation 9711, 83 Fed. Reg. 13361 (March 22, 2018).

<sup>844</sup> Proclamation 9740, 83 Fed. Reg. 20683 (May 7, 2018).

<sup>845</sup> Proclamation 9759, 83 Fed. Reg. 25857 (June 5, 2018).

<sup>846</sup> USITC DataWeb/USDOC (accessed June 27, 2019). "Steel products" here are defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 16 in chapter 99, subchapter III (provisions 9903.80.XX): HTS 7206, 7207, 7208, 7209, 7210, 7211, 7212, 7213, 7214, 7215, 7216.10.00, 7216.21.00, 7216.22.00, 7216.31.00, 7216.32.00, 7216.33.00, 7216.40.00, 7216.50.00, 7216.99.00, 7217, 7218, 7219, 7220, 7221, 7222, 7223, 7224, 7225, 7226, 7227, 7228, 7229, 7301.10.00, 7302.10, 7302.40.00, 7302.90.00, 7304, 7305, and 7306. Ranking is based on U.S. imports for consumption of steel products.

<sup>847</sup> USITC DataWeb/USDOC (accessed June 27, 2019). "Aluminum" here is defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 19 for aluminum (provisions 9903.85.XX): HTS 7601, 7604, 7605, 7606, 7607, 7608, 7609, and 7616.99.51. Ranking is based on U.S. imports for consumption of aluminum.

## U.S.-Korea FTA

The process to renegotiate KORUS began with a formal notification to South Korea from USTR Lighthizer on July 12, 2017, calling for a special session of the KORUS Joint Committee. Two special sessions were convened in 2017: one on August 22 in Seoul, and one on October 4 in Washington, DC.<sup>848</sup> Negotiations for KORUS began on January 5, 2018.<sup>849</sup> Following a series of ministerial-level talks throughout the spring and summer of 2018, the agreement was signed by South Korea and the United States on September 24, 2018. The KORUS modifications entered into force on January 1, 2019.<sup>850</sup> For more information on KORUS negotiations, see chapter 5.

Bilateral developments under the KORUS agreement have continued into 2019. On March 15, 2019, USTR requested its first-ever consultations with South Korea under KORUS Chapter 16 on Competition-Related Matters. In its request, the United States expressed its concerns over competition hearings held by the Korea Fair Trade Commission (KFTC).<sup>851</sup> With a mandate that includes promoting competition and strengthening consumers' rights, KFTC can conduct investigations of companies and levy fines for violations and failure to cooperate with investigators. Several U.S. firms have raised concerns that KFTC's procedures do not comply with South Korea's obligations under KORUS. According to these firms, KFTC's procedures inhibit the ability of companies to adequately defend themselves during proceedings and hearings by denying them the opportunity to review and rebut the evidence against them.<sup>852</sup>

South Korea has sought to address these concerns with changes to procedures governing access to evidence. These changes were set forth in amendments to the Monopoly Regulations and Fair Trade Act, which was submitted to the South Korean National Assembly in December 2018. The United States did not find that these amendments resolved its concerns, however, and submitted its consultation request as a result.<sup>853</sup>

## Oil-related Exports

U.S. exports of crude petroleum to South Korea quintupled in value in 2018, growing from \$1.1 billion in 2017 to \$5.6 billion in 2018.<sup>854</sup> This upsurge stemmed from a number of factors, including an increase in U.S. production of crude petroleum as well as trade diversion due to the Chinese response to U.S. tariffs under its section 301 investigation.

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<sup>848</sup> USTR, "[USTR Lighthizer Statement on the Conclusion of the Special Session of the US-Korea FTA Joint Committee](#)," August 22, 2017.

<sup>849</sup> USTR, "[Statement on the Conclusion of Meeting on the U.S.-Korea \(KORUS\) FTA](#)," January 5, 2018.

<sup>850</sup> White House, "[Joint Statement on the United States-Korea Free Trade Agreement](#)," September 24, 2018; Government of South Korea, MOTIE, "[Korea's National Assembly Ratifies Revised KORUS FTA](#)," December 14, 2018; USTR, [2019 National Trade Estimate](#), March 2019, 317.

<sup>851</sup> USTR, "[USTR Requests First-Ever Consultations under the U.S.-Korea Free Trade Agreement \(KORUS\)](#)," March 15, 2019.

<sup>852</sup> USTR, [2019 National Trade Estimate](#), March 2019, 326–27; USTR, "[USTR Requests First-Ever Consultations under the U.S.-Korea Free Trade Agreement \(KORUS\)](#)," March 15, 2019.

<sup>853</sup> USTR, [2019 National Trade Estimate](#), March 2019, 327; USTR, "[USTR Requests First-Ever Consultations under the U.S.-Korea Free Trade Agreement \(KORUS\)](#)," March 15, 2019.

<sup>854</sup> USITC DataWeb/USDOC (accessed May 9, 2019).

The increase in production was an important factor, given that the United States produced 17.5 percent more crude petroleum in 2018 than in the previous year, averaging 11.0 million barrels a day.<sup>855</sup> The majority of crude petroleum produced in the United States comes from the U.S. Gulf Coast states. However, most refineries in the region are configured to process primarily heavy sour crudes, which have a higher density and sulfur content than the light sweet crudes produced nearby. As a result of this mismatch between the type of crude petroleum produced in the Gulf Coast and the local refinery configurations, as well as limited pipeline infrastructure for supplying refineries in other regions, a large portion of the United States' supply of light sweet crude was exported.<sup>856</sup>

China was the largest Asian single-country destination market for U.S. crude petroleum in the first half of 2018.<sup>857</sup> However, China stopped importing crude petroleum from the United States from August to October 2018. This coincided with China's announcement of its proposed "first tranche" list of U.S. goods potentially subject to increased Chinese tariffs as part of the China-U.S. section 301 dispute; U.S. crude oil was initially included on this list.<sup>858</sup>

As U.S. exports of crude petroleum to China fell, exports to other Asian economies increased in the latter half of 2018. Out of all the Asian markets, South Korea, home to some of the largest and most advanced oil refineries in the world (including refineries capable of handling light sweet crudes), received the largest share of these increased exports.<sup>859</sup> Overall, South Korea was the largest single-country destination in Asia for U.S. crude petroleum exports in 2018, and was second only to Canada in terms of total import volume of U.S. crude petroleum in 2018.<sup>860</sup>

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<sup>855</sup> EIA, "[Short-Term Energy Outlook](#)" (accessed July 8, 2019), EIA, "[Crude Oil Production](#)" (accessed August 12, 2019).

<sup>856</sup> For example, East Coast refineries, which are better configured to process light sweet crude, do not have pipeline access to U.S. Gulf Coast crude production. It is sometimes more cost effective for these refineries to import foreign light sweet crude rather than using rail transport to buy domestic crude from Texas. EIA, "[The U.S. Exported 2 Million Barrels per Day](#)," April 15, 2019.

<sup>857</sup> EIA, "[The U.S. Exported 2 Million Barrels per Day](#)," April 15, 2019.

<sup>858</sup> For more information on the tariff escalation, see the China section in this chapter. Crude petroleum was ultimately not included in the final lists of products subject to tariffs enacted in 2018. Yap, "[China's Tariff Turnaround: U.S. Crude Oil](#)," August 9, 2018; EIA, "[The U.S. Exported 2 Million Barrels per Day](#)," April 15, 2019. See for USDOC, ITA, "[Current Foreign Retaliatory Actions](#)" (accessed September 11, 2019) for links to the lists issued by the Chinese government.

<sup>859</sup> EIA, "[Country Analysis Brief: South Korea](#)," July 2018 (accessed July 2, 2019).

<sup>860</sup> EIA, "[The U.S. Exported 2 Million Barrels per Day](#)," April 15, 2019.

## India

### U.S.–India Trade Overview

In 2018, India was the United States' ninth-largest single-country trading partner based on two-way merchandise trade, a position it has maintained since 2016. U.S. two-way merchandise trade with India increased by 17.8 percent to \$87.1 billion in 2018. India's share of total U.S. merchandise trade with the world for 2018 was 0.2 percent higher than 2017 at 2.1 percent. U.S. exports to India rose significantly in 2018, shrinking the U.S. merchandise trade deficit with India by 7.6 percent to \$20.9 billion in 2018 (figure 6.13).

U.S. merchandise exports to India increased 28.9 percent in 2017–18, from \$25.7 billion to \$33.1 billion. Leading U.S. exports to India in 2018 were nonindustrial diamonds; crude petroleum; civilian aircraft, engines, and parts; nonmonetary gold; and bituminous coal. While U.S. exports of gold decreased by \$443 million (or 18.6 percent) in 2018, most other U.S. exports increased, including those of crude petroleum, which experienced a nearly fivefold increase to \$3.0 billion.

U.S. merchandise imports from India increased by 11.8 percent in 2018 to \$54.0 billion. Leading U.S. imports from India in 2018 were nonindustrial diamonds,<sup>861</sup> certain medicaments, frozen shrimp, light oils, and gold jewelry. U.S.-India merchandise trade data are shown in appendix tables A.63 through A.66.

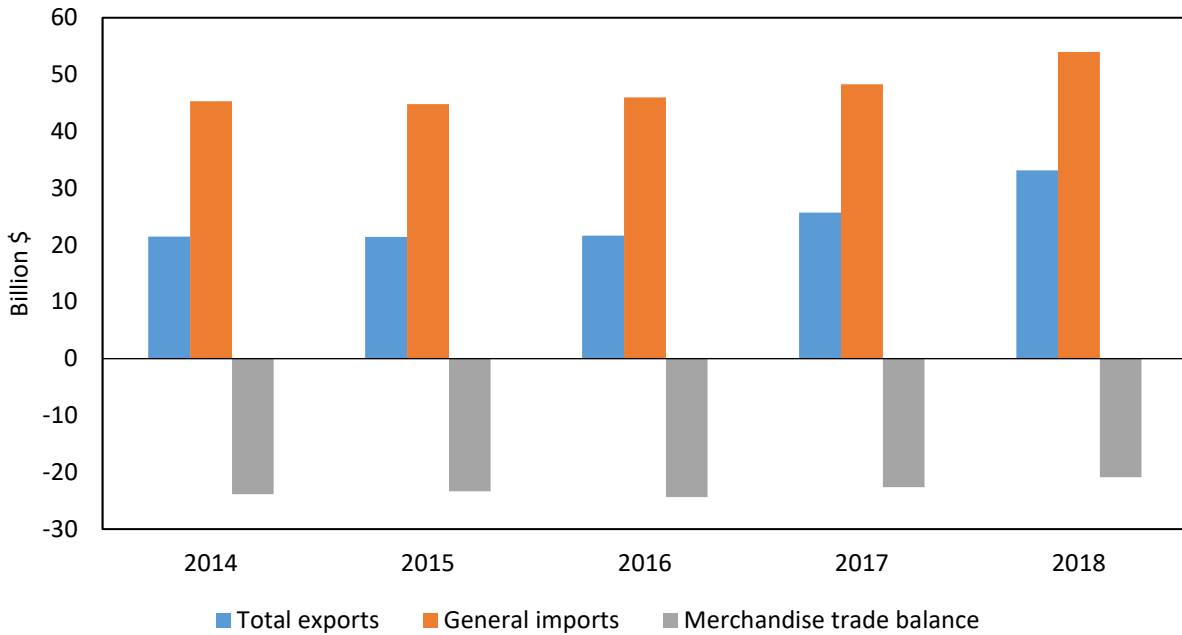
India is the United States' seventh-largest single-country services trading partner, based on two-way cross-border services trade, with total services trade increasing 5.7 percent to \$54.3 billion in 2018. India is 1 of only 2 among the top 20 services trading partners with which the United States had a services trade deficit in 2018 (the other was Italy). This trade deficit has been decreasing since 2015, and this trend continued in 2018, when the deficit dipped by 0.6 percent to \$4.8 billion (figure 6.14).

Leading U.S. services exports to India included travel services (\$14.4 billion), charges for intellectual property use (\$3.4 billion), and transport (\$1.8 billion) (table A.67). However, the largest growth in services exports was in maintenance and repair services, which grew 27.6 percent from \$0.7 billion in 2017 to \$0.8 billion in 2018. Leading U.S. services imports from India included telecommunications, computer, and information services (\$15.3 billion); other business services (\$8.5 billion); and travel services (\$3.3 billion) (table A.68). Imports of financial services dropped 21.4 percent, while imports of charges for intellectual property use increased by 57.1 percent from \$781 million in 2017 to \$1.2 billion in 2018.

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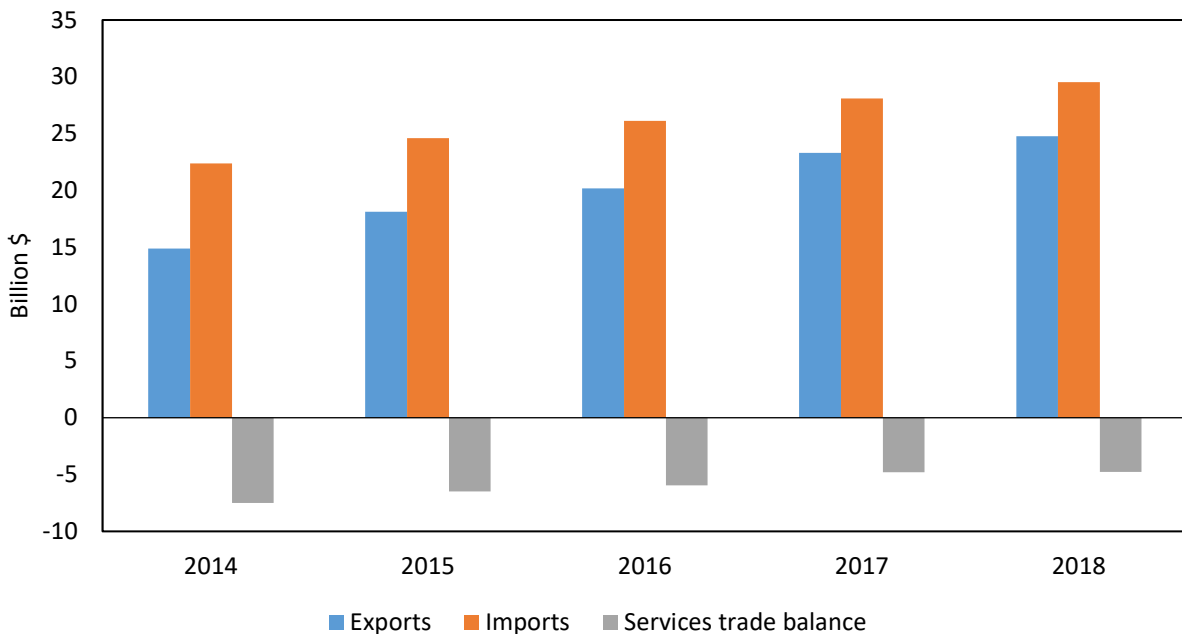
<sup>861</sup> Because the United States and India are both major centers for the global trade of cut or faceted diamonds, diamonds lead U.S.-India trade for both U.S. imports and exports.

**Figure 6.13** U.S. merchandise trade with India, 2014–18



Source: USITC DataWeb/USDOC (accessed May 9, 2019).  
 Note: Underlying data can be found in appendix table [B.5](#).

**Figure 6.14** U.S. cross-border trade in private services with India, 2014–18



Source: USDOC, BEA U.S. International Transactions, Services, & IIP, International Transactions, International Services, tables 2.2 and 2.3, and International Transactions, table 3.2, June 20, 2019.  
 Note: Data for 2018 are preliminary. Underlying data can be found in appendix table [B.7](#).

## Trade Developments

Among the important U.S.-India trade developments of 2018 were the issuance of the United States' first-ever counternotifications at the WTO, the imposition of section 232 tariffs on steel and aluminum, and the GSP eligibility review of India. These topics are discussed in detail below. Unlike in prior years, the annual U.S.-India Trade Policy Forum did not take place in 2018. U.S. and Indian officials met in New Delhi on April 11–12 to discuss the section 232 tariffs on U.S. imports of steel and aluminum from India and the WTO dispute over export subsidies.<sup>862</sup>

There were several active WTO dispute settlement proceedings involving the United States and India in 2018. In March 2018, the United States requested dispute settlement consultations with India about alleged export subsidy measures, and in May 2018, it requested the establishment of a panel.<sup>863</sup> Specifically, USTR argued that various export promotion schemes provide benefits to Indian exporters that allow them to sell their goods in the United States more cheaply, adversely affecting U.S. manufacturers and workers.<sup>864</sup> There were also developments in a dispute involving U.S. measures related to the renewable energy sector where India was the complainant against the United States.<sup>865</sup> On May 4, 2018, the United States submitted a counternotification<sup>866</sup> to the WTO Committee on Agriculture (COA) regarding India's price support for wheat and rice,<sup>867</sup> and on November 13, 2018, the United States submitted a counternotification to the COA on India's market price support for cotton.<sup>868</sup>

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<sup>862</sup> *International Trade Daily*, "India Seeks Exemption from U.S. Tariffs on Metal Exports," April 12, 2018.

<sup>863</sup> WTO, "[Dispute Settlement: DS541; India—Export Related Measures](#)" (accessed May 29, 2019).

<sup>864</sup> USTR, "[United States Launches WTO Challenge to Indian Export Subsidy Programs](#)," March 2018. These schemes include the Export Oriented Units Scheme and sector specific schemes, including Electronics Hardware Technology Parks Scheme; Special Economic Zones; Export Promotion Capital Goods Scheme; and a duty free imports for exporters program. See for more information: WTO, "[Dispute Settlement: DS541; India—Export Related Measures—Request for the Establishment of a Panel by the United States](#)," May 18, 2018.

<sup>865</sup> WTO, "[Dispute Settlement: DS510; India—Certain Measures Relating to the Renewable Energy Sector](#)" (accessed July 1, 2019). At issue are incentives and credits offered by U.S. states and municipalities for the generation of renewable energy, including the use of solar, wind, biogas equipment and the production of ethanol and biodiesel. WTO, "[Dispute Settlement: DS510; United States—Certain Measures Relating to the Renewable Energy Sector—Request for the Establishment of a Panel by India](#)," January 24, 2017.

<sup>866</sup> All WTO members are required to report (notify) the WTO on the activities of state trade enterprises (STEs), which can include market price support for agricultural products. If another WTO member believes the reported information is incorrect, it can "counter" the notification. Following the counternotification, a working party may be set up to evaluate the notification and counternotification. See WTO, "[Understanding on the Interpretation of the Article XVII of the General Agreement on Tariffs and Trade 1994](#)" (accessed May 30, 2019).

<sup>867</sup> USTR, "[United States Issues First-Ever WTO Counter Notification against India's Market Price Support](#)," May 2018.

<sup>868</sup> USTR, "[United States Issues WTO Counter Notification against India's Market Price Support for Cotton](#)," November 2018.



## Section 232 Steel and Aluminum Tariffs

Following investigations into the national security implications of U.S. steel and aluminum imports under section 232 of the Trade Expansion Act of 1962, the President imposed a 25 percent ad valorem tariff on imported steel from all countries except Canada and Mexico, and a 10 percent ad valorem tariff on imported aluminum from all other countries except Canada and Mexico, effective March 23, 2018.<sup>869</sup> On May 18, 2018, India requested dispute settlement consultations with the United States at the WTO in response. After consultations failed to resolve the dispute, India requested that the DSB establish a panel, and on December 4, 2018, the DSB established a panel.<sup>870</sup>

In 2017, India was the 11th-largest single-country source of U.S. steel imports, supplying 2.6 percent of all U.S. steel product imports.<sup>871</sup> India was also the eighth-largest source for U.S. aluminum imports in 2017, supplying 2.2 percent of all U.S. aluminum imports.<sup>872</sup>

## GSP Country Eligibility Review

On April 12, 2018, USTR announced that it was reviewing the eligibility of India, as well as Indonesia and Kazakhstan, for benefits under the Generalized System of Preferences (GSP) due to concerns about program compliance.<sup>873</sup> For India, the GSP eligibility review resulted from concerns related to India's compliance with the eligibility criterion on market access. USTR accepted two petitions filed by the U.S. dairy industry and the U.S. medical device industry, which alleged that Indian trade barriers were affecting U.S. exports in those sectors. Based on its own assessment process, USTR also identified concerns with India's compliance with the market access criterion. According to USTR, India "has

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<sup>869</sup> Proclamation 9705, 83 Fed. Reg. 11625 (March 15, 2018); Proclamation 9704, 83 Fed. Reg. 11619 (March 15, 2018). This exemption for Canada and Mexico expired on June 1, 2018, however, and on that date, the 25 percent tariff on steel imports and the 10 percent tariff on aluminum imports for both countries went into effect. Proclamation 9758, 83 Fed. Reg. 25849 (June 5, 2018).

<sup>870</sup> WTO, "[Dispute Settlement: DS547; United States—Certain Measures on Steel and Aluminum Products](#)" (accessed May 29, 2019). On June 20, 2018, India announced a list of U.S. export products on which it would impose retaliatory tariffs in response to the United States' 232 actions. The imposition of the tariffs was initially postponed and eventually enacted on June 16, 2019. The tariffs range from 10 to 50 percentage points in addition to existing tariff rates, and cover various products, including agricultural goods, chemicals, and some iron and steel products. Government of India, Ministry of Finance, Department of Revenue, "[Notification No. 17/2019 Customs](#)," June 15, 2019; Government of India, Ministry of Finance, Department of Revenue, "[Notification No. 49/2018 Customs](#)," June 20, 2018; USTR, [2019 National Trade Estimate](#), March 2019, 236.

<sup>871</sup> USITC DataWeb/USDOC (accessed June 27, 2019). "Steel products" here are defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 16 in chapter 99, subchapter III (provisions 9903.80.XX): HTS 7206, 7207, 7208, 7209, 7210, 7211, 7212, 7213, 7214, 7215, 7216.10.00, 7216.21.00, 7216.22.00, 7216.31.00, 7216.32.00, 7216.33.00, 7216.40.00, 7216.50.00, 7216.99.00, 7217, 7218, 7219, 7220, 7221, 7222, 7223, 7224, 7225, 7226, 7227, 7228, 7229, 7301.10.00, 7302.10, 7302.40.00, 7302.90.00, 7304, 7305, and 7306. Ranking is based on U.S. imports for consumption of steel products.

<sup>872</sup> USITC DataWeb/USDOC (accessed June 27, 2019). "Aluminum" here is defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 19 for aluminum (provisions 9903.85.XX): HTS 7601, 7604, 7605, 7606, 7607, 7608, 7609, and 7616.99.51. Ranking is based on U.S. imports for consumption of aluminum.

<sup>873</sup> USTR, "[USTR Announces New GSP Eligibility Reviews of India, Indonesia, and Kazakhstan](#)," April 2018; 83 Fed. Reg. 18618 (April 27, 2018).

implemented a wide array of trade barriers that create serious negative effects on U.S. commerce,”<sup>874</sup> such as high tariffs and technical barriers to trade.<sup>875</sup> Because of the similarity of the issues raised in the petitions and in USTR’s own review process, USTR combined them into one overall review based on the GSP market access criterion.<sup>876</sup>

## Intellectual Property

India remained on USTR’s Priority Watch List in the *2018 Special 301 Report* due to continuing concerns regarding weak protection and enforcement of IPRs.<sup>877</sup> Of concern are patentability issues; the production, domestic distribution, and export of counterfeit pharmaceuticals; trademark counterfeiting; and digital piracy. Several patent issues were noted as being particularly burdensome for U.S. firms, including narrow patentability standards, the threat of compulsory licensing and patent revocations, long wait times to receive patents, and onerous reporting requirements.<sup>878</sup> The report also described problems with government handling of the confidential data supplied by U.S. companies during the market approval process. Although these data are supposed to be protected from disclosure, companies state that they have proven vulnerable to unfair commercial use. According to the report, data on products in the pharmaceutical and agricultural chemical sectors are especially susceptible to misuse.<sup>879</sup>

USTR’s *2018 Out-of-Cycle Review of Notorious Markets Report* identified several online or physical marketplaces of concern in India that are reported to engage in or facilitate commercial-scale copyright piracy and trademark counterfeiting. In particular, the report noted markets in India for counterfeit apparel and footwear, pirated media, and counterfeit and illegal pharmaceuticals.<sup>880</sup>

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<sup>874</sup> 83 Fed. Reg. 18618 (April 27, 2018).

<sup>875</sup> USTR, [2019 National Trade Estimate Report](#), March 2019, 235–56.

<sup>876</sup> In March 2019, USTR announced that the United States would terminate GSP designation for India due to India’s failure to provide equitable and reasonable market access in several sectors. USTR, “[United States Will Terminate GSP Designation of India and Turkey](#),” March 2019.

<sup>877</sup> India has been on USTR’s Priority Watch List or has been designated a priority foreign country since 1989.

<sup>878</sup> USTR, [2018 Special 301 Report to Congress](#), April 2019, 51.

<sup>879</sup> USTR, [2018 Special 301 Report to Congress](#), April 2019, 51.

<sup>880</sup> USTR, [2018 Out-of-Cycle Review of Notorious Markets](#), January 2018.

## Taiwan

### U.S.-Taiwan Trade Overview

In 2018, Taiwan was the United States' 11th-largest single-country trading partner, which is the same position it held in 2017. U.S. two-way merchandise trade with Taiwan grew 11.4 percent to \$76.0 billion in 2018 from \$68.2 billion in 2017, continuing to account for 1.8 percent of total merchandise trade with the world. The U.S. merchandise trade deficit with Taiwan narrowed 7.2 percent to \$15.5 billion in 2018, as U.S. imports rose by \$3.3 billion while U.S. exports rose by \$4.5 billion (figure 6.15).

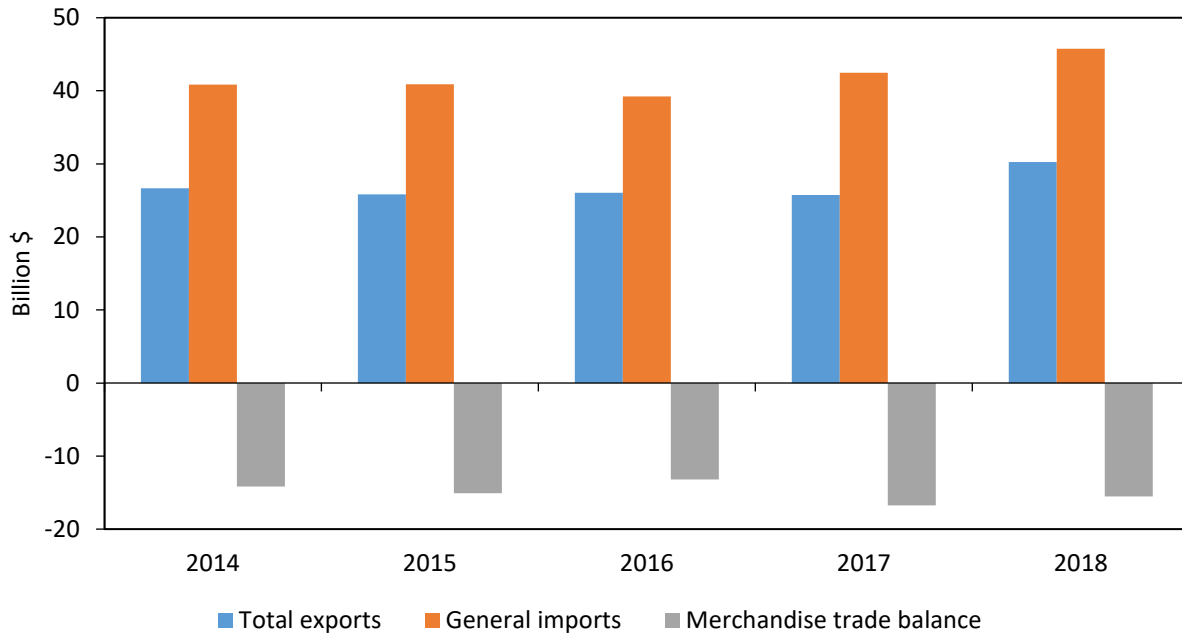
U.S. merchandise exports to Taiwan increased from \$25.7 billion in 2017 to \$30.2 billion in 2018, a 17.5 percent increase. The top U.S. exports to Taiwan during the year were crude petroleum; civilian aircraft, engines, and parts; machines for semiconductor or integrated circuit manufacturing; semiconductors; and memories. U.S. exports of crude petroleum increased by \$2.7 billion, accounting for 60.3 percent of the overall rise in exports to Taiwan in 2018, while the other top five exports declined.

U.S. merchandise imports from Taiwan increased from \$42.5 billion in 2017 to \$45.8 billion in 2018, a 7.8 percent rise. The top U.S. imports from Taiwan during the year were computer parts and accessories; microchips; telecommunications equipment; semiconductor storage devices; and semiconductors. U.S. imports of computer parts and accessories increased by \$885.6 million, or 63.8 percent, accounting for 26.8 percent of the overall rise in imports from Taiwan in 2018. U.S.-Taiwan merchandise trade data are shown in appendix tables A.69 through A.72.

Taiwan remained the 14th-largest single-country U.S. trading partner in services in 2018. Two-way cross-border trade in services grew 2.8 percent, from \$17.3 billion in 2017 to \$17.8 billion in 2018, accounting for 1.3 percent of total U.S. services trade with the world. U.S. services exports to Taiwan increased by 2.5 percent to \$9.6 billion, while imports rose 3.2 percent to \$8.2 billion. As a result of the larger absolute increase in imports, the U.S. services trade surplus continued to decline, decreasing 1.6 percent from \$1.40 billion in 2017 to \$1.37 billion in 2018 (figure 6.16).

In 2018, leading U.S. services exports to Taiwan included transport, travel services, and charges for intellectual property use (table A.73). Transport increased from 2017 to 2018 while travel services held steady, but exports of charges for intellectual property continued their decline, falling 24.6 percent in 2018. Leading U.S. services imports from Taiwan included transport, travel services, and other business services (table A.74). Transport was by far the largest category, accounting for 69.6 percent of U.S. services imports from Taiwan in 2018.

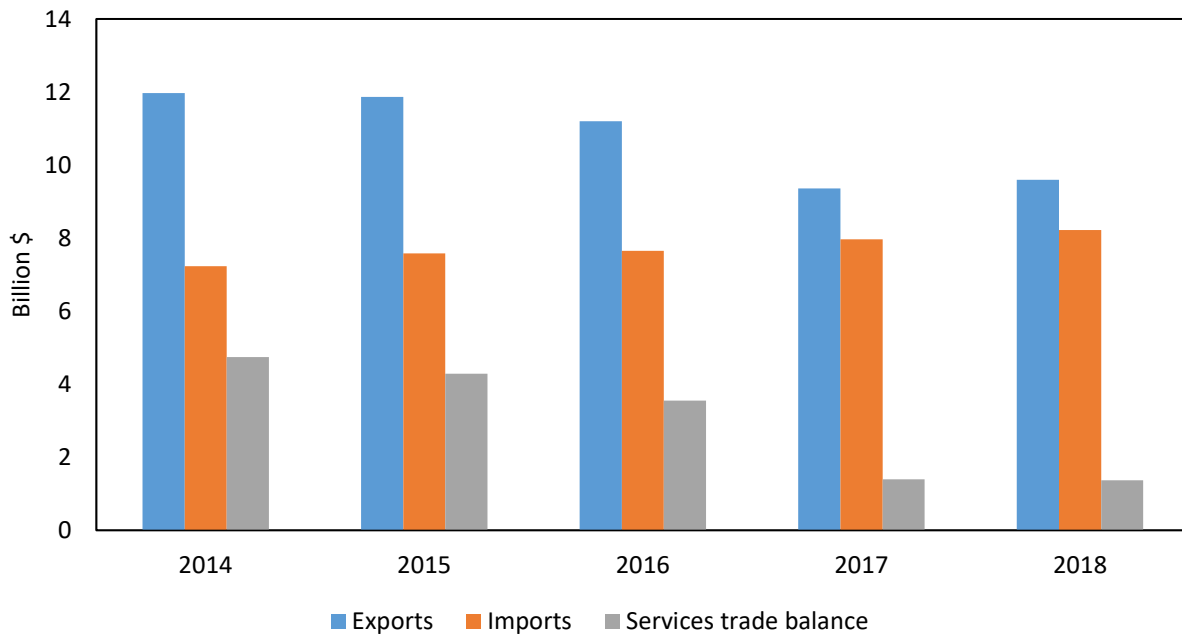
**Figure 6.15** U.S. merchandise trade with Taiwan, 2014–18



Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Underlying data can be found in appendix table [B.5](#).

**Figure 6.16** U.S. cross-border trade in private services with Taiwan, 2014–18



Source: USDOC, BEA U.S. International Transactions, Services, & IIP, International Transactions, International Services, tables 2.2 and 2.3, and International Transactions, table 3.2, June 20, 2019.

Note: Data for 2018 are preliminary. Underlying data can be found in appendix table [B.7](#).

## Trade Developments

The primary forum for bilateral discussions on trade and investment issues is the U.S.-Taiwan Trade and Investment Framework Agreement (TIFA). The TIFA Council did not meet in 2018, but the two countries did hold bilateral trade and investment discussions in September 2018.<sup>881</sup> The U.S. delegation was led by Terry McCartin, Acting Assistant U.S. Trade Representative for China, and included officials from the USTR and the U.S. Departments of State, Commerce, and Agriculture.<sup>882</sup> The two sides discussed a variety of issues, including technical barriers to trade, as well as digital piracy and other intellectual property rights issues, investment, and agriculture, which are discussed below.

### Section 232 Steel and Aluminum Tariffs

Following investigations into the national security implications of U.S. steel and aluminum imports under section 232 of the Trade Expansion Act of 1962, the President imposed a 25 percent ad valorem tariff on imported steel from all countries except Canada and Mexico, and a 10 percent ad valorem tariff on imported aluminum from all other countries except Canada and Mexico, effective March 23, 2018.<sup>883</sup> Although Taiwan's exports were subject to the new U.S. tariffs, Taiwan did not initiate WTO dispute proceedings or impose retaliatory tariffs in 2018. In 2017, Taiwan was the 8th-largest single-country source of U.S. steel imports, comprising 4.3 percent of all U.S. imports of steel products.<sup>884</sup> Taiwan was also the 21st-largest source for U.S. aluminum imports in 2017, comprising 0.7 percent of all U.S. aluminum imports.<sup>885</sup>

### Intellectual Property Rights Protection

The United States has been working with Taiwan to improve protection and enforcement of IPRs, and continues to monitor changes to Taiwan's Copyright Act. The Legislative Yuan<sup>886</sup> introduced draft amendments to the Copyright Act to combat illicit streaming in December 2018. Some issues, however, remain unresolved, including some licensing provisions and the role of collective management

<sup>881</sup> USTR, [2019 National Trade Estimate Report](#), March 2019, 461–63.

<sup>882</sup> American Institute in Taiwan, [“U.S. Delegation Visits Taiwan for Trade Discussion,”](#) September 2018.

<sup>883</sup> Proclamation 9705, 83 Fed. Reg. 11625 (March 15, 2018); Proclamation 9704, 83 Fed. Reg. 11619 (March 15, 2018). This exemption for Canada and Mexico expired on June 1, 2018, however, and on that date, the 25 percent tariff on steel imports and the 10 percent tariff on aluminum imports for both countries went into effect. Proclamation 9758, 83 Fed. Reg. 25849 (June 5, 2018).

<sup>884</sup> USITC DataWeb/USDOC (accessed June 27, 2019). “Steel products” here are defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 16 in chapter 99, subchapter III (provisions 9903.80.XX): HTS 7206, 7207, 7208, 7209, 7210, 7211, 7212, 7213, 7214, 7215, 7216.10.00, 7216.21.00, 7216.22.00, 7216.31.00, 7216.32.00, 7216.33.00, 7216.40.00, 7216.50.00, 7216.99.00, 7217, 7218, 7219, 7220, 7221, 7222, 7223, 7224, 7225, 7226, 7227, 7228, 7229, 7301.10.00, 7302.10, 7302.40.00, 7302.90.00, 7304, 7305, and 7306. Ranking is based on U.S. imports for consumption of steel products.

<sup>885</sup> USITC DataWeb/USDOC (accessed June 27, 2019). “Aluminum” here is defined as imports for consumption under the following HTS 4- and 6-digit tariff lines listed in U.S. note 19 for aluminum (provisions 9903.85.XX): HTS 7601, 7604, 7605, 7606, 7607, 7608, 7609, and 7616.99.51. Ranking is based on U.S. imports for consumption of aluminum.

<sup>886</sup> The Executive Yuan is the executive branch, led by the premier, and the Legislative Yuan is the legislature. See Republic of China (Taiwan), [“Executive Yuan”](#) (accessed June 7, 2019).

organizations.<sup>887</sup> Questions also remain concerning the use of copyrighted textbooks.<sup>888</sup> Following talks at the September 2018 meeting, the United States and Taiwan agreed to a Digital Anti-Piracy Work Plan to continue addressing enforcement cooperation, legislative reforms to the Copyright Act, and legitimate teaching materials.<sup>889</sup>

## Investment

Investment is another issue that remains a top priority in U.S.-Taiwan discussions, and was one of the chief topics discussed at the September 2018 meeting.<sup>890</sup> Taiwan limits investment into certain sectors, including agriculture, some manufacturing, and some services. Taiwan's Executive Yuan is currently considering amendments to Taiwan's Statute for Investment by Foreign Nationals that would exempt U.S. investments under \$1.0 million from the approval process.<sup>891</sup>

The Deputy Assistant Secretary for Manufacturing at the U.S. Department of Commerce International Trade Administration visited Taiwan in December 2018 to discuss market access issues and to promote Taiwanese investment into the United States through participation in the SelectUSA Summit.<sup>892</sup> The SelectUSA Investment Summit, hosted by the U.S. Department of Commerce to encourage foreign direct investment into the United States, occurred June 20–22, 2018. The summit was attended by 120 delegates from Taiwan, representing advanced manufacturing, petrochemicals, iron and steel, information and communication technology, biotechnology, banking, machinery, aerospace, and franchising.<sup>893</sup>

## Agriculture

The United States continued to engage with Taiwan about certain agricultural regulations, as Taiwan was the ninth-largest export market for U.S. agricultural goods in 2018.<sup>894</sup> Starting in November 2017, Taiwan banned the entry of ready-to-cook potatoes that had any amount of the color green ("greening") on them, because it might indicate the presence of glycoalkaloids. However, after U.S. engagement, in November 2018 Taiwan ended its zero-tolerance policy, establishing instead a threshold for the amount of greening allowed.<sup>895</sup>

The United States also continued to work with Taiwan to establish maximum residue limits for ractopamine. In 2007, Taiwan notified the WTO of its intent to establish maximum residue limits for ractopamine, but has set such limits only with respect to beef muscle cuts. In the absence of established

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<sup>887</sup> USTR, [2019 National Trade Estimate Report](#), March 2019, 465.

<sup>888</sup> USTR, [2019 National Trade Estimate Report](#), March 2019, 465.

<sup>889</sup> USTR, [2019 National Trade Estimate Report](#), March 2019, 465.

<sup>890</sup> American Institute in Taiwan, "[U.S. Delegation Visits Taiwan for Trade Discussion](#)," September 2018.

<sup>891</sup> USTR, [2019 National Trade Estimate Report](#), March 2019, 466.

<sup>892</sup> USDOC, "[SelectUSA Investment Summit](#)" (accessed May 31, 2019); American Institute in Taiwan, "[Strengthening U.S.-Taiwan Trade Ties](#)," December, 2018.

<sup>893</sup> American Institute in Taiwan, "[Taiwan Delegation Gears Up](#)," June 19, 2019.

<sup>894</sup> USDA, FAS, "[Taiwan](#)" (accessed May 31, 2019).

<sup>895</sup> USTR, [2019 National Trade Estimate Report](#), March 2019, 465.

maximum limits, there is a zero tolerance for ractopamine, which can be found in other beef products and pork. This approach has led to longstanding barriers to U.S. exports of beef and pork.<sup>896</sup>

In September 2018, Taiwan sent a delegation of government officials to Washington, DC, on an agricultural trade goodwill mission.<sup>897</sup> The delegation met with members of Congress and signed “intent to purchase” agreements for \$1.56 billion in soybeans, an increase of 30 percent from their purchase order the previous year. In 2017, a similar delegation pledged to purchase \$2.8 billion in U.S. corn, soybeans, and wheat.<sup>898</sup>

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<sup>896</sup> USTR, [2019 National Trade Estimate Report](#), March 2019, 464.

<sup>897</sup> Tapei Economic and Cultural Representative Office in the U.S., [“The 2018 Taiwan Agricultural Trade Goodwill Mission,”](#) September 27, 2018.

<sup>898</sup> Tapei Economic and Cultural Representative Office in the U.S., [“The 2018 Taiwan Agricultural Trade Goodwill Mission,”](#) September 27, 2018; Office of U.S. Representative Steve King, [“King Does it Again! Taiwan Agrees to 30% Increase in U.S. Soybean Purchases,”](#) September 2018.





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# **Appendix A**

## **Data Tables**

**Table A.1** U.S. total exports to the world, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	148,626	152,965	154,944	1.3
2	Forest products	37,700	39,592	40,862	3.2
3	Chemicals and related products	217,979	227,526	243,436	7.0
4	Energy-related products	98,489	144,319	195,897	35.7
5	Textiles and apparel	21,734	22,146	22,712	2.6
6	Footwear	1,367	1,432	1,559	8.8
7	Minerals and metals	128,680	136,447	146,274	7.2
8	Machinery	128,183	136,204	143,279	5.2
9	Transportation equipment	320,006	325,578	337,942	3.8
10	Electronic products	260,426	268,546	276,896	3.1
11	Miscellaneous manufactures	47,702	49,081	52,096	6.1
12	Special provisions	40,131	42,437	48,160	13.5
Total		1,451,024	1,546,273	1,664,056	7.6

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.2** U.S. general imports to the world, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	139,097	147,329	156,588	6.3
2	Forest products	43,115	44,821	48,696	8.6
3	Chemicals and related products	259,890	268,131	311,210	16.1
4	Energy-related products	157,321	196,833	234,983	19.4
5	Textiles and apparel	120,230	121,372	127,662	5.2
6	Footwear	25,634	25,640	26,567	3.6
7	Minerals and metals	183,544	200,577	215,281	7.3
8	Machinery	179,486	196,319	214,652	9.3
9	Transportation equipment	418,311	434,860	459,726	5.7
10	Electronic products	449,853	484,121	506,065	4.5
11	Miscellaneous manufactures	124,854	130,338	139,019	6.7
12	Special provisions	85,697	90,426	100,817	11.5
Total		2,187,032	2,340,768	2,541,267	8.6

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.3** Leading U.S. total exports to the world, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1201.90	Soybeans, other than seed	22,843	21,461	17,103	-20.3
2709.00	Petroleum oils and oils from bituminous minerals, crude	9,380	22,594	47,190	108.9
2710.12	Light oils and preparations containing 70% by weight petroleum oils or oils from bituminous minerals, not containing biodiesel, not waste oils	24,272	29,557	39,154	32.5
2710.19	Petroleum oils, oils from bituminous minerals (other than crude) & products containing by weight 70% or more of these oils, not biodiesel or waste	37,729	48,156	54,998	14.2
2711.12	Propane, liquefied	7,401	12,368	14,910	20.6
3004.90	Medicaments, in measured doses, etc. (excluding vaccines, etc., coated bandages etc., and pharmaceutical goods), n.e.s.o.i.	19,096	17,128	17,855	4.2
7102.39	Diamonds, nonindustrial, worked, including polished or drilled	18,845	17,897	19,471	8.8
7108.12	Gold, nonmonetary, unwrought n.e.s.o.i. (other than powder)	17,518	19,610	20,131	2.7
8473.30	Parts and accessories for automatic data processing machines and units thereof, magnetic or optical readers, transcribing machines, etc., n.e.s.o.i.	15,502	15,527	17,741	14.3
8486.20	Machines and apparatus for the manufacture of semiconductor devices or of electronic integrates circuits	8,833	12,490	12,294	-1.6
8517.62	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	18,857	17,592	17,742	0.9
8542.31	Processors and controllers, electronic integrated circuits	19,849	18,963	19,097	0.7
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	21,924	18,703	17,401	-7.0
8703.24	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 3,000 cc	18,604	18,814	17,852	-5.1
8800.00	Civilian aircraft, engines, and parts	120,929	120,988	130,384	7.8
	Total of items shown	381,582	411,846	463,322	12.5
	All other HTS subheadings	1,069,442	1,134,427	1,200,733	5.8
	Total of all commodities	1,451,024	1,546,273	1,664,056	7.6

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included; cc = cubic centimeter; gvw = gross vehicle weight.

**Table A.4** Leading U.S. general imports from the world by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
2709.00	Petroleum oils and oils from bituminous minerals, crude	101,704	132,936	157,030	18.1
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	106,344	101,633	102,806	1.2
3004.90	Medicaments, in measured doses, etc. (excluding vaccines, etc., coated bandages etc., and pharmaceutical goods), n.e.s.o.i.	51,062	50,120	55,950	11.6
8517.12	Telephones for cellular networks or for other wireless networks	49,795	55,955	52,839	-5.6
8517.62	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	45,356	47,630	47,299	-0.7
8471.30	Portable automatic data processing machines, weight not more than 10 kg, consisting of at least a central processing unit, keyboard & a display	35,861	39,988	39,695	-0.7
8703.24	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 3,000 cc	50,092	47,121	39,141	-16.9
2710.19	Petroleum oils, oils from bituminous minerals (other than crude) & products containing by weight 70% or more of these oils, not biodiesel or waste	21,563	26,769	35,083	31.1
8471.50	Processing units other than those of 8471.41 and 8471.49, n.e.s.o.i.	19,629	23,418	31,698	35.4
8473.30	Parts and accessories for automatic data processing machines and units thereof, magnetic or optical readers, transcribing machines, etc., n.e.s.o.i.	15,208	21,940	27,050	23.3
2710.12	Light oils and preparations containing 70% by weight petroleum oils or oils from bituminous minerals, not containing biodiesel, not waste oils	17,224	18,552	23,507	26.7
7102.39	Diamonds, nonindustrial, worked, including polished or drilled	23,019	21,541	23,295	8.1
8542.31	Processors and controllers, electronic integrated circuits	20,888	21,043	21,572	2.5
8703.22	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,000 cc but not over 1,500 cc	10,963	15,994	20,744	29.7
8704.31	Motor vehicles for goods transport n.e.s.o.i., with spark-ignition internal combustion piston engine, gvw not over 5 metric tons	15,890	15,827	17,667	11.6
Total of items shown		584,597	640,467	695,376	8.6
All other HTS subheadings		1,602,435	1,700,301	1,845,890	8.6
Total of all commodities		2,187,032	2,340,768	2,541,267	8.6

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included; cc = cubic centimeter; gvw = gross vehicle weight.



**Table A.5** U.S. merchandise trade with top 15 single-country trading partners, 2018

Rank	Country	Total exports	General imports	Total	% of total trade
Million \$					
1	China	120,341	539,495	659,836	15.7
2	Canada	298,719	318,414	617,133	14.7
3	Mexico	265,010	346,524	611,534	14.5
4	Japan	74,967	142,596	217,562	5.2
5	Germany	57,654	125,904	183,558	4.4
6	South Korea	56,344	74,223	130,568	3.1
7	United Kingdom	66,228	60,784	127,013	3.0
8	France	36,326	52,519	88,845	2.1
9	India	33,120	54,007	87,127	2.1
10	Italy	23,153	54,714	77,867	1.9
11	Taiwan	30,243	45,761	76,004	1.8
12	Netherlands	49,391	24,599	73,990	1.8
13	Brazil	39,494	30,940	70,434	1.7
14	Ireland	10,687	57,468	68,155	1.6
15	Switzerland	22,231	41,135	63,365	1.5
	Top 15	1,183,909	1,969,083	3,152,992	75.0
	All others	480,147	572,183	1,052,330	25.0
	Total	1,664,056	2,541,267	4,205,322	100.0

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.6** Top 15 U.S. single-country merchandise export markets, 2018

Rank	Country	Million \$	% of total exports
1	Canada	298,719	18.0
2	Mexico	265,010	15.9
3	China	120,341	7.2
4	Japan	74,967	4.5
5	United Kingdom	66,228	4.0
6	Germany	57,654	3.5
7	South Korea	56,344	3.4
8	Netherlands	49,391	3.0
9	Brazil	39,494	2.4
10	Hong Kong	37,460	2.3
11	France	36,326	2.2
12	Singapore	33,141	2.0
13	India	33,120	2.0
14	Belgium	31,416	1.9
15	Taiwan	30,243	1.8
	Top 15	1,229,854	73.9
	All others	434,201	26.1
	Total	1,664,056	100.0

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.7** Top 15 U.S. single-country merchandise import sources, 2018

Rank	Country	Million \$	% of total exports
1	China	539,495	21.2
2	Mexico	346,524	13.6
3	Canada	318,414	12.5
4	Japan	142,596	5.6
5	Germany	125,904	5.0
6	South Korea	74,223	2.9
7	United Kingdom	60,784	2.4
8	Ireland	57,468	2.3
9	Italy	54,714	2.2
10	India	54,007	2.1
11	France	52,519	2.1
12	Vietnam	49,211	1.9
13	Taiwan	45,761	1.8
14	Switzerland	41,135	1.6
15	Malaysia	39,384	1.5
	Top 15	2,002,138	78.8
	All others	539,128	21.2
	Total	2,541,267	100.0

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.8** U.S. private services exports to the world, by category, 2016–18

Services Industry	2016	2017	2018	% change
				2017–18
Million \$				
Travel	206,650	210,655	214,680	1.9
Charges for the use of intellectual property n.i.e.	124,387	126,523	128,748	1.8
Financial services	99,074	109,203	112,015	2.6
Professional and management consulting services	74,524	78,940	86,828	10.0
Research and development services	38,300	42,232	42,555	0.8
Air passenger fares	39,341	40,889	41,465	1.4
Technical, trade-related, and other business services	31,790	36,019	36,439	1.2
Maintenance and repair services n.i.e.	25,132	26,880	30,968	15.2
Air transport <sup>a</sup>	22,778	24,616	26,723	8.6
Sea transport <sup>b</sup>	18,078	18,707	19,514	4.3
Other	59,615	64,640	65,810	1.8
<b>Total</b>	<b>739,669</b>	<b>779,304</b>	<b>805,745</b>	<b>3.4</b>

Source: USDOC, BEA, "Interactive data, International Transactions, Services, & IIP, International Transactions Data, Table 3.1 U.S. International Trade in Services," June 20, 2019.

Note: Data for 2018 are preliminary. N.i.e. = not indicated elsewhere. Because of rounding, figures may not add up to totals shown.

<sup>a</sup> Air transport includes airport and air freight services.

<sup>b</sup> Sea transport includes sea port and sea freight services.

**Table A.9** U.S. private services imports from the world, by category, 2016–18

Services Industry	2016	2017	2018	% change
				2017–18
Million \$				
Travel	123,549	134,868	144,463	7.1
Charges for the use of intellectual property n.i.e.	46,987	53,440	56,117	5.0
Professional and management consulting services	41,901	42,156	47,612	12.9
Air passenger fares	37,410	38,892	42,043	8.1
Sea transport <sup>a</sup>	35,097	37,058	39,014	5.3
Insurance services	50,144	50,599	42,485	-16.0
Research and development services	34,083	35,231	34,618	-1.7
Computer services	29,551	31,764	32,864	3.5
Financial services	25,710	28,957	31,298	8.1
Technical, trade-related, and other business services	24,586	26,799	29,644	10.6
Other	41,106	42,069	44,189	5.0
<b>Total</b>	<b>490,124</b>	<b>521,833</b>	<b>544,347</b>	<b>4.3</b>

Source: USDOC, BEA, Interactive data, International Transactions, Services, & IIP, International Transactions Data, "Table 3.1 U.S. International Trade in Services," June 20, 2019.

Note: Data for 2018 are preliminary. N.i.e. = not indicated elsewhere. Because of rounding, figures may not add up to totals shown.

<sup>a</sup> Sea transport includes sea port and sea freight services.

**Table A.10** Antidumping cases active in 2018, by USITC investigation number

USITC investigation number	Product	Country of origin	Date of institution	USITC prelim	ITA <sup>a</sup> prelim	ITA final	USITC final	Date of final action <sup>b</sup>
Affirmative = A; Negative = N; Terminated = T								
731-TA-1343	Silicon metal	Australia	3/8/2017	A	A	A	N	4/10/2018
731-TA-1344	Silicon metal	Brazil	3/8/2017	A	A	A	N	4/10/2018
731-TA-1345	Silicon metal	Norway	3/8/2017	A	A	A	N	4/10/2018
731-TA-1346	Aluminum foil	China	3/9/2017	A	A	A	A	4/9/2018
731-TA-1347	Biodiesel	Argentina	3/23/2017	A	A	A	A	4/16/2018
731-TA-1348	Biodiesel	Indonesia	3/23/2017	A	A	A	A	4/16/2018
731-TA-1349	Wire rod	Belarus	3/28/2017	A	A	A	A	1/18/2018
731-TA-1350	Wire rod	Italy	3/28/2017	A	A	A	A	5/11/2018
731-TA-1351	Wire rod	South Korea	3/28/2017	A	A	A	A	5/11/2018
731-TA-1352	Wire rod	Russia	3/28/2017	A	A	A	A	1/18/2018
731-TA-1353	Wire rod	South Africa	3/28/2017	A	A	A	A	3/1/2018
731-TA-1354	Wire rod	Spain	3/28/2017	A	A	A	A	5/11/2018
731-TA-1355	Wire rod	Turkey	3/28/2017	A	A	A	A	5/11/2018
731-TA-1356	Wire rod	Ukraine	3/28/2017	A	A	A	A	3/1/2018
731-TA-1357	Wire rod	United Arab Emirates	3/28/2017	A	A	A	A	1/18/2018
731-TA-1358	Wire rod	United Kingdom	3/28/2017	A	A	A	A	5/11/2018
731-TA-1359	Carton closing staples	China	3/31/2017	A	A	A	A	4/30/2018
731-TA-1360	Tool chests	China	4/11/2017	A	A	A	A	5/24/2018
731-TA-1361	Tool chests	Vietnam	4/11/2017	A	A	A	A	5/24/2018
731-TA-1362	Cold-drawn mechanical tubing	China	4/19/2017	A	A	A	A	5/31/2018
731-TA-1363	Cold-drawn mechanical tubing	Germany	4/19/2017	A	A	A	A	5/31/2018
731-TA-1364	Cold-drawn mechanical tubing	India	4/19/2017	A	A	A	A	5/31/2018
731-TA-1365	Cold-drawn mechanical tubing	Italy	4/19/2017	A	A	A	A	5/31/2018
731-TA-1366	Cold-drawn mechanical tubing	South Korea	4/19/2017	A	A	A	A	5/31/2018

<b>USITC investigation number</b>	<b>Product</b>	<b>Country of origin</b>	<b>Date of institution</b>	<b>USITC prelim</b>	<b>ITA<sup>a</sup> prelim</b>	<b>ITA final</b>	<b>USITC final</b>	<b>Date of final action<sup>b</sup></b>
731-TA-1367	Cold-drawn mechanical tubing	Switzerland	4/19/2017	A	A	A	A	5/31/2018
731-TA-1368	100- to 150-seat large civil aircraft	Canada	4/27/2017	A	A	A	N	2/13/2018
731-TA-1369	Fine denier polyester staple fiber	China	5/31/2017	A	A	A	A	7/13/2018
731-TA-1370	Fine denier polyester staple fiber	India	5/31/2017	A	A	A	A	7/13/2018
731-TA-1371	Fine denier polyester staple fiber	South Korea	5/31/2017	A	A	A	A	7/13/2018
731-TA-1372	Fine denier polyester staple fiber	Taiwan	5/31/2017	A	A	A	A	7/13/2018
731-TA-1374	Citric acid and certain citrate salts	Belgium	6/2/2017	A	A	A	A	7/10/2018
731-TA-1375	Citric acid and certain citrate salts	Colombia	6/2/2017	A	A	A	A	7/10/2018
731-TA-1376	Citric acid and certain citrate salts	Thailand	6/2/2017	A	A	A	A	7/10/2018
731-TA-1377	Ripe olives	Spain	6/22/2017	A	A	A	A	7/25/2018
731-TA-1378	Low melt polyester staple fiber	South Korea	6/27/2017	A	A	A	A	8/6/2018
731-TA-1379	Low melt polyester staple fiber	Taiwan	6/27/2017	A	A	A	A	8/6/2018
731-TA-1380	Tapered roller bearings	South Korea	6/28/2017	A	A	A	A	8/6/2018
731-TA-1381	Cast iron soil pipe fittings	China	7/13/2017	A	A	A	A	8/22/2018
731-TA-1382	Uncoated groundwood paper	Canada	8/9/2017	A	A	A	N	9/24/2018
731-TA-1383	Stainless steel flanges	China	8/16/2017	A	A	A	A	7/28/2018
731-TA-1384	Stainless steel flanges	India	8/16/2017	A	A	A	A	10/01/2018
731-TA-1387	PET resin	Brazil	9/26/2017	A	A	A	N	11/6/2018
731-TA-1388	PET resin	Indonesia	9/26/2017	A	A	A	N	11/6/2018

Year in Trade

USITC investigation number	Product	Country of origin	Date of institution	USITC prelim	ITA <sup>a</sup> prelim	ITA final	USITC final	Date of final action <sup>b</sup>
731-TA-1389	PET resin	South Korea	9/26/2017	A	A	A	N	11/6/2018
731-TA-1390	PET resin	Pakistan	9/26/2017	A	A	A	N	11/6/2018
731-TA-1391	PET resin	Taiwan	9/26/2017	A	A	A	N	11/6/2018
731-TA-1392	PFTE resin	China	9/28/2017	A	A	A	N	11/29/2018
731-TA-1393	PFTE resin	India	9/28/2017	A	A	A	N	11/29/2018
731-TA-1394	Forged steel fittings	China	10/5/2017	A	A	A	A	11/19/2018
731-TA-1395	Forged steel fittings	Italy	10/5/2017	A	A	A	A	11/19/2018
731-TA-1396	Forged steel fittings	Taiwan	10/5/2017	A	A	A	A	9/14/2018
731-TA-1397	Sodium Gluconate	China	11/30/2017	A	A	A	A	11/1/2018
731-TA-1398	Sodium Gluconate	France	11/30/2017	N	(c)	(c)	(c)	1/23/2018
731-TA-1399	Common alloy aluminum sheet	China	12/1/2017	A	A	A	(d)	(d)
731-TA-1400	Plastic decorative ribbon	China	12/27/2017	A	A	A	(d)	(d)
731-TA-1401	Large diameter welded pipe	Canada	01/17/2018	A	A	A	(d)	(d)
731-TA-1402	Large diameter welded pipe	China	01/17/2018	A	A	A	(d)	(d)
731-TA-1403	Large diameter welded pipe	Greece	01/17/2018	A	A	A	(d)	(d)
731-TA-1404	Large diameter welded pipe	India	01/17/2018	A	A	A	(d)	(d)
731-TA-1405	Large diameter welded pipe	South Korea	01/17/2018	A	A	A	(d)	(d)
731-TA-1406	Large diameter welded pipe	Turkey	01/17/2018	A	A	A	(d)	(d)
731-TA-1407	Cast iron soil pipe	China	01/26/2018	A	A	A	(d)	(d)
731-TA-1408	Rubber bands	China	01/30/2018	A	A	A	(d)	(d)
731-TA-1409	Rubber bands	Sri Lanka	01/30/2018	T	(c)	(c)	(c)	3/19/2018
731-TA-1410	Rubber bands	Thailand	01/30/2018	A	A	A	(d)	(d)
731-TA-1411	Laminated woven sacks	Vietnam	03/07/2018	A	A	(d)	(d)	(d)
731-TA-1412	Steel wheels	China	03/27/2018	A	A	(d)	(d)	(d)
731-TA-1413	Glycine	India	03/28/2018	A	A	(d)	(d)	(d)
731-TA-1414	Glycine	Japan	03/28/2018	A	A	(d)	(d)	(d)

USITC investigation number	Product	Country of origin	Date of institution	USITC prelim	ITA <sup>a</sup> prelim	ITA final	USITC final	Date of final action <sup>b</sup>
731-TA-1415	Glycine	Thailand	03/28/2018	A	N	( <sup>c</sup> )	( <sup>c</sup> )	10/24/2018
731-TA-1416	Quartz surface products	China	04/17/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1417	Steel propane cylinders	China	05/22/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1418	Steel propane cylinders	Taiwan	05/22/2018	T	( <sup>c</sup> )	( <sup>c</sup> )	( <sup>c</sup> )	6/26/2018
731-TA-1419	Steel propane cylinders	Thailand	05/22/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1420	Steel racks	China	06/21/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1421	Steel trailer wheels	China	08/09/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1422	Strontium Chromate	Austria	09/06/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1423	Strontium Chromate	France	09/06/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1424	Mattresses	China	09/18/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1425	Refillable stainless steel kegs	China	09/20/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1426	Refillable stainless steel kegs	Germany	09/20/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1427	Refillable stainless steel kegs	Mexico	09/20/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1428	Aluminum wire and cable	China	09/21/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1429	Polyester textured yarn	China	10/18/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1430	Polyester textured yarn	India	10/18/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
731-TA-1431	Magnesium	Israel	10/24/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )

Source: U.S. International Trade Commission.

<sup>a</sup> "ITA" is the International Trade Administration of the U.S. Department of Commerce (USDOC).

<sup>b</sup> 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 USDOC is shown.

<sup>c</sup> Investigation was terminated due to negative determination, negligibility, or withdrawal of the petition.

<sup>d</sup> Pending or not applicable as of December 31, 2018.



**Table A.11** Antidumping duty orders and suspension agreements in effect as of December 31, 2018

Country	Commodity	Effective date of original action
Argentina	Lemon juice (suspended)	September 10, 2007
	Biodiesel	April 26, 2018
Austria	Carbon and alloy steel cut-to-length plate	May 25, 2017
Australia	Uncoated paper	March 5, 2016
	Hot-rolled carbon steel flat products	October 3, 2016
Belarus	Steel concrete reinforcing bar	September 7, 2001
	Carbon and alloy steel wire rod	January 24, 2018
Belgium	Stainless steel plate in coils	May 21, 1999
	Carbon and alloy steel cut-to-length plate	May 25, 2017
	Citric acid and certain citrate salts	July 25, 2018
Brazil	Iron construction castings	May 9, 1986
	Carbon steel butt-weld pipe fittings	December 17, 1986
	Circular welded nonalloy steel pipe	November 2, 1992
	Carbon steel wire rod	October 29, 2002
	Prestressed concrete steel wire strand	January 28, 2004
	Frozen warm-water shrimp and prawns	February 1, 2005
	Uncoated paper	March 5, 2016
	Cold-rolled steel flat products	September 20, 2016
	Hot-rolled carbon steel flat products	October 3, 2016
	Carbon and alloy steel cut-to-length plate	January 26, 2017
	Emulsion styrene-butadiene rubber	September 12, 2017
Canada	Iron construction castings	March 5, 1986
	Citric acid and certain citrate salts	May 29, 2009
	Polyethylene terephthalate resin	May 6, 2016
	Softwood lumber products	January 3, 2018
Chile	Preserved mushrooms	December 2, 1998
China	Potassium permanganate	January 31, 1984
	Chloropicrin	March 22, 1984
	Barium chloride	October 17, 1984
	Iron construction castings	May 9, 1986
	Petroleum wax candles	August 28, 1986
	Porcelain-on-steel cooking ware	December 2, 1986
	Tapered roller bearings	June 15, 1987
	Heavy forged hand tools—axes & adzes	February 19, 1991
	Heavy forged hand tools—bars & wedges	February 19, 1991
	Heavy forged hand tools—hammers & sledges	February 19, 1991
	Heavy forged hand tools—picks & mattocks	February 19, 1991
	Silicon metal	June 10, 1991
	Carbon steel butt-weld pipe fittings	July 6, 1992
	Sulfanilic acid	August 19, 1992
	Helical spring lock washers	October 19, 1993
	Fresh garlic	November 16, 1994
	Paper clips	November 25, 1994
	Silicomanganese	December 22, 1994
	Cased pencils	December 28, 1994
	Glycine	March 29, 1995
Pure magnesium (ingot)	May 12, 1995	
Furfuryl alcohol	June 21, 1995	
Persulfates	July 7, 1997	

<b>Country</b>	<b>Commodity</b>	<b>Effective date of original action</b>
	Crawfish tail meat	September 15, 1997
	Carbon steel plate	October 24, 1997
	Preserved mushrooms	February 19, 1999
	Steel concrete reinforcing bar	September 7, 2001
	Foundry coke	September 17, 2001
	Pure magnesium (granular)	November 19, 2001
	Hot-rolled carbon steel flat products	November 29, 2001
	Honey	December 10, 2001
	Folding gift boxes	January 8, 2002
	Ferrovandium	January 28, 2003
	Non-malleable cast iron pipe fittings	April 7, 2003
	Polyvinyl alcohol	October 1, 2003
	Barium carbonate	October 1, 2003
	Refined brown aluminum oxide	November 19, 2003
	Malleable iron pipe fittings	December 12, 2003
	Tetrahydrofurfuryl alcohol	August 6, 2004
	Ironing tables	August 6, 2004
	Polyethylene retail carrier bags	August 9, 2004
	Hand trucks	December 2, 2004
	Carbazole violet pigment 23	December 29, 2004
	Wooden bedroom furniture	January 4, 2005
	Crepe paper	January 25, 2005
	Frozen warm-water shrimp and prawns	February 1, 2005
	Tissue paper	March 30, 2005
	Magnesium	April 15, 2005
	Chlorinated isocyanurates	June 24, 2005
	Certain artist canvas	June 1, 2006
	Certain lined paper	September 28, 2006
	Certain activated carbon	April 27, 2007
	Certain polyester staple fiber	June 1, 2007
	Sodium hexametaphosphate	March 19, 2008
	Circular welded carbon quality steel pipe	July 22, 2008
	Steel nails	August 1, 2008
	Light-walled rectangular pipe and tube	August 5, 2008
	Laminated woven sacks	August 7, 2008
	Sodium nitrite	August 27, 2008
	New pneumatic off-the-road tires	September 4, 2008
	Raw flexible magnets	September 17, 2008
	Steel wire garment hangers	October 6, 2008
	Electrolytic manganese dioxide	October 7, 2008
	Polyethylene terephthalate film, sheet, and strip	November 10, 2008
	Lightweight thermal paper	November 24, 2008
	Uncovered innerspring units	February 19, 2009
	Small diameter graphite electrodes	February 26, 2009
	Circular welded austenitic stainless pressure pipe	March 17, 2009
	Steel threaded rod	April 14, 2009
	Circular welded carbon quality steel line pipe	May 13, 2009
	Citric acid and certain citrate	May 29, 2009
	Tow behind lawn groomer	August 3, 2009
	Kitchen appliance shelving and racks	September 14, 2009

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Country	Commodity	Effective date of original action
	Oil country tubular goods	May 21, 2010
	Prestressed concrete steel wire strand	June 29, 2010
	Potassium phosphate salts	July 22, 2010
	Steel grating	July 23, 2010
	Narrow woven ribbons with woven selvedge	September 1, 2010
	Magnesia carbon bricks	September 20, 2010
	Seamless carbon and alloy steel standard, line, and pressure pipe	November 10, 2010
	Coated paper suitable for high-quality print graphics using sheet-fed presses	November 17, 2010
	Seamless refined copper pipe and tube	November 22, 2010
	Aluminum extrusions	May 26, 2011
	Multilayered wood flooring	December 8, 2011
	Stilbenic optical brightening agents	May 10, 2012
	High pressure steel cylinders	June 21, 2012
	Crystalline silicon photovoltaic cells	December 7, 2012
	Utility scale wind towers	February 15, 2013
	Drawn stainless steel sinks	April 11, 2013
	Xanthan gum	July 19, 2013
	Prestressed concrete steel rail tie wire	June 24, 2014
	Monosodium glutamate	November 26, 2014
	Non-oriented electrical steel	December 3, 2014
	Carbon and certain alloy steel wire	January 8, 2015
	Calcium hypochlorite	January 30, 2015
	Crystalline silicon photovoltaic products	February 18, 2015
	Passenger vehicle and light truck tires	August 10, 2015
	Boltless steel shelving units prepackaged for sale	October 21, 2015
	Melamine	December 28, 2015
	Uncoated paper	March 5, 2016
	Polyethylene terephthalate resin	May 6, 2016
	Cold-rolled steel flat products	July 14, 2016
	Corrosion-resistant steel products	July 25, 2016
	Hydrofluorocarbon blends	August 19, 2016
	Large residential washers	February 6, 2017
	Biaxial integral geogrid products	March 3, 2017
	Ammonium Sulfate	March 9, 2017
	Amorphous Silica Fabric	March 17, 2017
	Carbon and Alloy Steel Cut-to-Length Plate	March 20, 2017
	Stainless Steel Sheet and Strip	April 3, 2017
	1,1,1,2 Tetrafluoroethane (R-134a)	April 19, 2017
	1-Hydroxyethylidene-1, 1-Diphosphonic Acid (HEDP)	May 18, 2017
	Hardwood Plywood Products	January 4, 2018
	Aluminum Foil	April 19, 2018
	Carton-Closing Staples	May 8, 2018
	Tool Chests and Cabinets	June 4, 2018
	Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel	June 11, 2018
	Fine Denier Polyester Staple Fiber	July 20, 2018
	Stainless Steel Flanges	August 1, 2018
	Cast Iron Soil Pipe Fittings	August 31, 2018
	Sodium Gluconate	November 26, 2018
	Forged Steel Fittings	November 26, 2018

<b>Country</b>	<b>Commodity</b>	<b>Effective date of original action</b>
Colombia	Citric acid and certain citrate salts	July 25, 2018
France	Brass sheet & strip	March 6, 1987
	Low enriched uranium	February 13, 2002
	Carbon and alloy steel cut-to-length plate	May 25, 2017
Germany	Brass sheet & strip	March 6, 1987
	Seamless pipe	August 3, 1995
	Sodium nitrite	August 27, 2008
	Non-oriented electrical steel	December 3, 2014
	Carbon and alloy steel cut-to-length plate	May 25, 2017
	Cold-drawn mechanical tubing of carbon and alloy steel	June 11, 2018
India	Welded carbon steel pipe	May 12, 1986
	Sulfanilic acid	March 2, 1993
	Stainless steel wire rod	December 1, 1993
	Preserved mushrooms	February 19, 1999
	Carbon steel plate	February 10, 2000
	Hot-rolled carbon steel flat products	December 3, 2001
	Silicomanganese	May 23, 2002
	Polyethylene terephthalate (PET) film	July 1, 2002
	Prestressed concrete steel wire strand	January 28, 2004
	Carbazole violet pigment 23	December 29, 2004
	Frozen warm-water shrimp and prawns	February 1, 2005
	Certain lined paper	September 28, 2006
	Commodity matchbooks	December 11, 2009
	Oil country tubular goods	September 10, 2014
	Polyethylene terephthalate resin	May 6, 2016
	Corrosion-resistant steel products	July 25, 2016
	Cold-rolled steel flat products	September 20, 2016
	Welded stainless pressure pipe	November 17, 2016
	New pneumatic off-the-road tires	March 6, 2017
	Finished carbon steel flanges	August 24, 2017
	Cold-drawn mechanical tubing of carbon and alloy steel	June 11, 2018
	Fine denier polyester staple fiber	July 20, 2018
	Stainless steel flanges	October 9, 2018
Indonesia	Preserved mushrooms	February 19, 1999
	Carbon steel plate	February 10, 2000
	Steel concrete reinforcing bar	September 7, 2001
	Hot-rolled carbon steel flat products	December 3, 2001
	Carbon steel wire rod	October 29, 2002
	Polyethylene retail carrier bags	May 4, 2010
	Coated paper suitable for high-quality print graphics using sheet-fed presses	November 17, 2010
	Monosodium glutamate	November 26, 2014
	Uncoated paper	March 5, 2016
	Biodiesel	April 26, 2018
Iran	Raw in-shell pistachios	July 17, 1986
Italy	Pressure sensitive plastic tape	October 21, 1977
	Brass sheet & strip	March 6, 1987
	Granular polytetrafluoroethylene resin	August 30, 1988
	Pasta	July 24, 1996
	Stainless steel butt-weld pipe fittings	February 23, 2001

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Country	Commodity	Effective date of original action
	Corrosion-resistant steel products	July 25, 2016
	Carbon and alloy steel cut-to-length plate	May 25, 2017
	Finished Carbon Steel Flanges	August 24, 2017
	Carbon and alloy steel wire rod	May 21, 2018
	Cold-drawn mechanical tubing of carbon and alloy steel	June 11, 2018
	Forged steel fittings	November 26, 2018
Japan	Prestressed concrete steel wire strand	December 8, 1978
	Carbon steel butt-weld pipe fittings	February 10, 1987
	Brass sheet & strip	August 12, 1988
	Gray portland cement & clinker	May 10, 1991
	Clad steel plate	July 2, 1996
	Stainless steel wire rod	September 15, 1998
	Stainless steel sheet & strip	July 27, 1999
	Large diameter seamless pipe	June 26, 2000
	Small diameter seamless pipe	June 26, 2000
	Tin mill products	August 28, 2000
	Welded large diameter line pipe	December 6, 2001
	Polyvinyl alcohol	July 2, 2003
	Diffusion-annealed, nickel-plated flat-rolled steel products	May 29, 2014
	Non-oriented electrical steel	December 3, 2014
	Cold-rolled steel flat products	July 14, 2016
	Hot-rolled carbon steel flat products	October 3, 2016
	Carbon and alloy steel cut-to-length plate	May 25, 2017
	Steel concrete reinforcing bar	July 14, 2017
Kazakhstan	Silicomanganese	May 23, 2002
Latvia	Steel concrete reinforcing bar	September 7, 2001
Malaysia	Stainless steel butt-weld pipe fittings	February 23, 2001
	Polyethylene retail carrier bags	August 9, 2004
	Welded stainless pressure pipe	July 21, 2014
	Steel nails	July 13, 2015
Mexico	Circular welded nonalloy steel pipe	November 2, 1992
	Fresh tomatoes (suspended)	November 1, 1996
	Carbon steel wire rod	October 29, 2002
	Prestressed concrete steel wire strand	January 28, 2004
	Light-walled rectangular pipe and tube	August 5, 2008
	Magnesia carbon bricks	September 20, 2010
	Seamless refined copper pipe and tube	November 22, 2010
	Large residential washers	February 15, 2013
	Prestressed concrete steel rail tie wire	June 24, 2014
	Steel concrete reinforcing bar	November 6, 2014
	Heavy walled rectangular welded carbon steel pipes and tubes	September 13, 2016
	Emulsion styrene-butadiene rubber	September 12, 2017
Moldova	Steel concrete reinforcing bar	September 7, 2001
	Carbon steel wire rod	October 29, 2002
Netherlands	Hot-rolled carbon steel flat products	October 3, 2016
Oman	Steel nails	July 13, 2015
	Polyethylene terephthalate resin	May 6, 2016
Philippines	Stainless steel butt-weld pipe fittings	February 23, 2001
Poland	Steel concrete reinforcing bar	September 7, 2001
	Emulsion styrene-butadiene rubber	September 12, 2017

<b>Country</b>	<b>Commodity</b>	<b>Effective date of original action</b>
Portugal	Uncoated paper	March 5, 2016
Romania	Small diameter seamless pipe	August 10, 2000
Russia	Uranium (suspended)	October 16, 1992
	Carbon steel plate (suspended)	October 24, 1997
	Hot-rolled carbon steel flat products	July 12, 1999
	Silicon metal	March 26, 2003
	Carbon and alloy steel wire rod	January 24, 2018
South Africa	Stainless steel plate in coils	May 21, 1999
	Ferrovandium	January 28, 2003
	Uncovered innerspring units	December 11, 2008
	Carbon and alloy steel cut-to-length plate	January 26, 2017
	Carbon and alloy steel wire rod	March 14, 2018
South Korea	Circular welded nonalloy steel pipe	November 2, 1992
	Welded ASTM A-312 stainless steel pipe	December 30, 1992
	Stainless steel wire rod	September 15, 1998
	Stainless steel sheet & strip	July 27, 1999
	Carbon steel plate	February 10, 2000
	Polyester staple fiber	May 25, 2000
	Prestressed concrete steel wire strand	January 28, 2004
	Light-walled rectangular pipe and tube	August 5, 2008
	Large power transformers	August 31, 2012
	Large residential washers	February 15, 2013
	Oil country tubular goods	September 10, 2014
	Non-oriented electrical steel	December 3, 2014
	Steel nails	July 13, 2015
	Welded line pipe	December 1, 2015
	Corrosion-resistant steel products	July 25, 2016
	Heavy walled rectangular welded carbon steel pipes and tubes	September 13, 2016
	Cold-rolled steel flat products	September 20, 2016
	Hot-rolled carbon steel flat products	October 3, 2016
	Phosphor copper	April 24, 2017
	Ferrovandium	May 15, 2017
	Carbon and alloy steel cut-to-length plate	May 25, 2017
	Diocetyl Terephthalate (DOTP)	August 18, 2017
	Emulsion styrene-butadiene rubber	September 12, 2017
	Carbon and alloy steel wire rod	May 21, 2018
	Cold-drawn mechanical tubing of carbon and alloy steel	June 11, 2018
	Fine denier polyester staple fiber	July 20, 2018
	Low melt polyester staple fiber	August 16, 2018
Spain	Chlorinated isocyanurates	June 24, 2005
	Finished carbon steel flanges	June 14, 2017
	Carbon and alloy steel wire rod	May 21, 2018
	Ripe olives	August 1, 2018
Sweden	Non-oriented electrical steel	December 3, 2014
Switzerland	Cold-drawn mechanical tubing of carbon and alloy steel	June 11, 2018
Taiwan	Small diameter carbon steel pipe	May 7, 1984
	Carbon steel butt-weld pipe fittings	December 17, 1986
	Light-walled rectangular tube	March 27, 1989
	Circular welded nonalloy steel pipe	November 2, 1992
	Welded ASTM A-312 stainless steel pipe	December 30, 1992

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Country	Commodity	Effective date of original action
	Helical spring lock washers	June 28, 1993
	Stainless steel wire rod	September 15, 1998
	Stainless steel plate in coils	May 21, 1999
	Stainless steel sheet & strip	July 27, 1999
	Polyester staple fiber	May 25, 2000
	Hot-rolled carbon steel flat products	November 29, 2001
	Polyethylene terephthalate (PET) film	July 1, 2002
	Raw flexible magnets	September 17, 2008
	Polyethylene retail carrier bags	May 4, 2010
	Narrow woven ribbons with woven selvage	September 1, 2010
	Stilbenic optical brightening agent	May 10, 2012
	Steel wire garment hangers	December 10, 2012
	Non-oriented electrical steel	December 3, 2014
	Crystalline silicon photovoltaic products	February 18, 2015
	Steel nails	July 13, 2015
	Corrosion-resistant steel products	July 25, 2016
	Carbon and alloy steel cut-to-length plate	May 25, 2017
	Steel concrete reinforcing bar	October 2, 2017
	Fine denier polyester staple fiber	July 20, 2018
	Low melt polyester staple fiber	August 16, 2018
	Forged steel fittings	September 24, 2018
Thailand	Welded carbon steel pipe	March 11, 1986
	Carbon steel butt-weld pipe fittings	July 6, 1992
	Hot-rolled carbon steel flat products	November 29, 2001
	Prestressed concrete steel wire strand	January 28, 2004
	Polyethylene retail carrier bags	August 9, 2004
	Frozen warm-water shrimp and prawns	February 1, 2005
	Welded stainless pressure pipe	July 21, 2014
	Citric acid and certain citrate salts	July 25, 2018
Trinidad & Tobago	Carbon steel wire rod	October 29, 2002
Turkey	Welded carbon steel pipe	May 15, 1986
	Pasta	July 24, 1996
	Light-walled rectangular pipe and tube	May 30, 2008
	Oil country tubular goods	September 10, 2014
	Welded line pipe	December 1, 2015
	Heavy walled rectangular welded carbon steel pipes and tubes	September 13, 2016
	Hot-rolled carbon steel flat products	October 3, 2016
	Carbon and alloy steel cut-to-length plate	January 26, 2017
	Steel concrete reinforcing bar	July 14, 2017
	Carbon and alloy steel wire rod	May 21, 2018
United Kingdom	Cold-rolled steel flat products	September 20, 2016
	Hot-rolled carbon steel flat products	October 3, 2016
	Carbon and alloy steel wire rod	May 21, 2018
Ukraine	Carbon steel plate (suspended)	October 24, 1997
	Steel concrete reinforcing bar	September 7, 2001
	Hot-rolled carbon steel flat products	November 29, 2001
	Silicomanganese	September 17, 2001
	Carbon and alloy steel wire rod	March 14, 2018



<b>Country</b>	<b>Commodity</b>	<b>Effective date of original action</b>
United Arab Emirates	Polyethylene terephthalate film, sheet, and strip	November 10, 2008
	Carbon and alloy steel wire rod	January 24, 2018
	Steel nails	May 10, 2012
Venezuela	Silicomanganese	May 23, 2002
Vietnam	Frozen fish fillets	August 12, 2003
	Frozen warm-water shrimp and prawns	February 1, 2005
	Uncovered innerspring units	December 11, 2008
	Polyethylene retail carrier bags	May 4, 2010
	Steel wire garment hangers	February 5, 2013
	Utility scale wind towers	February 15, 2013
	Welded stainless pressure pipe	July 21, 2014
	Oil country tubular goods	September 10, 2014
	Steel nails	July 13, 2015
	Tool chests and cabinets	June 4, 2018

Source: U.S. International Trade Commission (USITC)..

**Table A.12** Countervailing duty cases active in 2018, by USITC investigation number

USITC investigation								
no.	Product	Country of origin	Date of institution	USITC prelim	ITA <sup>a</sup> prelim	ITA final	USITC final	Date of final action <sup>b</sup>
Affirmative = A; Negative = N; Terminated =T								
701-TA-567	Silicon metal	Australia	3/8/2017	A	A	A	N	4/11/2018
701-TA-568	Silicon metal	Brazil	3/8/2017	A	A	A	N	4/11/2018
701-TA-569	Silicon metal	Kazakhstan	3/8/2017	A	A	A	N	4/11/2018
701-TA-570	Aluminum foil	China	3/9/2017	A	A	A	A	4/9/2018
701-TA-573	Wire rod	Italy	3/28/2017	A	A	A	A	5/11/2018
701-TA-574	Wire rod	Turkey	3/28/2017	A	A	A	A	5/11/2018
701-TA-575	Tool chests	China	4/11/2017	A	A	A	A	1/16/2018
701-TA-576	Cold-drawn mechanical tubing	China	4/19/2017	A	A	A	A	1/24/2018
701-TA-577	Cold-drawn mechanical tubing	India	4/19/2017	A	A	A	A	1/24/2018
701-TA-578	100- to 150-seat large civil aircraft	Canada	4/27/2017	A	A	A	N	2/9/2018
701-TA-579	Fine denier polyester staple fiber	China	5/31/2017	A	A	A	A	3/7/2018
701-TA-580	Fine denier polyester staple fiber	India	5/31/2017	A	A	A	A	3/7/2018
701-TA-581	Citric acid	Thailand	6/2/2017	A	A	N	( <sup>c</sup> )	6/5/2018
701-TA-582	Ripe olives	Spain	6/22/2017	A	A	A	A	7/25/2018
701-TA-583	Cast iron soil pipe fittings	China	7/13/2017	A	A	A	A	8/22/2018
701-TA-584	Uncoated groundwood paper	Canada	8/9/2017	A	A	A	N	9/24/2018
701-TA-585	Stainless steel flanges	China	8/16/2017	A	A	A	A	5/29/2018
701-TA-586	Stainless steel flanges	India	8/16/2017	A	A	A	A	10/1/2018
701-TA-588	PFTE resin	India	9/28/2017	A	A	A	N	7/6/2018
701-TA-589	Forged steel fittings	China	10/5/2017	A	A	A	A	11/19/2018
701-TA-590	Sodium Gluconate	China	11/30/2017	A	A	A	A	11/1/2018
701-TA-591	Common alloy aluminum sheet	China	12/1/2017	A	A	A	A	( <sup>d</sup> )
701-TA-592	Plastic decorative ribbon	China	12/27/2017	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )

USITC investigation								
no.	Product	Country of origin	Date of institution	USITC prelim	ITA <sup>a</sup> prelim	ITA final	USITC final	Date of final action <sup>b</sup>
701-TA-593	Large diameter welded pipe	China	01/17/2018	A	A	A	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-594	Large diameter welded pipe	India	01/17/2018	A	A	A	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-595	Large diameter welded pipe	South Korea	01/17/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-596	Large diameter welded pipe	Turkey	01/17/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-597	Cast iron soil pipe	China	01/26/2018	A	A	A	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-598	Rubber bands	China	01/30/2018	A	A	A	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-599	Rubber bands	Sri Lanka	01/30/2018	T	( <sup>c</sup> )	( <sup>c</sup> )	( <sup>c</sup> )	3/19/2018
701-TA-600	Rubber bands	Thailand	01/30/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-601	Laminated woven sacks	Vietnam	03/07/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-602	Steel wheels	China	03/27/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-603	Glycine	China	03/28/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-604	Glycine	India	03/28/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-605	Glycine	Thailand	03/28/2018	A	N	( <sup>c</sup> )	( <sup>c</sup> )	5/21/2018
701-TA-606	Quartz surface products	China	04/17/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-607	Steel propane cylinders	China	05/22/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-608	Steel racks	China	06/21/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-609	Steel trailer wheels	China	08/09/2018	A	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-610	Refillable stainless steel kegs	China	09/20/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-611	Aluminum wire and cable	China	09/21/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-612	Polyester textured yarn	China	10/18/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-613	Polyester textured yarn	India	10/18/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
701-TA-614	Magnesium	Israel	10/24/2018	A	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )

Source: U.S. International Trade Commission (USITC).

<sup>a</sup> "ITA" is the International Trade Administration of the U.S. Department of Commerce (USDOC).

<sup>b</sup> 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 USDOC is shown.

<sup>c</sup> Investigation was terminated due to negative determination, negligibility, or withdrawal of the petition.

<sup>d</sup> Pending or not applicable as of December 31, 2018.

**Table A.13** Countervailing duty orders and suspension agreements in effect as of December 31, 2018

Country	Commodity	Effective date of original action
Argentina	Biodiesel	January 4, 2018
Brazil	Heavy iron construction castings	May 15, 1986
	Carbon steel wire rod	October 22, 2002
	Cold-rolled steel flat products	September 20, 2016
	Hot-rolled carbon steel flat products	October 3, 2016
	Supercalendered paper	December 10, 2015
Canada	Softwood lumber products	January 3, 2018
China	Heavy forged hand tools - hammers & sledges	February 19, 1991
	Circular welded carbon quality steel pipe	July 22, 2008
	Light-walled rectangular pipe and tube	August 5, 2008
	Laminated woven sacks	August 7, 2008
	Sodium nitrite	August 27, 2008
	New pneumatic off-the-road tires	September 4, 2008
	Raw flexible magnets	September 17, 2008
	Lightweight thermal paper	November 24, 2008
	Circular welded carbon quality steel line pipe	January 23, 2009
	Circular welded austenitic stainless pressure pipe	March 19, 2009
	Citric acid and certain citrate salts	May 29, 2009
	Kitchen appliance shelving and racks	September 14, 2009
	Oil country tubular goods	January 20, 2010
	Prestressed concrete steel wire strand	July 7, 2010
	Potassium phosphate salts	July 22, 2010
	Steel grating	July 23, 2010
	Narrow woven ribbons with woven selvage	September 1, 2010
	Magnesia carbon bricks	September 21, 2010
	Seamless carbon and alloy steel standard, line, and pressure pipe	November 10, 2010
	Coated paper suitable for high-quality print graphics using sheet-fed presses	November 17, 2010
	Aluminum extrusions	May 26, 2011
	Multilayered wood flooring	December 8, 2011
	High pressure steel cylinders	June 21, 2012
	Crystalline silicon photovoltaic cells	December 7, 2012
	Utility scale wind towers	February 15, 2013
	Drawn stainless steel sinks	April 11, 2013
	Chlorinated isocyanurates	November 13, 2014
	Non-oriented electrical steel	December 3, 2014
	Carbon and certain alloy steel wire	January 8, 2015
	Calcium hypochlorite	January 30, 2015
Crystalline silicon photovoltaic products	February 18, 2015	
Passenger vehicle and light truck tires	August 10, 2015	
Boltless steel shelving units prepackaged for sale	October 21, 2015	
Melamine	December 28, 2015	
Uncoated paper	March 5, 2016	
Polyethylene terephthalate resin	May 6, 2016	
Cold-rolled steel flat products	July 14, 2016	
Corrosion-resistant steel products	July 25, 2016	
Biaxial integral geogrid products	March 3, 2017	
Ammonium sulfate	March 6, 2017	
Amorphous silica fabric	March 6, 2017	

Country	Commodity	Effective date of original action
	Carbon and alloy steel cut-to-length plate	March 9, 2017
	Stainless steel sheet and strip	March 17, 2017
	1-hydroxyethylidene-1, 1-diphosphonic acid (hedp)	March 20, 2017
	Hardwood plywood products	January 4, 2018
	Tool Chests and Cabinets	January 24, 2018
	Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel	February 1, 2018
	Fine denier polyester staple fiber	March 16, 2018
	Aluminum foil	April 19, 2018
	Stainless steel flanges	June 5, 2018
	Cast iron soil pipe fittings	August 31, 2018
	Sodium gluconate	November 13, 2018
	Forged steel fittings	November 26, 2018
India	Sulfanilic acid	March 2, 1993
	Carbon steel plate	February 10, 2000
	Hot-rolled carbon steel flat products	December 3, 2001
	Polyethylene terephthalate (PET) film	July 1, 2002
	Prestressed concrete steel wire strand	February 4, 2004
	Carbazole violet pigment 23	December 29, 2004
	Certain lined paper	September 28, 2006
	Commodity matchbooks	December 11, 2009
	Oil country tubular goods	September 10, 2014
	Polyethylene terephthalate resin	May 6, 2016
	Corrosion-resistant steel products	July 25, 2016
	Cold-rolled steel flat products	September 20, 2016
	Welded stainless pressure pipe	November 17, 2016
	New pneumatic off-the-road tires	April 3, 2017
	Finished carbon steel flanges	May 18, 2017
	Cold-drawn mechanical tubing of carbon and alloy steel	February 21, 2018
	Fine denier polyester staple fiber	March 16, 2018
	Stainless steel flanges	October 05, 2018
Indonesia	Carbon steel plate	February 10, 2000
	Hot-rolled carbon steel flat products	December 3, 2001
	Coated paper suitable for high-quality print graphics using sheet-fed presses	November 17, 2010
	Uncoated paper	March 5, 2016
	Biodiesel	January 4, 2018
Iran	Raw in-shell pistachios	March 11, 1986
	Roasted in-shell pistachios	October 7, 1986
Italy	Pasta	July 24, 1996
	Corrosion-resistant steel products	July 25, 2016
	Carbon and alloy steel wire rod	May 21, 2018
Russia	Uranium (suspended)	October 16, 1992
South Africa	Stainless steel plate in coils	May 11, 1999
South Korea	Stainless steel sheet & strip	August 6, 1999
	Carbon steel plate	February 10, 2000
	Large residential washers	February 15, 2013
	Corrosion-resistant steel products	July 25, 2016
	Cold-rolled steel flat products	September 20, 2016
	Hot-rolled carbon steel flat products	October 3, 2016
	Carbon and alloy steel cut-to-length plate	May 25, 2017

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<b>Country</b>	<b>Commodity</b>	<b>Effective date of original action</b>
Spain	Ripe olives	August 01, 2018
Taiwan	Non-oriented electrical steel	December 3, 2014
Thailand	Hot-rolled carbon steel flat products	December 3, 2001
Turkey	Welded carbon steel pipe	March 7, 1986
	Pasta	July 24, 1996
	Oil country tubular goods	September 10, 2014
	Steel concrete reinforcing bar	November 6, 2014
	Welded line pipe	December 1, 2015
	Heavy walled rectangular welded carbon steel pipes and tubes	September 13, 2016
	Steel concrete reinforcing bar	August 24, 2017
	Carbon and alloy steel wire rod	May 21, 2018
Vietnam	Polyethylene retail carrier bags	May 4, 2010
	Steel wire garment hangers	February 5, 2013
	Steel nails	July 14, 2015

Source: U.S. International Trade Commission (USITC).

**Table A.14** Reviews of existing antidumping and countervailing duty orders and suspended investigations completed in 2018, by date of completion

<b>USITC</b>				
<b>investigation number</b>	<b>Product</b>	<b>Country of origin</b>	<b>Action</b>	<b>Completion date<sup>a</sup></b>
731-TA-866	Stainless steel butt-weld pipe fittings	Malaysia	Continued	1/8/2018
731-TA-865	Stainless steel butt-weld pipe fittings	Italy	Continued	1/8/2018
731-TA-867	Stainless steel butt-weld pipe fittings	Philippines	Continued	1/8/2018
731-TA-536	Circular welded nonalloy steel pipe	Taiwan	Continued	1/18/2018
731-TA-534	Circular welded nonalloy steel pipe	Mexico	Continued	1/18/2018
731-TA-532	Circular welded nonalloy steel pipe	Brazil	Continued	1/18/2018
731-TA-533	Circular welded nonalloy steel pipe	South Korea	Continued	1/18/2018
731-TA-132	Small diameter carbon steel pipe	Taiwan	Continued	1/18/2018
731-TA-271	Welded carbon steel pipe	India	Continued	1/18/2018
731-TA-273	Welded carbon steel pipe	Turkey	Continued	1/18/2018
731-TA-252	Welded carbon steel pipe	Thailand	Continued	1/18/2018
701-TA-253	Welded carbon steel pipe	Turkey	Continued	1/18/2018
731-TA-1095	Lined paper school supplies	China	Continued	2/2/2018
701-TA-442	Lined paper school supplies	India	Continued	2/2/2018
731-TA-1096	Lined paper school supplies	India	Continued	2/2/2018
731-TA-709	Seamless pipe	Germany	Continued	2/13/2018
701-TA-389	Cut-to-length carbon steel plate	Indonesia	Continued	2/26/2018
701-TA-388	Cut-to-length carbon steel plate	India	Continued	2/26/2018
701-TA-391	Cut-to-length carbon steel plate	South Korea	Continued	2/26/2018
731-TA-817	Cut-to-length carbon steel plate	India	Continued	2/26/2018
731-TA-818	Cut-to-length carbon steel plate	Indonesia	Continued	2/26/2018
731-TA-821	Cut-to-length carbon steel plate	South Korea	Continued	2/26/2018
731-TA-895	Pure magnesium	China	Continued	2/27/2018
731-TA-1104	Polyester staple fiber	China	Continued	3/15/2018
731-TA-893	Honey	China	Continued	4/16/2018
731-TA-891	Foundry coke	China	Continued	4/18/2018
731-TA-472	Silicon metal	China	Continued	5/15/2018
701-TA-487	Steel wire garment hangers	Vietnam	Continued	5/16/2018
731-TA-1198	Steel wire garment hangers	Vietnam	Continued	5/16/2018
731-TA-1197	Steel wire garment hangers	Taiwan	Continued	5/16/2018
731-TA-894	Ammonium nitrate	Ukraine	Terminated	6/12/2018
731-TA-860	Tin- and chromium-coated steel sheet	Japan	Continued	6/19/2018
731-TA-1103	Activated carbon	China	Continued	6/29/2018
731-TA-921	Folding gift boxes	China	Continued	7/2/2018
701-TA-489	Drawn stainless steel sinks	China	Continued	8/14/2018
731-TA-1201	Drawn stainless steel sinks	China	Continued	8/14/2018
731-TA-679	Stainless steel bar	India	Continued	9/17/2018
731-TA-344	Tapered roller bearings	China	Continued	9/24/2018
731-TA-1189	Large power transformers	South Korea	Continued	9/26/2018
731-TA-678	Stainless steel bar	Brazil	Revoked	10/3/2018
731-TA-681	Stainless steel bar	Japan	Revoked	10/3/2018
731-TA-682	Stainless steel bar	Spain	Revoked	10/3/2018
731-TA-1203	Xanthan gum	China	Continued	11/15/2018
731-TA-673	Silicomanganese	Ukraine	Continued	11/30/2018
731-TA-672	Silicomanganese	China	Continued	11/30/2018
731-TA-873	Steel concrete reinforcing bar	Belarus	Continued	11/30/2018
731-TA-874	Steel concrete reinforcing bar	China	Continued	11/30/2018



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<b>USITC investigation number</b>	<b>Product</b>	<b>Country of origin</b>	<b>Action</b>	<b>Completion date<sup>a</sup></b>
731-TA-880	Steel concrete reinforcing bar	Poland	Continued	11/30/2018
731-TA-878	Steel concrete reinforcing bar	Latvia	Continued	11/30/2018
731-TA-875	Steel concrete reinforcing bar	Indonesia	Continued	11/30/2018
731-TA-882	Steel concrete reinforcing bar	Ukraine	Continued	11/30/2018
731-TA-879	Steel concrete reinforcing bar	Moldova	Continued	11/30/2018
731-TA-739	Clad steel plate	Japan	Continued	12/6/2018
731-TA-1110	Sodium Hexametaphosphate	China	Continued	12/7/2018
731-TA-909	Low enriched uranium	France	Terminated	12/24/2018

Source: U.S. International Trade Commission (USITC).

<sup>a</sup> The completion date shown is the date of the USITC notification of U.S. Department of Commerce, except in the case of a revocation where the date shown is the date of the International Trade Administration's *Federal Register* notice.

**Table A.15** Section 337 investigations and related proceedings completed by the Commission during 2018 and those pending on December 31, 2018

<b>Status of investigation</b>	<b>Article</b>	<b>Country<sup>a</sup></b>	<b>Commission determination<sup>b</sup></b>
<b>Completed</b>			
337-TA-921	Certain marine sonar imaging devices, including downscan and sidescan devices, products containing the same, and components thereof	Taiwan	One related (ancillary) enforcement proceeding and one related (ancillary) rescission proceeding; terminated based on a settlement agreement.
337-TA-929	Certain beverage brewing capsules, components thereof, and products containing same	China, Hong Kong	One related (ancillary) rescission proceeding; remedial order temporarily rescinded.
337-TA-933	Certain stainless steel products, certain processes for manufacturing or relating to same and certain products containing same	India, Germany, Taiwan	One related (ancillary) bond forfeiture proceeding; bond forfeited.
337-TA-943	Certain wireless headsets	Ireland, Australia, Singapore, Denmark, Germany, Japan	One related (ancillary) remand proceeding; terminated based on a settlement agreement.
337-TA-944	Certain network devices, related software and components thereof (I)	No foreign respondents	One related (ancillary) enforcement proceeding; terminated based on a settlement agreement.
337-TA-945	Certain network devices, related software and components thereof (II)	No foreign respondents	One related (ancillary) modification proceeding and one related (ancillary) bond return proceeding; terminated based on a settlement agreement; bond returned.
337-TA-989	Certain automated teller machines, ATM modules, components thereof, and products containing the same	No foreign respondents	One related (ancillary) rescission proceeding; remedial orders rescinded.
337-TA-990	Certain mobile electronic devices incorporating haptics (including smartphones and smartwatches) and components thereof	No foreign respondents	Terminated based on a settlement agreement.
337-TA-1002	Certain carbon and alloy steel products	China, Hong Kong	Terminated based on a finding of no violation; request for relief abandoned.
337-TA-1003	Certain composite aerogel insulation materials and methods for manufacturing the same	China	Issued a limited exclusion order.
337-TA-1004	Certain mobile and portable electronic devices incorporating haptics (including smartphones and laptops) and components thereof	No foreign respondents	Terminated based on a settlement agreement.

<b>Status of investigation</b>	<b>Article</b>	<b>Country<sup>a</sup></b>	<b>Commission determination<sup>b</sup></b>
337-TA-1012	Certain magnetic data storage tapes and cartridges containing the same	Japan	Issued a limited exclusion order and three cease and desist orders.
337-TA-1012	Certain magnetic data storage tapes and cartridges containing the same	Japan	One related (ancillary) modification proceeding; terminated based on withdrawal of the petition.
337-TA-1016	Certain access control systems and components thereof	China, Hong Kong	Issued a limited exclusion order and three cease and desist orders.
337-TA-1023	Certain memory modules and components thereof, and products containing same	South Korea	Terminated based on a finding of no violation.
337-TA-1026	Certain audio processing hardware, software, and products containing the same	South Korea	Terminated based on a finding of no violation.
337-TA-1028	Certain mobile device holders and components thereof	China, Hong Kong	Issued a limited exclusion order and sixteen cease and desist orders.
337-TA-1031	Certain UV curable coatings for optical fibers, coated optical fibers, and products containing same	China	Terminated based on a finding of no violation.
337-TA-1032	Certain single-molecule nucleic acid sequencing systems and reagents, consumables, and software for use with same	United Kingdom	Terminated based on a finding of no violation.
337-TA-1033	Certain arrowheads with arcuate blades and components thereof	China	Issued a general exclusion order.
337-TA-1036	Certain magnetic tape cartridges and components thereof	Japan	Terminated based on a finding of no violation.
337-TA-1042	Certain hybrid electric vehicles and components thereof	No foreign respondents	Terminated based on a settlement agreement.
337-TA-1044	Certain graphics systems, components thereof, and consumer products containing the same	South Korea, Taiwan	Issued a limited exclusion order and two cease and desist orders.
337-TA-1044	Certain graphics systems, components thereof, and consumer products containing the same	South Korea, Taiwan	One related (ancillary) modification and rescission proceeding; remedial orders modified and rescinded in part.
337-TA-1046	Certain nonvolatile memory devices and products containing same	Japan, Philippines	Issued a limited exclusion order and three cease and desist orders.
337-TA-1046	Certain nonvolatile memory devices and products containing same	Japan, Philippines	One related (ancillary) rescission proceeding; remedial orders rescinded.
337-TA-1047	Certain semiconductor devices and consumer audiovisual products containing the same	Japan, South Korea, Taiwan	Terminated based on a finding of no violation.

<b>Status of investigation</b>	<b>Article</b>	<b>Country<sup>a</sup></b>	<b>Commission determination<sup>b</sup></b>
337-TA-1049	Certain digital cable and satellite products, set-top boxes, gateways and components thereof	United Kingdom	Terminated based on a settlement agreement.
337-TA-1050	Certain dental ceramics, products thereof, and methods of making the same	Japan	Terminated based on a finding of no violation.
337-TA-1053	Certain two-way radio equipment and systems, related software and components thereof	China	Issued a limited exclusion order and two cease and desist orders.
337-TA-1055	Certain mirrors with internal illumination and components thereof	Canada	Issued a limited exclusion order and a cease and desist order.
337-TA-1056	Certain collapsible sockets for mobile electronic devices and components thereof	Hong Kong, China	Issued a general exclusion order.
337-TA-1057	Certain robotic vacuum cleaning devices and components thereof such as spare parts	Canada, Taiwan, China	Issued a limited exclusion order and four cease and desist orders.
337-TA-1060	Certain consumer electronic devices, including televisions, gaming consoles, mobile phones and tablets, and network-enabled DVD and Blu-ray players	Japan	Terminated based on a settlement agreement.
337-TA-1061	Certain bar code readers, scan engines, products containing the same, and components thereof	Singapore	Terminated based on a settlement agreement.
337-TA-1064	Certain shielded electrical ribbon cables and products containing the same	China, Taiwan	Terminated based on a consent order.
337-TA-1066	Certain recombinant factor IX products	Germany, Switzerland	Terminated based on withdrawal of the complaint.
337-TA-1069	Certain pool and spa enclosures	Czech Republic, Slovakia	Terminated based on a settlement agreement.
337-TA-1070	Certain periodontal laser devices and components thereof	Slovenia	Terminated based on withdrawal of the complaint.
337-TA-1071	Certain wireless audio systems and components thereof	Canada	Terminated based on a settlement agreement.
337-TA-1072	Certain Wi-Fi enabled electronic devices and components thereof	China, Hong Kong	Terminated based on withdrawal of the complaint.
337-TA-1077	Certain reusable diapers, components thereof, and products containing the same	China	Terminated based on withdrawal of the complaint.
337-TA-1078	Certain amorphous metal and products containing same	China	Terminated based on withdrawal of the complaint.
337-TA-1079	Certain shaving cartridges, components thereof and products containing same	China	Terminated based on a settlement agreement.
337-TA-1080	Certain wafer-level packaging semiconductor devices and products containing same (including cellular phones, tablets, laptops, and notebooks) and components thereof	South Korea	Terminated based on an arbitration agreement.

<b>Status of investigation</b>	<b>Article</b>	<b>Country<sup>a</sup></b>	<b>Commission determination<sup>b</sup></b>
337-TA-1083	Certain personal computers, mobile devices, digital media players, and microconsoles	No foreign respondents	Terminated based on a settlement agreement.
337-TA-1084	Certain insulated beverage containers, components, labels, and packaging materials thereof	Hong Kong, China	Issued a limited exclusion order.
337-TA-1085	Certain glucosylated steviol glycosides, and products containing same	China	Terminated based on a settlement agreement.
337-TA-1092	Certain self-anchoring beverage containers	China, Ukraine, Lithuania, Taiwan	Issued a general exclusion order.
337-TA-1094	Certain IOT devices and components thereof (IOT, the internet of things)—web applications displayed on a web browser	South Korea	Terminated based on good cause.
337-TA-1095	Certain load supporting systems, including composite mat systems, and components thereof	United Kingdom	Terminated based on a settlement agreement.
337-TA-1096	Certain microperforated packaging containing fresh produce	No foreign respondents	Terminated based on a settlement agreement.
337-TA-1101	Certain fuel pump assemblies having vapor separators and components thereof	China	Issued a limited exclusion order.
337-TA-1102	Certain light engines and components thereof	Canada	Terminated based on a consent order.
337-TA-1104	Certain multi-domain test and measurement instruments	Germany	Terminated based on withdrawal of the complaint.
337-TA-1105	Certain programmable logic controllers (PLCs), components thereof, and products containing same	No foreign respondents	Terminated based on withdrawal of the complaint.
337-TA-1108	Certain jump rope systems	China	Issued a limited exclusion order.
337-TA-1109	Certain clidinium bromide and products containing same	No foreign respondents	Terminated based on withdrawal of the complaint.
337-TA-1113	Certain submarine telecommunication systems and components thereof	No foreign respondents	Terminated based on withdrawal of the complaint.
<b>Pending</b>			
337-TA-930	Certain laser abraded denim garments	Canada, Italy, Sweden	One related (ancillary) declassification proceeding; pending before the Commission.
337-TA-936	Certain footwear products	Canada, Italy, Australia, China	One related (ancillary) remand proceeding; pending before the Commission.
337-TA-944	Certain network devices, related software and components thereof (I)	No foreign respondents	One related (ancillary) modification proceeding; pending before the Commission.

<b>Status of investigation</b>	<b>Article</b>	<b>Country<sup>a</sup></b>	<b>Commission determination<sup>b</sup></b>
337-TA-971	Certain air mattress systems, components thereof, and methods of using the same	No foreign respondents	One related (ancillary) remand proceeding; pending before the Commission.
337-TA-989	Certain automated teller machines, ATM modules, components thereof, and products containing the same	No foreign respondents	One related (ancillary) enforcement proceeding; pending before the Commission.
337-TA-1000	Certain motorized self-balancing vehicles	Hong Kong, China	One related (ancillary) remand proceeding; pending before the Commission.
337-TA-1005	Certain L-tryptophan, L-tryptophan products, and their methods of production	South Korea, Indonesia	One related (ancillary) remand proceeding; pending before the Commission.
337-TA-1012	Certain magnetic data storage tapes and cartridges containing the same	Japan	One related (ancillary) enforcement proceeding; pending before the ALJ.
337-TA-1016	Certain access control systems and components thereof	China, Hong Kong	One related (ancillary) modification proceeding; pending before the ALJ.
337-TA-1024	Certain integrated circuits with voltage regulators and products containing same	China, Ireland, Vietnam, Israel, Malaysia	Pending before the ALJ.
337-TA-1043	Certain electronic connectors, components thereof, and products containing the same	China, Taiwan, Germany, Brazil, Mexico	Pending before the ALJ.
337-TA-1044	Certain graphics systems, components thereof, and consumer products containing the same	South Korea, Taiwan	One related (ancillary) declassification proceeding; pending before the ALJ.
337-TA-1058	Certain magnetic tape cartridges and components thereof	Japan	Pending before the Commission.
337-TA-1059	Certain digital cameras, software, and components thereof	Thailand, Japan, China, Indonesia	Pending before the Commission.
337-TA-1063	Certain x-ray breast imaging devices and components thereof	Japan	Pending before the Commission.
337-TA-1065	Certain mobile electronic devices and radio frequency and processing components thereof	No foreign respondents	Pending before the Commission.
337-TA-1067	Certain road milling machines and components thereof	Switzerland, Italy	Pending before the Commission.
337-TA-1068	Certain microfluidic devices	No foreign respondents	Pending before the Commission.
337-TA-1073	Certain thermoplastic-encapsulated electric motors, components thereof, and products and vehicles containing same	Japan, Germany	Pending before the Commission.
337-TA-1074	Certain industrial automation systems and components thereof including control systems, controllers, visualization hardware, motion and motor control systems, networking equipment, safety devices, and power supplies	China, Hong Kong	Pending before the Commission.

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<b>Status of investigation</b>	<b>Article</b>	<b>Country<sup>a</sup></b>	<b>Commission determination<sup>b</sup></b>
337-TA-1075	Certain electrochemical glucose monitoring systems and components thereof	No foreign respondents	Pending before the Commission.
337-TA-1076	Certain magnetic data storage tapes and cartridges containing the same (II)	Japan	Pending before the Commission.
337-TA-1081	Certain LED lighting devices, LED power supplies, and components thereof	China	Pending before the Commission.
337-TA-1082	Certain gas spring nailer products and components thereof	No foreign respondents	Pending before the ALJ.
337-TA-1086	Certain mounting apparatuses for holding portable electronic devices and components thereof	China	Pending before the Commission.
337-TA-1087	Certain batteries and electrochemical devices containing composite separators, components thereof, and products containing same	Hong Kong, China	Pending before the ALJ.
337-TA-1088	Certain road construction machines and components thereof	Germany	Pending before the ALJ.
337-TA-1089	Certain memory modules and components thereof	South Korea	Pending before the ALJ.
337-TA-1090	Certain intraoral scanners and related hardware and software	Denmark	Pending before the ALJ.
337-TA-1091	Certain color intraoral scanners and related hardware and software	Denmark	Pending before the ALJ.
337-TA-1093	Certain mobile electronic devices and radio frequency processing components thereof (II)	No foreign respondents	Pending before the ALJ.
337-TA-1097	Certain solid state storage drives, stacked electronics components, and products containing same	South Korea, China, Taiwan, Japan	Pending before the ALJ.
337-TA-1098	Certain subsea telecommunication systems and components thereof	Finland, Netherlands, France, Japan	Pending before the ALJ.
337-TA-1099	Certain graphics processors and products containing the same	Taiwan, Japan, Macau	Pending before the ALJ.
337-TA-1100	Certain microfluidic systems and components thereof and products containing same	No foreign respondents	Pending before the ALJ.
337-TA-1103	Certain digital video receivers and related hardware and software components	No foreign respondents	Pending before the ALJ.
337-TA-1106	Certain toner cartridges and components thereof	China, Hong Kong, Macau, Canada	Pending before the ALJ.
337-TA-1107	Certain LED lighting devices and components thereof	China	Pending before the ALJ.
337-TA-1110	Certain strontium-rubidium radioisotope infusion systems, and components thereof including generators	Canada, Singapore, India	Pending before the ALJ.
337-TA-1111	Certain portable gaming console systems with attachable handheld controllers and components thereof	Japan	Pending before the ALJ.



<b>Status of investigation</b>	<b>Article</b>	<b>Country<sup>a</sup></b>	<b>Commission determination<sup>b</sup></b>
337-TA-1112	Certain radio frequency micro-needle dermatological treatment devices and components thereof	Israel, South Korea	Pending before the ALJ.
337-TA-1114	Certain modular LED display panels and components thereof	China, Belgium, United Kingdom, Hong Kong, France, Japan	Pending before the ALJ.
337-TA-1115	Certain blow-molded bag-in-container devices, associated components, and end products containing or using same	Netherlands	Pending before the ALJ.
337-TA-1116	Certain blood cholesterol testing strips and associated systems containing the same	China	Pending before the ALJ.
337-TA-1117	Certain full-capture arrow rests and components thereof	China	Pending before the ALJ.
337-TA-1118	Certain movable barrier operator systems and components thereof	No foreign respondents.	Pending before the ALJ.
337-TA-1119	Certain infotainment systems, components thereof, and automobiles containing the same	Japan	Pending before the ALJ.
337-TA-1120	Certain human milk oligosaccharides and methods of producing the same	Germany	Pending before the ALJ,
337-TA-1121	Certain earpiece devices and components thereof	China, Sweden	Pending before the ALJ.
337-TA-1122	Certain convertible sofas and components thereof	Canada	Pending before the ALJ.
337-TA-1123	Certain carburetors and products containing such carburetors	China, Ireland, Hong Kong	Pending before the ALJ
337-TA-1124	Certain powered cover plates	China	Pending before the ALJ.
337-TA-1125	Certain height-adjustable desk platforms and components thereof	China	Pending before the ALJ.
337-TA-1126	Certain water filters and components thereof	China, Hong Kong	Pending before the ALJ.
337-TA-1127	Certain microperforated packaging containing fresh produce (II)	No foreign respondents	Pending before the ALJ.
337-TA-1128	Certain lithography machines and systems and components thereof (I)	Japan	Pending before the ALJ.
337-TA-1129	Certain lithography machines and systems and components thereof (II)	Japan	Pending before the ALJ.
337-TA-1130	Certain beverage dispensing systems and components thereof	Belgium	Pending before the ALJ.
337-TA-1131	Certain wireless mesh networking products and related components thereof	Singapore, Malaysia, Israel	Pending before the ALJ.
337-TA-1132	Certain motorized vehicles and components thereof	India	Pending before the ALJ.
337-TA-1133	Certain unmanned aerial vehicles and components thereof	China, Netherlands, Hong Kong	Pending before the ALJ.

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Status of investigation	Article	Country <sup>a</sup>	Commission determination <sup>b</sup>
337-TA-1134	Certain sleep-disordered breathing treatment mask systems and components thereof	New Zealand	Pending before the ALJ.
337-TA-1135	Certain strength-training systems and components thereof	China	Pending before the ALJ.
337-TA-1136	Certain obstructive sleep apnea treatment mask systems and components thereof	Australia	Pending before the ALJ.
337-TA-1137	Certain semiconductor lithography systems and components thereof	Japan	Pending before the ALJ.
337-TA-1138	Certain LTE- and 3G-compliant cellular communications devices	Taiwan, China	Pending before the ALJ.
337-TA-1139	Certain electronic nicotine delivery systems and components thereof	France, Uruguay, China	Pending before the ALJ.
337-TA-1140	Certain multi-stage fuel vapor canister systems and activated carbon components thereof	Japan, Mexico, Canada	Pending before the ALJ.
337-TA-1141	Certain cartridges for electronic nicotine delivery systems and components thereof	China, Uruguay	Pending before the ALJ.

Source: U.S. International Trade Commission (USITC).

<sup>a</sup> This column lists the countries of the foreign respondents named in the original notice of investigation and may thus not reflect the remaining respondents at the time of the final decision or during any ancillary proceeding. “Hong Kong” refers to “Hong Kong, China”; “Macau” refers to “Macau, China.”

<sup>b</sup> ALJ = Administrative Law Judge.

**Table A.16** Outstanding section 337 exclusion orders at the USITC as of December 31, 2018

<b>Investigation no.</b>	<b>Article</b>	<b>Country<sup>a</sup></b>	<b>Date patent expires<sup>b</sup></b>
337-TA-69	Certain airtight cast-iron stoves	Taiwan, South 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 (namely, Rally-X and Pac-Man)	Japan, Taiwan	Nonpatent
337-TA-112	Certain cube puzzles	Taiwan, Japan	Nonpatent
337-TA-114	Certain miniature plug-in blade fuses	Taiwan	Nonpatent
337-TA-118	Certain sneakers with fabric uppers and rubber soles	South Korea	Nonpatent
337-TA-137	Certain heavy-duty staple gun tackers	Taiwan, Hong Kong, South 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 therefor	No foreign respondents	Nonpatent
337-TA-266	Certain reclosable plastic bags and tubing	Singapore, Taiwan, South Korea, Thailand, Hong Kong, Malaysia	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-319	Certain automotive fuel caps and radiator caps and related packaging and promotional materials	Taiwan	Nonpatent
337-TA-321	Certain soft drinks and their containers	Colombia	Nonpatent
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-424	Certain cigarettes and packaging thereof	No foreign respondents	Nonpatent
337-TA-486	Certain agricultural tractors, lawn tractors, riding lawnmowers, and components thereof	China	Nonpatent
337-TA-487 <sup>c</sup>	Certain agricultural vehicles and components thereof	China, Netherlands, France, Germany, Canada	Nonpatent
337-TA-494	Certain automotive measuring devices, products containing same, and bezels for such devices	Taiwan	Nonpatent
337-TA-500	Certain purple protective gloves	Malaysia	Nonpatent
337-TA-522	Certain ink markers and packaging thereof	China, India, South Korea, Hong Kong	Nonpatent
337-TA-541	Certain power supply controllers and products containing same	Taiwan	Sept. 24, 2019 Sept. 24, 2019

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<b>Investigation no.</b>	<b>Article</b>	<b>Country<sup>a</sup></b>	<b>Date patent expires<sup>b</sup></b>
337-TA-549	Certain ink sticks for solid ink printers	South Korea	Apr. 29, 2022 Apr. 29, 2022 Apr. 29, 2022
337-TA-557	Certain automotive parts	Taiwan	Mar. 1, 2019 Mar. 22, 2019
337-TA-563	Certain portable power stations and packaging therefor	China	Nonpatent
337-TA-565	Certain ink cartridges and components thereof	Hong Kong, China, Macau, Germany, South Korea	May 18, 2019 May 18, 2019 Apr. 3, 2022 Aug. 17, 2023 Aug. 26, 2023
337-TA-567	Certain foam footwear	Canada	Mar. 28, 2020 Oct. 3, 2020
337-TA-575	Certain lighters	Hong Kong, China	Nonpatent
337-TA-582	Certain hydraulic excavators and components thereof	Canada	Nonpatent
337-TA-588	Certain digital multimeters, and products with multimeter functionality	Hong Kong, China	Nonpatent
337-TA-590	Certain coupler devices for power supply facilities, components thereof, and products containing same	Taiwan, Germany, China	Aug. 5, 2024
337-TA-604	Certain sucralose, sweeteners containing sucralose, and related intermediate compounds thereof	China, United Kingdom, Hong Kong	Apr. 18, 2023
337-TA-611	Certain magnifying loupe products and components thereof	China	May 20, 2022
337-TA-615	Certain ground fault circuit interrupters and products containing the same	China	Nov. 21, 2020 May 3, 2021 Apr. 28, 2025
337-TA-629	Certain silicon microphone packages and products containing the same	Malaysia	June 21, 2021 Sept. 16, 2022
337-TA-637	Certain hair irons and packaging thereof	Singapore, China, Hong Kong	Nonpatent
337-TA-643	Certain cigarettes and packaging thereof	Moldova, Belize, Singapore, Ukraine, Kyrgyzstan, Gibraltar, United Kingdom, Switzerland	Nonpatent
337-TA-650	Certain coaxial cable connectors and components thereof and products containing same	Taiwan, China	Jan. 24, 2020
337-TA-655	Certain cast steel railway wheels, processes for manufacturing or relating to same and certain products containing same	China	Nonpatent
337-TA-678	Certain energy drink products	No foreign respondents	Nonpatent
337-TA-679	Certain products advertised as containing creatine ethyl ester	No foreign respondents	Nonpatent
337-TA-700	Certain MEMS devices and products containing same	No foreign respondents	Jan. 29, 2021

<b>Investigation no.</b>	<b>Article</b>	<b>Country<sup>a</sup></b>	<b>Date patent expires<sup>b</sup></b>
337-TA-718	Certain electronic paper towel dispensing devices and components thereof	Canada, Hong Kong, Taiwan, Turkey	Feb. 9, 2021 Feb. 9, 2021 Mar. 15, 2021 May 27, 2021
337-TA-720	Certain biometric scanning devices, components thereof, associated software, and products containing the same	South Korea	Jan. 16, 2023
337-TA-722	Certain automotive vehicles and designs therefore	China	Jan. 3, 2020
337-TA-723	Certain inkjet ink cartridges with printheads and components thereof	Taiwan, China, Hong Kong	Aug. 30, 2019 July 24, 2020 July 24, 2020 Oct. 30, 2020 Oct. 30, 2020
337-TA-725	Certain caskets	Mexico	Sept. 13, 2020
337-TA-730	Certain inkjet ink supplies and components thereof	China	Aug. 20, 2023 Oct. 29, 2023
337-TA-739	Certain ground fault circuit interrupters and products containing same	China	Oct. 21, 2023
337-TA-740	Certain toner cartridges and components thereof	China, Hong Kong, Canada, South Korea, Macau	Sept. 22, 2019 July 18, 2021 July 15, 2022 July 15, 2022 Apr. 29, 2023 May 21, 2023 Dec. 19, 2024
337-TA-754	Certain handbags, luggage, accessories, and packaging thereof	China	Nonpatent
337-TA-763	Certain radio control hobby transmitters and receivers and products containing same	China	Nonpatent Oct. 18, 2025
337-TA-780	Certain protective cases and components thereof	China, Hong Kong	Nonpatent Sept. 29, 2023 May 11, 2024 June 15, 2024 June 15, 2024 Mar. 22, 2025 Apr. 19, 2025 Jan. 25, 2029
337-TA-791/826	Certain electric fireplaces, components thereof, manuals for same, certain processes for manufacturing or relating to same and certain products containing same; and certain electric fireplaces, components thereof, manuals for same, certain processes for manufacturing or relating to same and certain products containing same	China	Nonpatent
337-TA-796	Certain electronic digital media devices and components thereof	South Korea	Sept. 6, 2026 Jan. 5, 2027
337-TA-804	Certain LED photographic lighting devices and components thereof	China, Taiwan	Dec. 7, 2021 Dec. 7, 2021

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<b>Investigation no.</b>	<b>Article</b>	<b>Country<sup>a</sup></b>	<b>Date patent expires<sup>b</sup></b>
337-TA-807	Certain digital photo frames and image display devices and components thereof	Taiwan, Canada, Japan	July 6, 2020 Dec. 26, 2020 Oct. 29, 2021
337-TA-832	Certain ink application devices and components thereof and methods of using the same	Canada, China	Feb. 28, 2020 Sept. 2, 2020
337-TA-849	Certain rubber resins and processes for manufacturing same	China, Hong Kong, Canada	Nonpatent
337-TA-861/867	Certain cases for portable electronic devices; and Certain cases for portable electronic devices	Taiwan, Hong Kong, China	Feb. 6, 2029
337-TA-878	Certain electronic devices having placeshifting or display replication functionality and products containing same	No foreign respondents	May 26, 2019 May 26, 2019 June 7, 2025 June 7, 2025 June 7, 2025 May 1, 2029
337-TA-883	Certain opaque polymers	Turkey, Netherlands	Nonpatent
337-TA-887	Certain crawler cranes and components thereof	China	Nonpatent May 12, 2027
337-TA-894	Certain tires and products containing same	China, Thailand	Jan. 19, 2024 Mar. 2, 2024 Mar. 2, 2024
337-TA-895	Certain multiple mode outdoor grills and parts thereof	China, Hong Kong	May 4, 2027
337-TA-918	Certain toner cartridges and components thereof	China, Hong Kong, Macau	Dec. 26, 2027 Dec. 26, 2027 Dec. 26, 2027 Dec. 26, 2027 Mar. 24, 2028
337-TA-919	Certain archery products and related marketing materials	China	Nonpatent Mar. 30, 2018 Jan. 15, 2023
337-TA-923	Certain loom kits for creating linked articles	China	Dec. 15, 2031
337-TA-929	Certain beverage brewing capsules, components thereof and products containing the same	Hong Kong, China	July 13, 2027
337-TA-933	Certain stainless steel products, certain processes for manufacturing or relating to same, and certain products containing same	India, Germany, Taiwan	Nonpatent
337-TA-934	Certain dental implants	Brazil	May 23, 2024 Nov. 26, 2026
337-TA-935 <sup>d</sup>	Certain personal transporters, components thereof and manuals therefor	China	Nonpatent June 4, 2019 June 4, 2019 Oct. 13, 2020 Sept. 25, 2021 Sept. 25, 2021
337-TA-936	Certain footwear products	Canada, Italy, China, Australia, Japan	Nonpatent
337-TA-939	Certain three-dimensional cinema systems and components thereof	South Korea	Oct. 18, 2026 Sept. 28, 2027 Nov. 17, 2028

<b>Investigation no.</b>	<b>Article</b>	<b>Country<sup>a</sup></b>	<b>Date patent expires<sup>b</sup></b>
337-TA-944	Certain network devices, related software and components thereof (I)	No foreign respondents	Jan. 6, 2020 May 22, 2020 May 22, 2020
337-TA-945	Certain network devices, related software and components thereof (II)	No foreign respondents	Aug. 23, 2025
337-TA-946	Certain ink cartridges and components thereof	Hong Kong, China	Dec. 15, 2026 Dec. 15, 2026 Dec. 15, 2026 Dec. 15, 2026 Sept. 4, 2029
337-TA-959 <sup>e</sup>	Certain electric skin care devices, brushes and chargers therefor, and kits containing same	South Korea, Israel, Canada, United Kingdom, China	Nonpatent June 27, 2020 July 4, 2024 Dec. 15, 2024
337-TA-965	Certain table saws incorporating active injury mitigation technology and components thereof	Germany	Sept. 29, 2020 Feb. 1, 2022
337-TA-972	Certain automated teller machines, ATM modules, components thereof, and products containing the same	South Korea	Dec. 9, 2027
337-TA-975	Certain computer cables, chargers, adapters, peripheral devices and packaging containing the same	China	Nonpatent
337-TA-976	Certain woven textile fabrics and products containing same	India	Nonpatent
337-TA-977	Certain arrowheads with deploying blades and components thereof and packaging therefor	China	Nonpatent Mar. 3, 2021 Mar. 3, 2021 Aug. 12, 2028 Aug. 19, 2028 Oct. 8, 2028 Jan. 8, 2033 Mar. 15, 2033 Apr. 18, 2033
337-TA-988	Certain pumping bras	China	July 29, 2030
337-TA-989	Certain automated teller machines, ATM modules, components thereof, and products containing the same	No foreign respondents	Jan. 17, 2029
337-TA-1001	Certain digital video receivers and hardware and software components thereof	United Kingdom, France	Sept. 18, 2019 Sept. 18, 2019
337-TA-1003	Certain composite aerogel insulation materials and methods for manufacturing the same	China	Dec. 21, 2021 June 23, 2024 June 23, 2024
337-TA-1005	Certain L-tryptophan, L-tryptophan products, and their methods of production	South Korea, Indonesia	June 15, 2023
337-TA-1007/1021	Certain personal transporters, components thereof, and packaging and manuals therefor; and Certain personal transporters and components thereof	Netherlands, China, Turkey	Nonpatent



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Investigation no.	Article	Country <sup>a</sup>	Date patent expires <sup>b</sup>
337-TA-1008	Certain carbon spine board, cervical collar, CPR masks and various medical training manikin devices, and trademarks, copyrights of product catalogues, product inserts and components thereof	China	Nonpatent
337-TA-1012	Certain magnetic data storage tapes and cartridges containing the same	Japan	May 14, 2022
337-TA-1015	Certain hand dryers and housings for hand dryers	United Kingdom, China	Nonpatent
337-TA-1028	Certain mobile device holders and components thereof	China, Hong Kong	May 31, 2032 June 3, 2032
337-TA-1033	Certain arrowheads with arcuate blades and components thereof	China	Mar. 12, 2033 Sept. 23, 2028 May 12, 2029
337-TA-1035	Certain liquid crystal eWriters and components thereof	China	Mar. 9, 2026 Nov. 14, 2033
337-TA-1044	Certain graphics systems, components thereof, and consumer products containing the same	South Korea, Taiwan	June 2, 2026
337-TA-1053	Certain two-way radio equipment and systems, related software and components thereof	China	Apr. 13, 2026 Jan. 8, 2027 Nov. 14, 2030
337-TA-1055	Certain mirrors with internal illumination and components thereof	Canada	Nov. 24, 2026
337-TA-1056	Certain collapsible sockets for mobile electronic devices and components thereof	Hong Kong, China	Feb. 23, 2032
337-TA-1057	Certain robotic vacuum cleaning devices and components thereof such as spare parts	Canada, Taiwan, China	Dec. 16, 2022
337-TA-1084	Certain insulated beverage containers, components, labels, and packaging materials thereof	Hong Kong, China	Nonpatent Mar. 29, 2030 Mar. 7, 2032 Mar. 14, 2032
337-TA-1092	Certain self-anchoring beverage containers	China, Ukraine, Lithuania, Taiwan	Oct. 4, 2031
337-TA-1101	Certain fuel pump assemblies having vapor separators and components thereof	China	Aug. 17, 2019
337-TA-1108	Certain jump rope systems	China	Apr. 1, 2028 Jan. 7, 2029

Source: U.S. International Trade Commission (USITC).

<sup>a</sup> This column lists the countries of the foreign respondents named in the original notice of investigation and may thus not reflect the countries of the respondents covered by an exclusion order. "Hong Kong" refers to "Hong Kong, China"; "Macau" refers to "Macau, China."

<sup>b</sup> Multiple dates indicate the expiration dates of separate patents within the investigation.

<sup>c</sup> There are three outstanding exclusion orders in inv. no. 337-TA-487.

<sup>d</sup> There are two outstanding exclusion orders in inv. no. 337-TA-935.

<sup>e</sup> There are two outstanding exclusion orders in inv. no. 337-TA-959.

**Table A.17** U.S. imports for consumption claiming eligibility under the Generalized System of Preferences (GSP), by source, 2016–18

Source	2016	2017	2018	% change
				2017–18
Million \$				
India	4,741	5,691	6,307	10.8
Thailand	4,055	4,153	4,351	4.8
Brazil	2,197	2,498	2,483	-0.6
Indonesia	1,797	1,963	2,218	13.0
Turkey	1,464	1,659	1,925	16.0
Philippines	1,489	1,495	1,728	15.6
South Africa	986	1,114	879	-21.1
Cambodia	183	402	739	83.7
Ecuador	390	435	458	5.1
Argentina	0	0	379	<sup>(1)</sup>
Pakistan	247	328	326	-0.5
Tunisia	116	102	230	124.9
Sri Lanka	175	196	192	-1.8
Georgia	58	93	146	57.0
Kazakhstan	89	145	136	-6.0
Burma	3	94	117	24.3
Angola	1	<1	117	177,314.6
Serbia	80	91	93	2.9
Egypt	75	88	89	0.9
Bolivia	115	109	76	-30.0
Lebanon	65	74	64	-13.5
Zambia	2	<1	56	31,668.7
Zimbabwe	16	39	54	38.6
Paraguay	69	81	52	-35.8
Ukraine	54	55	48	-13.6
Subtotal, top 25 GSP beneficiaries in 2018	18,467	20,906	23,262	11.3
All other beneficiaries	607	426	354	-16.9
Total U.S. imports for consumption under the GSP	19,074	21,332	23,617	10.7

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

<sup>1</sup> Argentina's GSP eligibility was reinstated on January 1, 2018. USTR, "[Trump Administration Enforces Trade Preference Program Eligibility](#)," December 22, 2107.

**Table A.18** Value of U.S. imports for consumption claiming eligibility under the Generalized System of Preferences (GSP), by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	3,199	3,299	3,747	13.6
2	Forest products	572	668	740	10.8
3	Chemicals and related products	3,835	4,558	5,282	15.9
4	Energy-related products	2	12	118	872.2
5	Textiles and apparel	630	690	735	6.5
6	Footwear	11	8	5	-33.8
7	Minerals and metals	3,386	4,212	3,813	-9.5
8	Machinery	2,183	2,144	2,304	7.5
9	Transportation equipment	2,456	2,506	2,624	4.7
10	Electronic products	1,154	1,121	1,110	-1.0
11	Miscellaneous manufactures	1,646	2,114	3,138	48.4
Total U.S. imports for consumption under GSP		19,074	21,332	23,617	10.7

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.19** Share of U.S. imports for consumption claiming eligibility under the Generalized System of Preferences (GSP), by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018
1	Agricultural products	16.8	15.5	15.9
2	Forest products	3.0	3.1	3.1
3	Chemicals and related products	20.1	21.4	22.4
4	Energy-related products	0.0	0.1	0.5
5	Textiles and apparel	3.3	3.2	3.1
6	Footwear	0.1	0.0	0.0
7	Minerals and metals	17.8	19.7	16.1
8	Machinery	11.4	10.0	9.8
9	Transportation equipment	12.9	11.7	11.1
10	Electronic products	6.0	5.3	4.7
11	Miscellaneous manufactures	8.6	9.9	13.3
Total U.S. imports for consumption under the GSP		100.0	100.0	100.0

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.20** Leading U.S. imports for consumption claiming eligibility under the Generalized System of Preferences (GSP), by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change 2017–18
7113.19	Jewelry and parts thereof, of precious metal other than silver	555	664	658	-0.9
4202.92	Container bags, boxes, cases and satchels n.e.s.o.i., with outer surface of sheeting of plastics or of textile materials	27	171	435	154.5
7202.41	Ferrochromium, containing more than 4% (wt.) carbon	263	481	365	-24.0
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	253	294	353	19.9
4015.19	Gloves, except surgical and medical gloves, of vulcanized rubber, n.e.s.o.i.	241	278	292	4.8
2202.99	Nonalcoholic beverages, n.e.s.o.i. (including milk-based drinks)	( <sup>a</sup> )	347	276	-20.5
2106.90	Food preparations n.e.s.o.i.	204	237	260	9.6
4202.21	Handbags, whether or not with shoulder strap or handles, with outer surface of leather or of composition leather	0	27	253	835.1
4202.22	Handbags, whether or not with shoulder strap or handles, with outer surface of plastic sheeting or of textile materials	11	97	252	159.3
8708.94	Steering wheels, steering columns and steering boxes for motor vehicles	219	228	250	9.8
6802.91	Worked monumental or building stone n.e.s.o.i., of marble, travertine and alabaster	189	223	242	8.4
1509.10	Olive oil and its fractions, virgin, not chemically modified	82	83	230	178.3
6802.99	Worked monumental or building stone n.e.s.o.i., of stone n.e.s.o.i.	233	273	221	-19.2
2008.99	Fruit and other edible parts of plants, n.e.s.o.i., prepared or preserved, whether or not containing added sweetening or spirit, n.e.s.o.i.	176	191	218	14.3
8415.9	Parts, n.e.s.o.i., of air conditioning machines	261	223	217	-2.9
	Total of items shown	2,717	3,817	4,521	18.4
	All other HTS subheadings	16,358	17,515	19,095	9.0
	Total of all commodities	19,074	21,332	23,617	10.7

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included.

<sup>a</sup> Trade in 2016 reported under HTS subheading 2202.90.

**Table A.21** U.S. imports for consumption claiming eligibility under the African Growth and Opportunity Act (AGOA), by source, 2016–18

Source	2016	2017	2018	% change 2017–18
	Thousand \$			
Nigeria	3,180,715	5,807,749	4,358,822	-24.9
Angola	1,998,268	2,270,554	1,950,021	-14.1
South Africa	1,858,403	1,817,858	1,485,800	-18.3
Chad	775,178	590,244	601,078	1.8
Kenya	390,900	402,448	466,274	15.9
Ghana	29,691	312,397	330,663	5.8
Lesotho	295,793	288,963	319,558	10.6
Congo (ROC)	61,681	79,464	270,059	239.8
Madagascar	93,828	148,012	188,583	27.4
Cote d'Ivoire	120	37,717	177,430	370.4
Ethiopia	61,791	86,606	153,805	77.6
Gabon	60,050	99,913	147,848	48.0
Mauritius	188,079	140,331	143,603	2.3
Cameroon	6,390	393	63,313	16,006.1
Tanzania	36,952	40,544	42,494	4.8
Senegal	86	5,133	32,550	534.1
Malawi	45,085	35,670	30,959	-13.2
Eswatini <sup>a</sup>	( <sup>b</sup> )	( <sup>b</sup> )	4,083	( <sup>c</sup> )
Rwanda	1,226	2,177	3,868	77.7
Uganda	288	717	1,197	67.1
Cabo Verde	586	720	844	17.2
Mozambique	1,470	2,845	823	-71.1
Zambia	32	907	806	-11.1
Sierra Leone	523	92	682	638.0
Burkina Faso	17	720	588	-18.4
Benin	15	17	395	2,179.6
Namibia	0	31	338	1,002.6
Djibouti	11	1,304	226	-82.7
Mali	13	20	66	225.4
Guinea	7	32	64	101.5
Liberia	17	0	12	( <sup>c</sup> )
Togo	20	80	10	-87.2
Gambia	( <sup>b</sup> )	( <sup>b</sup> )	4	( <sup>c</sup> )
Botswana	4,766	991	0	( <sup>c</sup> )
Mauritania	47,711	54,854	0	( <sup>c</sup> )
Niger	3	2	0	( <sup>c</sup> )
Seychelles	34	0	0	( <sup>c</sup> )
<b>Total U.S. imports for consumption under AGOA (excluding GSP)</b>	<b>9,139,750</b>	<b>12,229,504</b>	<b>10,776,866</b>	<b>-11.9</b>

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included. Because of rounding, figures may not add up to totals shown.

<sup>a</sup> In 2018, the country's name was changed from Swaziland to Eswatini.<sup>b</sup> Eswatini and Gambia were not AGOA-eligible in 2016 and 2017.<sup>c</sup> Undefined.

**Table A.22** Leading U.S. imports for consumption claiming eligibility under the African Growth and Opportunity Act (AGOA) (excluding GSP), by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
2709.00	Petroleum oils and oils from bituminous minerals, crude	5,912	8,879	7,537	-15.1
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	1,493	1,178	535	-54.6
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, not knitted or crocheted	193	201	221	9.6
2710.12	Light oils and preparations containing 70% by weight petroleum oils or oils from bituminous minerals, not containing biodiesel, not waste oils	221	263	195	-25.9
6205.20	Men's or boys' shirts of cotton, not knitted or crocheted	143	120	146	21.9
6110.30	Sweaters, pullovers, sweatshirts, vests and similar articles of manmade fibers, knitted or crocheted	109	123	139	13.6
0802.62	Macadamia nuts, shelled, fresh or dried	86	108	139	29.0
2710.19	Petroleum oils, oils from bituminous minerals (other than crude) & products containing by weight 70% or more of these oils, not biodiesel or waste	18	90	125	39.3
6104.63	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibers, knitted or crocheted	92	94	113	20.8
6204.62	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, not knitted or crocheted	98	85	99	17.5
7202.41	Ferromanganese, containing more than 4% (wt.) carbon	11	27	86	217.9
7202.30	Ferrosilicon manganese	3	32	86	172.6
6105.20	Men's or boys' shirts of manmade fibers, knitted or crocheted	78	77	81	5.3
7606.12	Aluminum alloy rectangular (including square) plates, sheets and strip, over 0.2 mm thick	23	93	72	-22.8
7202.11	Ferromanganese, containing more than 2% (wt.) carbon	33	85	61	-28.4
Total of items shown		8,513	11,454	9,635	-15.9
All other HTS provisions		627	776	1,142	47.2
Total U.S. imports for consumption under AGOA		9,140	12,230	10,777	-11.9

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included.

<sup>a</sup> Undefined.

**Table A.23** U.S. imports for consumption claiming eligibility under the Caribbean Basin Economic Recovery Act (CBERA), by source, 2016–18

Source	2016	2017	2018	% change 2017–18
	Thousand \$			
Haiti	857,223	879,004	957,401	8.9
Trinidad & Tobago	379,017	487,831	550,251	12.8
Jamaica	74,571	72,749	83,875	15.3
Bahamas	68,403	79,744	66,181	-17.0
Belize	17,136	12,398	10,676	-13.9
Barbados	2,321	3,558	7,453	109.5
St. Kitts-Nevis	7,158	5,123	5,095	-0.5
Grenada	1,809	2,405	2,912	21.1
Guyana	1,551	732	880	20.2
St. Lucia	627	342	373	8.9
Curaçao	85	124	119	-4.5
Dominica	22	48	36	-25.9
British Virgin Islands	9	0	22	<sup>(a)</sup>
St. Vincent & the Grenadines	45	102	22	-78.4
Antigua Barbuda	37	161	19	-88.2
Aruba	15	36	16	-55.0
<b>Total U.S. imports for consumption under CBERA</b>	<b>1,410,031</b>	<b>1,544,358</b>	<b>1,685,330</b>	<b>9.1</b>

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Because of rounding, figures may not add up to totals shown. The data for U.S. imports under CBERA include U.S. imports under CBERA as amended by both Caribbean Basin Trade Partnership Act (CBTPA) and the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) and Haiti Economic Lift Program (HELP) Acts. In previous *Year in Trade* reports, trade data under the HOPE and HELP Acts were only reported and analyzed separately in the Haiti Initiatives section. Thus, numbers from the previous report are not comparable to the numbers in the table above

<sup>a</sup> Undefined.



**Table A.24** Leading U.S. imports for consumption under Caribbean Basin Economic Recovery Act (CBERA), by HTS provision, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Thousand \$			
2905.11	Methanol (methyl alcohol)	253,213	378,273	447,733	18.4
6109.10	T-shirts, singlets, tank tops and similar garments of cotton, knitted or crocheted	301,987	258,647	284,494	10.0
6110.30	Sweaters, pullovers, sweatshirts, vests and similar articles of manmade fibers, knitted or crocheted	80,814	125,672	141,762	12.8
6110.20	Sweaters, pullovers, sweatshirts, vests and similar articles of cotton, knitted or crocheted	128,311	110,440	112,035	1.4
6109.90	T-shirts, singlets, tank tops and similar garments, of textile materials n.e.s.o.i., knitted or crocheted	54,302	82,341	106,166	28.9
3903.11	Polystyrene, expandable, in primary forms	66,625	78,149	64,394	-17.6
6104.62	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted	40,782	39,791	59,931	50.6
6203.43	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibers, not knitted or crocheted	36,035	33,968	49,374	45.4
2709.00	Petroleum oils and oils from bituminous minerals, crude	86,200	53,648	34,030	-36.6
6205.30	Men's or boys' shirts of manmade fibers, not knitted or crocheted	22,431	20,637	31,341	51.9
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, not knitted or crocheted	59,786	56,276	26,881	-52.2
0714.30	Yams, fresh, chilled, frozen or dried	21,119	23,281	24,401	4.8
2710.19	Petroleum oils, oils from bituminous minerals (other than crude) & products containing by weight 70% or more of these oils, not biodiesel or waste	298	12,262	21,483	75.2
6104.63	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibers, knitted or crocheted	24,761	20,877	19,578	-6.2
2933.61	Melamine	12,257	16,512	19,497	18.1
Total of items shown		1,188,921	1,310,773	1,443,099	10.1
All other HTS provisions		221,110	233,585	242,231	3.7
Total U.S. imports for consumption under CBERA		1,410,031	1,544,358	1,685,330	9.1

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.25** WTO dispute settlement cases to which the United States was a party, developments in 2018

Case no.	Title	Complainant	Action (month/day/year)
DS217	United States— Continued Dumping and Subsidy Offset Act of 2000 (CDSOA or Byrd Amendment)	Australia, Brazil, Chile, European Communities (EC), India, Indonesia, Japan, South Korea, Thailand	<p>Complaining parties request consultations (12/21/00). Panel is established (08/23/01) and composed (10/25/01). Panel report is circulated (09/16/02). U.S. notifies Dispute Settlement Body (DSB) it will appeal panel decision (10/18/02). Appellate Body report is circulated (01/16/03). Brazil, Chile, the EC, India, Japan, South Korea, Canada, and Mexico request DSB authorization to suspend concessions (01/15/04); U.S. objects and DSB refers the matter arbitration (01/24/04). Arbitrator circulates decisions and rejects position of Brazil, Canada, Chile, the EC, India, Japan, South Korea, and Mexico, and finds it appropriate to rely on the economic effect of the measure (08/31/04). Authority to retaliate granted (11/26/04, 12/17/04). DSB authorizes or takes note of various requests or agreements to suspend concessions (2004–05). U.S. states at DSB meeting that recent changes bring U.S. law into conformity with its WTO obligations (02/17/06). Japan (2006-2013) and EC (2006-2018) notify DSB annually of the new list of products on which the additional import duty would be imposed further to the authorized suspension of concessions. Japan notifies DSB that, because the level of authorization was marginal, no suspension of concessions would be applied for the 10th year starting September 1, 2014 (08/18/14) and similarly notifies the same for 2015, 2016, and 2017. EU notifies DSB that it will maintain unchanged the list of products subject to retaliation and will decrease the duty on products from 4.3 percent to 0.3 percent (05/07/18). Japan notifies DSB it will continue its non-application of retaliatory measures for the coming year (11/09/18).</p>

Case no.	Title	Complainant	Action (month/day/year)
DS316	European Communities— Measures Affecting Trade in Large Civil Aircraft	United States	<p>U.S. requests consultations with EC (10/06/04). Panel is established (07/20/05) and composed (10/17/05). Panel report is circulated (06/30/10).</p> <p>European Union (EU) notifies DSB it will appeal decision to Appellate Body (07/21/10); U.S. does the same (08/19/10). Appellate Body report is circulated (05/18/11). DSB adopts Appellate Body and panel reports (06/01/11). EU informs DSB it intends to implement DSB recommendation (06/17/11).</p> <p>EU informs DSB it has taken steps to bring its measures into conformity with obligations (12/01/11).</p> <p>U.S. requests consultations with EU under Article 21.5 and requests authority to take countermeasures (12/09/11). EU objects to requested level of U.S. measures and requests matter be referred to arbitration under Article 22.6; DSB refers to arbitration (12/22/11).</p> <p>U.S. and EU request arbitrator to suspend work (01/19/12). Arbitrator suspends work until either party requests resumption (01/20/12).</p> <p>U.S. requests establishment of an Article 21.5 compliance panel (03/30/12); panel established (04/13/12). Compliance panel issues report, finding that the EU has largely failed to comply (09/22/16).</p> <p>EU notifies the Appellate Body of its decision to appeal certain issues of law and interpretation in the panel report (10/13/16).</p> <p>U.S. notifies the Appellate Body it will appeal certain issues of law and interpretation in the panel report (11/10/16). Appellate Body circulates its report to members, largely upholding the panel report (05/18/18).</p> <p>Appellate Body issues its report. Report (1) confirms EU and certain EU member states failed to comply with earlier WTO determination finding launch aid inconsistent with WTO obligations; (2) confirms almost \$5 billion in new launch aid for A350 XWB was WTO-inconsistent; (3) finds WTO-inconsistent subsidies continue to cause significant lost sales of Boeing aircraft; and (4) finds, due to passage of time, EU no longer needed to take action on some earlier (pre-A380) launch aid subsidies previously found WTO-inconsistent (05/15/18).</p> <p>At request of the United States, the arbitration regarding the level of countermeasures was resumed (07/13/18); an arbitral decision is expected in 2019.</p> <p>EU informs DSB it has taken new steps to achieve compliance (05/17/18). After consultations, the United States disagrees compliance achieved. At request of EU, the WTO establishes second compliance panel, with decision not expected before end of 2019 (08/27/18).</p>

Case no.	Title	Complainant	Action (month/day/year)
DS353	United States— Measures Affecting Trade in Large Civil Aircraft—Second Complaint	European Communities	<p>EC requests consultations (06/27/05). Panel is established (02/17/06) and composed (11/22/06). Panel chairman informs DSB multiple times that panel needs additional time to complete work in light of complexities of the dispute (05/18/07, 07/11/08, 12/16/09, 07/07/10). Panel report is circulated (03/31/11). EU notifies DSB that it will appeal the decision to the Appellate Body (04/01/11); U.S. also notifies its decision to appeal (04/28/11). Appellate Body report is circulated (03/12/12); DSB adopts Appellate Body and panel reports (03/23/12). U.S. informs DSB it intends to implement DSB recommendations and rulings (04/13/12). EU and U.S. inform DSB of agreed procedures under Articles 21 and 22 of DSU and Article 7 of Agreement on Subsidies and Countervailing Measures (SCM Agreement) (04/24/12). U.S. notifies DSB of withdrawal of subsidies and removal of adverse effects in this dispute, and that it fully complies with DSB recommendations and rulings (09/23/12). Compliance proceedings: EU requests consultations under Article 21.5 (09/25/12), and then requests establishment of a compliance panel (10/11/12). A compliance panel is established and composed (10/30/12). The panel chair subsequently informs the DSB several times of delays in circulating its report due to scale and complexity of the dispute. Compliance report circulates to members, upholding certain EU claims and rejecting others (06/09/17). EU notifies DSB of its decision to appeal certain issues of law and legal interpretations (06/29/17); and the U.S. notifies the DSB of its decision to cross-appeal (08/10/17). A report is expected in 2019. <i>Countermeasures:</i> EU requests authority to take countermeasures under Article 22 of the DSU (remedies) and Articles 4, 10, and 7.9 of the SCM Agreement (09/27/12). U.S. objects to the level of suspension of concessions and other obligations, and refers the matter to arbitration under Article 22.6 of the DSU (10/22/12). At the DSB meeting the two parties agree to refer the matter to arbitration (10/23/10). U.S. and EU later ask the arbitrator to suspend arbitration proceedings (11/27/12), and the arbitrator suspends proceedings (11/28/12).</p>

DS381	United States— Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products	Mexico	<p>Mexico requests consultations with U.S. (10/24/08). Panel is established (04/20/09) and composed (12/14/09). Panel chairman informs DSB that the panel expects to issue report in February 2011 (06/15/10). Parties agree on new panel member following death of one member (08/12/10). Panel report is circulated (09/15/11). U.S. notifies DSB of its decision to appeal the panel's decision (01/20/12); Mexico does the same (01/25/12). Appellate Body report is circulated (05/16/12); DSB adopts the Appellate Body and panel reports (06/13/12). U.S. states that it intends to implement DSB recommendations and rulings (06/25/12), and U.S. and Mexico inform DSB that they have agreed that a reasonable period of time to do so is by July 13, 2013 (09/17/12). U.S. advises DSB that it has made effective a final rule amending dolphin-safe labeling requirements for tuna and tuna products, bringing its requirements into compliance (07/23/13). Mexico and U.S. inform DSB of agreed procedures under Articles 21 and 22 of the DSU (08/02/13). Compliance proceedings. Mexico requests establishment of a compliance panel (11/14/13); DSB agrees to refer to the original panel (01/22/14); panel is composed (01/27/14). Compliance panel report circulated to members (04/14/15). U.S. notifies DSB of its decision to appeal certain issues of law covered in the compliance panel report (06/05/15); Mexico files an appeal in the same dispute (06/10/15). Appellate Body report is circulated to members (11/20/15). DSB adopts Article 21.5 Appellate Body reports and panel reports, as modified by Appellate Body reports (12/03/15). Mexico requests Article 22.2 authorization to suspend concessions (03/10/16). U.S. requests Article 22.6 arbitration of Mexico's request to suspend concessions (03/22/16) and requests establishment of an Article 21.5 panel to resolve disagreement over U.S. compliance measures (04/11/16). Panels established and composed (04/22/16, 05/27/16). Mexico requests Article 21.5 (second recourse) consultations with U.S. (05/13/16); consultations held (06/02/16). Mexico requests establishment of an Article 21.5 compliance panel to resolve disagreement over the U.S. final rule as amended in 2016 (06/09/16). Compliance panel composed (07/11/16). Compliance panel report circulated to members; panel finds U.S. measures consistent with Article 2.1 of TBT Agreement and justified under Article XX of GATT 1994 (10/26/17). Mexico notifies DSB of decision to appeal certain issues of</p>
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Case no.	Title	Complainant	Action (month/day/year)
			law and legal interpretation in the compliance panel report (12/01/17). Appellate Body report circulated, upholding panel's legal and factual analysis that Mexico appealed, including findings that dolphin safe labeling measure was not inconsistent with Article 2.1 of the TBT Agreement and was justified under Article XX of the GATT 1994 (12/14/18).
DS427	China—Anti-dumping and Countervailing Duty Measures on Broiler Products from the United States	United States	U.S. requests consultations (09/20/11). Panel established (01/20/12) and composed (05/24/12). Panel report circulated (08/02/13) and is adopted by DSB (09/25/13). China informs DSB it intends to implement DSB recommendations and rulings (10/22/13). China and U.S. inform DSB that they have agreed that a reasonable period of time to implement is by July 9, 2014 (12/19/13). China informs DSB that it has fully implemented DSB recommendations and rulings, but U.S. disagrees that China has fully complied (07/22/14). China and U.S. inform DSB of agreed procedures under Articles 21 and 22 of the DSU (07/15/14). U.S. requests Article 21.5 consultations for China's failure to comply with DSB recommendations (05/10/16). U.S. requests establishment of a compliance panel (05/27/16); and panel composed ((07/18/16). Compliance report circulated; panel upheld most of U.S. claims in its report (01/18/18). DSB adopts compliance panel report (02/28/18). China agreed to remove the antidumping and countervailing duties that were subject to the dispute.

<b>Case no.</b>	<b>Title</b>	<b>Complainant</b>	<b>Action (month/day/year)</b>
DS430	India—Measures Concerning the Importation of Certain Agricultural Products from the United States	United States	<p>U.S. requests consultations (03/06/12).  Panel is established (06/25/12).  Director-General composes a panel (02/18/13).  Panel report is circulated (10/14/14).  India, after receiving an extension, notifies DSB it will appeal the decision to the Appellate Body (01/26/15).  Appellate Body issues its report (06/04/15).  DSB adopts the Appellate Body report and the panel report, as modified by the Appellate Body report (06/19/15).  India informs DSB it intends to implement DSB’s recommendations and rulings and will need a reasonable period of time to do so (07/13/15).  India and U.S. inform DSB that they have agreed that the reasonable period of time is 12 months, expiring on June 19, 2016 (12/08/15).  U.S. requests authorization to suspend concessions for India’s failure to comply with recommendations and rulings of DSB (07/07/16).  India objects to level of suspension of concessions/ obligations, requests Article 22.6 arbitration, and informs DSB it has adopted necessary measures to comply with DSB recommendations and rulings (07/18/16 and 09/22/16).  India informs DSB of subsequent amendments to its measures to comply with DSB’s rulings and recommendations (03/02/17).  India requests establishment of a compliance panel (04/06/17) and DSB agrees (05/22/17).  Compliance panel chair informs DSB that it expects to issue its final report by the end of May 2018 (11/23/17).  Compliance panel chair informs DSB that it expects to issue its report by the end of September 2019 (05/22/19).</p>



Case no.	Title	Complainant	Action (month/day/year)
DS436	United States— Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India	India	<p>India requests consultations (04/12/12).  Panel is established (08/31/12).  Director-General composes the panel (02/18/13).  Panel report is circulated (07/14/14).  India notifies DSB that it will appeal certain issues of law and legal interpretation in the panel report (08/08/14).  U.S. files an appeal (08/13/14).  Appellate Body circulates its report (12/08/14).  DSB adopts the Appellate Body report and panel report as modified (12/19/14).  U.S. informs DSB that it intends to implement DSB’s recommendations and rulings and will need a reasonable period of time to do so (01/16/15).  India and U.S. inform DSB that they agree that a reasonable period of time is 15 months, expiring on March 19, 2016 (03/24/15).  India and U.S. inform DSB they have agreed to modify the reasonable period of time, to expire April 18, 2016 (03/09/16).  U.S. informs DSB that USITC and USDOC have issued new final determinations making findings consistent with DSB recommendations and rulings (04/22/16).  India and U.S. inform DSB of agreed procedures under DSU Articles 21 and 22 (05/06/16).  India requests consultations with U.S. concerning U.S. compliance measures (06/05/17).  India requests establishment of a compliance panel (03/29/18). Chair informs DSB that the panel expects to issue its final report during 2019 (08/30/18).</p>

<b>Case no.</b>	<b>Title</b>	<b>Complainant</b>	<b>Action (month/day/year)</b>
DS437	United States— Countervailing Duty Measures on Certain Products from China	China	<p>China requests consultations (05/25/12).  Panel is established (09/28/12).  Director-General composes the panel (11/26/12).  Panel report is circulated (07/14/14).  China appeals the panel decision to the Appellate Body (08/22/14).  U.S. files a cross-appeal of a preliminary determination by the panel (08/27/14).  Appellate Body issues its report (12/18/14).  DSB adopts Appellate Body and panel reports (01/16/15).  U.S. informs DSB that it intends to implement DSB's recommendations and rulings and that it will need a reasonable period of time to do so (02/13/15).  China requests that the reasonable period of time be determined through binding arbitration pursuant to Article 21.3(c) of the DSU (06/26/15).  An arbitrator determines that the reasonable period of time expires on April 1, 2016 (10/09/15).  China and U.S. inform DSB of agreed procedures under Articles 21 and 22 of the DSU (04/15/16).  China requests DSU Article 21.5 consultations (05/13/16) and subsequently establishment of a compliance panel (07/08/16).  A compliance panel is established (07/21/16) and composed (10/05/16).  Compliance panel report is circulated (03/21/18).  U.S. notifies DSB it will appeal to the Appellate Body certain issues of law and legal interpretations in the compliance panel report (04/27/18).  Citing a backlog of appeals, the Appellate Body informed the DSB that it could not provide a date for a hearing on the appeal (06/28/18).</p>

Case no.	Title	Complainant	Action (month/day/year)
DS456	India—Certain Measures Relating to Solar Cells and Solar Modules	United States	<p>U.S. requests consultations (02/06/13); U.S. requests supplementary consultations (02/10/14).            Panel is established (05/23/14).            Parties agree on composition of panel (09/24/14).            Panel report is circulated to members (02/24/16).            India notifies DSB of its decision to appeal to the Appellate Body certain issues of law and legal interpretation in the panel report (04/20/16).            Appellate Body report circulated (09/16/16).            DSB adopts the panel and Appellate Body reports (10/26/16).            India informs DSB it intends to implement DSB’s recommendations and rulings (11/08/16).            U.S. and India inform DSB they have agreed that a reasonable time to implement would be 14 months, expiring on Dec. 14, 2017 (06/16/17).            India informs DSB it has ceased to apply measures found to be inconsistent (12/14/17).            U.S. requests authorization from DSB to suspend concessions/obligations on grounds India has failed to comply within a reasonable time (12/19/17).            India objects and disagrees it has failed to comply (01/02/18).            Matter is referred to arbitration (01/12/18).            India requests the establishment of a compliance panel (01/23/18). The DSB refers the matter to the original panel (02/28/18).</p>
DS464	United States—Anti-dumping and Countervailing Measures on Large Residential Washers from Korea	Republic of Korea	<p>Korea requests consultations (08/29/13).            Panel is established (01/22/14).            Director-General composes the panel (06/20/14).            Panel report is circulated to members (03/11/16).            U.S. notifies DSB of its decision to appeal to the Appellate Body certain issues of law and legal interpretation in the panel report (04/19/16).            Appellate Body report is circulated (09/07/16).            DSB adopts Appellate Body and panel reports (09/26/16).            U.S. states that it intends to implement the DSB’s recommendations and rulings and will need a reasonable period of time (10/26/16).            Korea requests authorization of the DSB to suspend concessions or other obligations pursuant to Article 22.2 of the DSU because the United States has not complied with the DSB’s recommendations and rulings within the reasonable time (01/11/18). The United States objects (01/19/18). The DSB refers the matter to arbitration (01/22/18).            The arbitrator circulates decision to members and sets a dollar amount on the level of suspension of concessions or other obligations (02/08/19).</p>

Case no.	Title	Complainant	Action (month/day/year)
DS471	United States— Certain Methodologies and Their Application to Anti-dumping Proceedings Involving China	China	China requests consultations (12/3/13). Panel is established (03/26/14). Director-General composes the panel (08/28/14). Panel report is circulated (10/19/16). China notifies DSB it will appeal certain issues of law and legal interpretation in the panel report (11/18/16). Appellate Body report is circulated and upholds in part and reverses in part certain panel findings regarding U.S. Department of Commerce antidumping methodologies (05/11/17). U.S. states that it intends to implement the DSB's recommendations and rulings and will need a reasonable period of time (06/19/17). China requests that reasonable period of time be determined through arbitration (10/17/17). Arbitrator determines that the reasonable period of time is 15 months, expiring on Aug. 22, 2018 (01/19/18). China requests authorization to suspend concessions or other obligations pursuant to Article 22.2 of the DSU (09/09/18). The United States objects to China's proposed level (09/19/18).
DS478	Indonesia— Importation of Horticultural Products, Animals and Animal Products	United States	U.S. requests consultations (05/08/14). Single panel established to consider this dispute and DS477 brought by New Zealand (05/20/15). Director-General composes the panel (10/08/15). Panel report is circulated (12/22/16). Indonesia notifies DSB it will appeal certain issues of law and legal interpretation in the panel report (02/17/17). Appellate Body report is circulated and upholds panel findings that 18 import measures imposed by Indonesia are inconsistent with Indonesia's obligations (11/09/17). DSB adopts Appellate Body report and panel report as modified by Appellate Body (11/22/17). Arbitrator determines that the reasonable period of time for Indonesia to comply expires July 22, 2018. United States requests authorization to suspend concessions of other obligation pursuant to Article 22.2 of the DSU (08/02/18). Indonesia objects to U.S. proposed suspension level (08/14/18).

Case no.	Title	Complainant	Action (month/day/year)
DS487	United States— Conditional Tax Incentives for Large Civil Aircraft	European Union	EU requests consultations (12/19/14). EU requests establishment of a panel (02/12/15); panel established (02/23/15); panel composed (04/13/15). Panel circulates its report (11/28/16). U.S. notifies DSB of its decision to appeal certain issues of law and legal interpretation in the panel report (12/16/16). EU notifies DSB it will cross-appeal (01/17/17). Appellate Body circulates its report, affirming the panel's rejection of six of seven EU claims alleging that certain Washington State tax incentives were inconsistent with U.S. obligations and reversing the panel finding of U.S. inconsistency on the seventh claim (09/04/17). DSB adopts Appellate Body report and panel report as modified by the Appellate Body (09/22/17).
DS488	United States—Anti- dumping Measures on Certain Oil Country Tubular Goods from South Korea	Korea	South Korea requests consultations (12/22/14). DSB establishes a panel (03/25/15). Parties agree on composition of panel (07/13/15). Panel circulates its report; panel finds the U.S. acted inconsistently with its obligations in several respects and rejects other claims of South Korea (11/14/17). The DSB adopts the panel report (01/12/18). U.S. and South Korea agree that a reasonable time for U.S. to implement the panel's recommendations and rulings is by January 19, 2019 (01/12/18). Korea and the United States inform the DSB they have agreed to modify the reasonable period of time for implementation to July 12, 2019 (01/11/19).
DS491	United States—Anti- dumping Measures and Countervailing Measures on Certain Coated Paper from Indonesia	Indonesia	Indonesia requests consultations (03/13/15). DSB establishes a panel (09/28/15). Director-General composes the panel (02/04/16). Panel report rejecting all of Indonesia's claims is circulated to members (12/06/17). DSB adopts the panel report (01/12/18).
DS503	United States— Measures Concerning Non-Immigrant Visas	India	India requests consultations (03/03/16). Consultations held in Geneva (05-11/16).
DS505	United States— Countervailing Measures on Supercalendered Paper from Canada	Canada	Canada requests consultations (03/30/16). DSB establishes a panel (07/21/16). Director-General composes the panel (08/31/16). Panel circulates its report (07/05/18). The United States informs the DSB it will appeal certain issues of law and legal interpretations in the panel report (08/27/18). Appellate body informs the DSB that, due to the size of the record, complexity of issues, and backlog of appeals it would communicate a hearing date at a later time (10/24/18).
DS508	China—Export Duties on Certain Raw Materials	United States	U.S. requests consultations (07/13/16). DSB establishes a panel (11/08/16).

Case no.	Title	Complainant	Action (month/day/year)
DS510	U.S.—Certain Measures Relating to the Renewable Energy Sector	India	India requests consultations (09/09/16). DSB establishes a panel (03/21/17). Director-General composes the panel (04/24/18). Panel circulates its report (06/27/19).
DS511	China—Domestic Support for Agricultural Producers	United States	U.S. requests consultations (09/13/16). DSB establishes a panel (01/25/17). Parties agree on panel composition (06/24/17). Panel circulates its report (02/28/19). DSB adopts the panel report (04/26/19). China informs the DSB it intends to implement the rulings and recommendations (05/16/19). United States and China inform the DSB they have agreed that a reasonable time for China to implement will expire March 31, 2020 (06/10/19).
DS514	United States—Countervailing Measures on Cold- and Hot-Rolled Steel Flat Products from Brazil	Brazil	Brazil requests consultations (11/11/16).
DS515	United States—Measures Related to Price Comparison Methodologies	China	China requests consultations (12/12/16).
DS517	China—Tariff Rate Quotas for Certain Agricultural Products	United States	U.S. requests consultations (12/15/16). DSB establishes a panel (09/22/17). Director-General composes the panel (02/12/18). Panel circulates its report to members (04/18/19). DSB adopts panel report (05/28/19).
DS519	China—Subsidies to Producers of Primary Aluminum	United States	U.S. requests consultations (01/12/17).
DS520	Canada—Measures Governing the Sale of Wine in Grocery Stores	United States	U.S. requests consultations (01/18/17).
DS523	United States—Countervailing Measures on Certain Pipe and Tube Products (Turkey)	Turkey	Turkey requests consultations (03/08/17). DSB establishes a panel (06/19/17). Director-General composes the panel (09/14/17). Panel circulates its report to member (12/18/18). United States notifies the DSB that it will appeal certain issues of law and legal interpretations to the Appellate Body (01/25/19). Turkey notifies the DSB of its decision to cross-appeal (01/30/19).
DS531	Canada—Measures Governing the Sale of Wine in Grocery Stores (second complaint)	United States	U.S. requests consultations (09/28/17). DSB establishes a panel (07/20/18).

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Case no.	Title	Complainant	Action (month/day/year)
DS533	United States— Countervailing Measures on Softwood Lumber from Canada	Canada	Canada requests consultations (11/28/17). DSB establishes a panel (04/09/18). Director-General composes the panel (07/06/18).
DS534	United States—Anti- Dumping Measures Applying Differential Pricing Methodology to Softwood Lumber from Canada	Canada	Canada requests consultations (11/28/17). DSB establishes a panel (04/09/18). Director-General composes the panel (05/22/18). The panel circulates its report to members (04/09/19). Canada notifies the DSB it will appeal certain issues of law and legal interpretations in the panel report to the Appellate Body (06/04/19).
DS535	United States— Certain Systemic Trade Remedies Measures	Canada	Canada requests consultations (12/20/17).
DS536	United States—Anti- Dumping Measures on Fish Fillets from Viet Nam	Viet Nam	Viet Nam requests consultations (01/08/18). DSB establishes a panel (07/20/18). Director-General composes the panel (11/30/18).
DS539	United States—Anti- Dumping and Countervailing Duties on Certain Products and the Use of Facts Available	Korea	Korea requests consultations (02/14/18). DSB establishes a panel (05/28/18). Director-General composes the panel (12/05/18).
DS540	United States— Certain Measures Concerning Pangasius Seafood Products from Viet Nam	Viet Nam	Vietnam requests consultations (02/22/18)
DS541	India—Export Related Measures	United States	United States requests consultations (03/14/18). DSB establishes a panel (05/28/18). Director-General composes the panel (07/23/18).
DS542	China—Certain Measures Concerning the Protection of Intellectual Property Rights	United States	United States requests consultations (01/08/18). DSB establishes a panel (11/21/18). Director-General composes the panel (01/16/19).
DS543	United States—Tariff Measures on Certain Goods from China	China	China requests consultations (04/04/18). DSB establishes a panel (01/28/19). Director-General composes the panel (06/03/19).
DS544	United States— Certain Measures on Steel and Aluminum Products	China	China requests consultations (01/08/18). DSB establishes a panel (11/21/18). Director-General composes the panel (01/25/19).
DS545	United States— Safeguard Measure on Imports of Crystalline Silicon Photovoltaic Products	Korea	Korea requests consultations (05/14/18) DSB establishes a panel (09/26/18).



<b>Case no.</b>	<b>Title</b>	<b>Complainant</b>	<b>Action (month/day/year)</b>
DS546	United States— Safeguard Measure on Imports of Large Residential Washers	Korea	Korea requests consultations (05/14/18). DSB establishes a panel (09/26/18).
DS547	United States— Certain Measures on Steel and Aluminum Products	India	India requests consultations (05/18/18). DSB establishes a panel (12/04/18). Director-General composes the panel (01/25/19).
DS548	United States— Certain Measures on Steel and Aluminum Products	European Union	European Union requests consultations (06/01/18). DSB establishes a panel (11/21/18). Director-General composes the panel (01/25/19).
DS550	United States— Certain Measures on Steel and Aluminum Products	Canada	Canada requests consultations (06/01/18). DSB establishes a panel (11/21/18). Director-General composes the panel (01/25/19). Withdrawn, mutually agreed solution (05/23/19).
DS551	United States— Certain Measures on Steel and Aluminum Products	Mexico	Mexico requests consultations (01/08/18). DSB establishes a panel (11/21/18). Director-General composes the panel (01/25/19). Withdrawn, mutually agreed solution (05/28/19).
DS552	United States— Certain Measures on Steel and Aluminum Products	Norway	Norway requests consultations (06/13/18). DSB establishes a panel (11/21/18). Director-General composes the panel (01/25/19).
DS554	United States— Certain Measures on Steel and Aluminum Products	Russian Federation	Russian Federation requests consultations (06/29/18). DSB establishes a panel (11/21/18). Director-General composes the panel (01/25/19).
DS556	United States— Certain Measures on Steel and Aluminum Products	Switzerland	Switzerland requests consultations (07/09/18). DSB establishes a panel (12/04/18). Director-General composes the panel (01/25/19).
DS557	Canada—Additional Duties on Certain Products from the United States	United States	United States requests consultations (07/16/18). DSB establishes a panel (11/21/18). Director-General composes the panel (01/25/19). Withdrawn, mutually agreed solution (05/23/19).
DS558	China—Additional Duties on Certain Products from the United States	United States	United States requests consultations (07/16/18). DSB establishes a panel (11/21/18). Director-General composes the panel (01/25/19).
DS559	European Union— Additional Duties on Certain Products from the United States	United States	United States requests consultations (07/16/18). DSB establishes a panel (11/21/18). Director-General composes the panel (01/25/19).
DS560	Mexico—Additional Duties on Certain Products from the United States	United States	United States requests consultations (07/16/18). DSB establishes a panel (11/21/18). Director-General composes the panel (01/25/19). Withdrawn, mutually agreed solution (05/28/19).

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<b>Case no.</b>	<b>Title</b>	<b>Complainant</b>	<b>Action (month/day/year)</b>
DS561	Turkey—Additional Duties on Certain Products from the United States	United States	United States requests consultations (07/16/18). DSB establishes a panel (01/28/19). Director-General composes the panel (02/28/19).
DS562	United States—Safeguard Measures on Imports of Crystalline Silicon Photovoltaic Products	China	China requests consultations (08/14/18).
DS563	United States—Certain Measures Related to Renewable Energy	China	China requests consultations (08/14/18).
DS564	United States—Certain Measures on Steel and Aluminum Products	Turkey	Turkey requests consultations (08/15/18). DSB establishes a panel (11/21/18). Director-General composes the panel (01/25/19).
DS565	United States—Tariff Measures on Certain Goods from China II	China	China requests consultations (08/23/18).
DS566	Russian Federation—Additional Duties on Certain Products from the United States	United States	United States requests consultations (08/27/18). DSB establishes a panel (12/18/18). Director-General composes the panel (01/25/19).
DS574	United States—Measures Relating to Trade in Goods and Services	Venezuela	Venezuela requests consultation (12/28/18).

Source: WTO, "[Chronological List of Dispute Cases](#)" (accessed July 2, 2019).

**Table A.26** NAFTA Chapter 19 substantive challenges to original and five-year review determinations of USITC and USDOC, developments in 2018

Panel review no.	Dispute	Action (month/day/year)
MEX-USA-2015-1904-01	Ammonium sulfate from U.S. and China (AD) (Investigating authority: Secretaría de Economía)	Request for panel review (11/06/15). Oral argument hearing date (06/25/18). Status: Active.
USA-CDA-2015-1904-01	Supercalendered Paper from Canada (CVD) (Investigating authority: International Trade Administration)	Request for panel review (11/18/15). Oral argument hearing date (10/25/16); Decision date (04/13/2017). Decision: On 04/13/17, the Panel unanimously affirmed in part and remanded in part the Investigating Authority's Determination. On 06/05/18, the Panel granted the Consent Motion to Stay Proceedings until 07/27/18. Panel review was terminated on 07/24/2018 by joint consent of participants. Status: Terminated.
MEX-USA-2016-1904-01	Ethylene Glycol Monobutyl Ether from U.S. (AD) (Investigating authority: Secretaría de Economía)	Request for panel review (06/24/16). Decision: panel review was terminated on 04/20/2018 by joint consent of participants. Status: Terminated.
USA-MEX-2017-1904-01	Certain Circular Welded Non-Alloy Steel Pipe from Mexico (AR) (Investigating authority: International Trade Administration)	Request for panel review (07/12/17). Decision: panel review was terminated on 10/11/2018 by joint consent of participants. Status: Terminated.
USA-CDA-2017-1904-02	Certain softwood lumber products from Canada (CVD) (Investigating authority: International Trade Administration)	Request for panel review (11/14/17). Status: Active.
USA-CDA-2017-1904-03	Certain softwood lumber products from Canada (AD) (Investigating authority: International Trade Administration)	Request for panel review (12/05/17). Status: Active.
USA-CDA-2018-1904-01	100- to 150-Seat Large Civil Aircraft from Canada (CVD) (Investigating authority: International Trade Administration)	Request for panel review (01/19/18). Decision: panel review was terminated on 05/07/18 by joint consent of the participants. Status: Terminated.
USA-CDA-2018-1904-02	100- to 150-Seat Large Civil Aircraft from Canada (AD) (Investigating authority: International Trade Administration)	Request for panel review (01/19/18). Decision: panel review was terminated on 05/02/2018 by joint consent of the participants. Status: Terminated.

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<b>Panel review no.</b>	<b>Dispute</b>	<b>Action (month/day/year)</b>
USA-CDA-2018-1904-03	Supercalendered paper from Canada (INJ) (Investigating authority: International Trade Commission)	Request for panel review (01/19/18). Oral argument hearing date (05/07/19). Status: Active.
USA-MEX-2018-1904-04	Large Residential Washers from Mexico (AR) (Investigating authority: International Trade Administration)	Request for panel review (04/18/18). Status: Active.
USA-CDA-2018-1904-05	Certain Uncoated Groundwood Paper From Canada (AD) (Investigating authority: International Trade Administration)	Request for panel review (09/07/18). Decision: the NAFTA Secretariat received submissions from all participants requesting termination of proceedings. Proceedings terminated on 11/30/18. Status: Terminated.
USA-CDA-2018-1904-06	Certain Uncoated Groundwood Paper From Canada (CVD) (Investigating Authority: International Trade Administration)	Request for panel review (09/10/18). Decision: the NAFTA Secretariat received submissions from all participants requesting termination of proceedings. Proceedings terminated on 11/30/18. Status: Terminated
USA-CDA-2018-1904-07	Uncoated Groundwood Paper From Canada (INJ) (Investigating authority: International Trade Commission)	Request for panel review (10/26/18). Decision: proceedings terminated on 11/30/18 by operation of Rule 71.3 of the <i>NAFTA Rules of Procedure for Article 1904 Binational Panel Reviews</i> . Status: Terminated.

Source: NAFTA Secretariat, "[Dispute Settlement: Status Report of Panel Proceedings](#)"; Federal Register, <https://www.federalregister.gov/> (both accessed June 28, 2019).

Note: This list includes active cases during 2018, including those in which little if any formal action occurred during 2017. AD means "antidumping duty," CVD means "countervailing duty," and AR means "administrative review."

**Table A.27** U.S. total exports to the EU, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	13,344	13,450	15,590	15.9
2	Forest products	5,073	5,170	5,482	6.0
3	Chemicals and related products	60,657	59,536	63,137	6.0
4	Energy-related products	13,834	19,952	29,785	49.3
5	Textiles and apparel	2,568	2,585	2,649	2.5
6	Footwear	88	105	96	-8.2
7	Minerals and metals	21,972	24,574	29,248	19.0
8	Machinery	20,021	21,544	23,227	7.8
9	Transportation equipment	63,846	64,985	73,193	12.6
10	Electronic products	47,854	50,935	53,499	5.0
11	Miscellaneous manufactures	12,032	11,661	12,948	11.0
12	Special provisions	8,260	8,773	9,766	11.3
Total		269,549	283,269	318,619	12.5

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.28** U.S. general imports from the EU, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	24,664	26,207	27,884	6.4
2	Forest products	5,323	5,809	6,741	16.0
3	Chemicals and related products	106,665	106,936	126,351	18.2
4	Energy-related products	11,948	12,837	17,782	38.5
5	Textiles and apparel	5,676	5,861	6,574	12.2
6	Footwear	2,053	2,098	2,316	10.4
7	Minerals and metals	27,182	29,609	32,968	11.3
8	Machinery	44,197	48,491	53,887	11.1
9	Transportation equipment	95,780	99,781	106,300	6.5
10	Electronic products	48,517	50,093	53,619	7.0
11	Miscellaneous manufactures	18,769	19,927	21,659	8.7
12	Special provisions	25,495	26,809	31,670	18.1
Total		416,270	434,459	487,753	12.3

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.29** Leading U.S. total exports to the EU, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
8800.00	Civilian aircraft, engines, and parts	36,530	36,891	44,099	19.5
2709.00	Petroleum oils and oils from bituminous minerals, crude	1,485	5,828	12,217	109.6
3004.90	Medicaments, in measured doses, etc. (excluding vaccines, etc., coated bandages etc., and pharmaceutical goods), n.e.s.o.i.	10,271	8,886	9,278	4.4
2710.19	Petroleum oils, oils from bituminous minerals (other than crude) & products containing by weight 70% or more of these oils, not biodiesel or waste	7,159	6,702	7,135	6.5
7108.12	Gold, nonmonetary, unwrought n.e.s.o.i. (other than powder)	3,983	4,985	6,410	28.6
9701.10	Paintings, drawings and pastels, hand executed works of art, framed or not framed	4,908	5,051	6,053	19.8
3002.15	Immunological products, put up in measured doses or in forms or packings for retail sale	( <sup>a</sup> )	5,219	5,972	14.4
9018.90	Instruments and appliances for medical, surgical or veterinary sciences, n.e.s.o.i., and parts and accessories thereof	4,369	4,324	4,521	4.6
8517.62	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	3,964	4,551	4,442	-2.4
3002.12	Antisera and other blood fractions	( <sup>a</sup> )	4,088	4,275	4.6
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	1,641	3,396	3,926	15.6
7102.39	Diamonds, nonindustrial, worked, including polished or drilled	3,692	3,062	3,425	11.9
3822.00	Composite diagnostic or laboratory reagents, other than pharmaceutical preparations of heading 3002 or 3006	2,856	3,079	3,258	5.8
8703.33	Passenger motor vehicles with compression-ignition internal combustion piston engine (diesel), cylinder capacity over 2,500 cc	3,890	3,349	3,162	-5.6
1201.90	Soybeans, other than seed	1,899	1,637	3,082	88.3
Total of items shown		86,647	101,048	121,257	20.0
All other HTS subheadings		182,902	182,222	197,363	8.3
Total of all commodities		269,549	283,269	318,619	12.5

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included.

<sup>a</sup>Trade in 2016 reported under HTS subheading 3002.10.

**Table A.30** Leading U.S. total imports from the EU, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	26,687	29,779	31,608	6.1
3004.90	Medicaments, in measured doses, etc. (excluding vaccines, etc., coated bandages etc., and pharmaceutical goods), n.e.s.o.i.	25,123	25,504	29,107	14.1
3002.15	Immunological products, put up in measured doses or in forms or packings for retail sale	( <sup>a</sup> )	5,808	11,351	95.4
2710.12	Light oils and preparations containing 70% by weight petroleum oils or oils from bituminous minerals, not containing biodiesel, not waste oils	7,582	7,863	10,389	32.1
8703.24	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 3,000 cc	13,498	10,188	8,462	-16.9
8411.91	Parts of turbojets or turbopropellers	6,945	8,009	8,348	4.2
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	4,641	5,094	6,843	34.3
9701.10	Paintings, drawings and pastels, hand executed works of art, framed or not framed	5,251	5,810	6,457	11.1
3004.39	Medicaments, in measured doses, etc., containing hormones or other steroids used primarily as hormones, but not containing antibiotics, n.e.s.o.i.	5,370	5,060	5,509	8.9
3002.20	Vaccines for human medicine	3,615	4,483	5,138	14.6
8802.40	Airplanes and other aircraft n.e.s.o.i., of an unladen weight exceeding 15,000 kg	5,476	6,378	5,107	-19.9
2933.59	Heterocyclic compounds containing a pyrimidine ring (hydrogenated or not) or a piperazine ring in the structure, n.e.s.o.i.	1,936	2,428	4,414	81.8
8411.12	Turbojets of a thrust exceeding 25 kN	2,647	2,225	4,387	97.2
3002.90	Human blood; animal blood prepared for therapeutic, etc. uses; toxins, cultures of micro-organisms (excluding yeasts) and similar products n.e.s.o.i.	2,381	2,660	3,516	32.2
2710.19	Petroleum oils, oils from bituminous minerals (other than crude) & products containing by weight 70% or more of these oils, not biodiesel or waste	2,075	2,626	3,475	32.3
Total of items shown		113,227	123,916	144,111	16.3
All other HTS subheadings		303,043	310,543	343,642	10.7
Total all commodities		416,270	434,459	487,753	12.3

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included; cc = cubic centimeters; kN = kilonewton.

<sup>a</sup> Trade in 2016 reported under HTS subheading 3002.10.

**Table A.31** U.S. private services exports to the EU, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Other business services	62,581	63,745	67,037	5.2
Charges for IP Use	50,211	50,551	49,885	-1.3
Travel (Business, Personal)	40,556	40,560	41,983	3.5
Financial Services	30,660	34,746	36,806	5.9
Transport (Sea, Air, Other)	25,131	26,376	27,741	5.2
Telecommunications, computer, and information services	12,241	13,778	14,178	2.9
Maintenance and repair services	8,204	8,686	9,547	9.9
Insurance Services	4,173	4,443	4,649	4.6
<b>Total</b>	<b>233,757</b>	<b>242,884</b>	<b>251,824</b>	<b>3.7</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: Data for 2018 are preliminary.

**Table A.32** U.S. private services imports from the EU, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Travel (Business, Personal)	37,391	42,829	47,257	10.3
Other business services	43,539	42,448	44,147	4.0
Transport (Sea, Air, Other)	33,895	35,649	38,301	7.4
Charges for IP Use	19,677	23,728	23,178	-2.3
Financial Services	12,178	13,452	14,640	8.8
Telecommunications, computer, and information services	9,308	10,457	11,737	12.2
Insurance Services	11,371	12,297	8,482	-31.0
Maintenance and repair services	NA	NA	NA	NA
<b>Total</b>	<b>179,557</b>	<b>192,597</b>	<b>198,621</b>	<b>3.1</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: (1) Data for 2018 are preliminary and (2) NA for trade data are data suppressed to avoid the disclosure of data of individual companies.



**Table A.33** U.S. total exports to China, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	22,925	21,017	10,463	-50.2
2	Forest products	6,791	7,496	6,824	-9.0
3	Chemicals and related products	14,361	16,642	17,850	7.3
4	Energy-related products	2,945	8,969	8,890	-0.9
5	Textiles and apparel	918	932	878	-5.9
6	Footwear	90	109	151	38.7
7	Minerals and metals	7,347	9,059	8,001	-11.7
8	Machinery	9,602	10,449	12,022	15.1
9	Transportation equipment	27,695	31,627	30,174	-4.6
10	Electronic products	20,973	21,522	22,914	6.5
11	Miscellaneous manufactures	875	898	1,035	15.3
12	Special provisions	1,023	1,172	1,140	-2.7
Total		115,546	129,894	120,341	-7.4

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.34** U.S. general imports from China, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	6,721	7,068	7,724	9.3
2	Forest products	9,561	9,816	10,529	7.3
3	Chemicals and related products	29,842	33,552	40,077	19.4
4	Energy-related products	717	687	798	16.1
5	Textiles and apparel	45,190	45,014	46,979	4.4
6	Footwear	14,821	14,255	14,061	-1.4
7	Minerals and metals	30,280	32,989	36,854	11.7
8	Machinery	48,408	52,979	59,404	12.1
9	Transportation equipment	24,232	26,344	30,434	15.5
10	Electronic products	180,380	205,604	209,956	2.1
11	Miscellaneous manufactures	66,935	70,992	75,738	6.7
12	Special provisions	5,441	6,161	6,940	12.6
Total		462,528	505,462	539,495	6.7

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.35** Leading U.S. total exports to China, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
8800.00	Civilian aircraft, engines, and parts	14,577	16,265	18,222	12.0
2709.00	Petroleum oils and oils from bituminous minerals, crude	361	4,401	5,392	22.5
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	6,953	6,524	4,042	-38.0
8542.31	Processors and controllers, electronic integrated circuits	3,847	3,106	3,929	26.5
1201.90	Soybeans, other than seed	14,203	12,253	3,145	-74.3
8486.20	Machines and apparatus for the manufacture of semiconductor devices or of electronic integrates circuits	1,743	2,004	2,974	48.4
8542.39	Electronic integrated circuits, n.e.s.o.i.	777	1,210	1,302	7.6
8703.80	Motor vehicles with only electric motor, n.e.s.o.i.	0	1,375	1,107	-19.5
7404.00	Copper waste and scrap	1,359	1,716	1,079	-37.1
3004.90	Medicaments, in measured doses, etc. (excluding vaccines, etc., coated bandages etc., and pharmaceutical goods), n.e.s.o.i.	721	979	1,069	9.2
8703.24	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 3,000 cc	792	1,668	1,054	-36.8
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	883	1,025	1,046	2.0
4703.21	Chemical woodpulp, soda or sulfate, other than dissolving grades, semibleached or bleached, coniferous	950	1,092	1,028	-5.8
4707.10	Waste and scrap of unbleached kraft paper or paperboard or of corrugated paper or paperboard	1,021	872	944	8.3
2711.12	Propane, liquefied	817	1,698	929	-45.3
	Total of items shown	49,003	56,188	47,262	-15.9
	All other HTS subheadings	66,543	73,706	73,079	-0.8
	Total of all commodities	115,546	129,894	120,341	-7.4

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included; cc = cubic centimeters.

**Table A.36** Leading U.S. general imports from China, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
8517.12	Telephones for cellular networks or for other wireless networks	37,051	44,578	43,207	-3.1

HTS 6	Description	2016	2017	2018	% change 2017-18
8471.30	Portable digital automatic data processing machines, weight not more than 10 kg, consisting of at least a central processing unit, keyboard & a display	33,612	37,306	37,457	0.4
8517.62	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	18,934	22,935	23,484	2.4
8473.30	Parts and accessories for automatic data processing machines and units thereof, magnetic or optical readers, transcribing machines, etc., n.e.s.o.i.	10,218	15,009	16,426	9.4
9503.00	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; etc.	12,011	12,238	11,928	-2.5
8471.50	Digital processing units other than those of 8471.41 and 8471.49, n.e.s.o.i.	3,254	4,412	5,564	26.1
9504.50	Video game consoles and machines, other than those of subheading 9504.30	3,549	4,498	5,368	19.3
8504.40	Electrical static converters; power supplies for adp machines or units of 8471	4,445	4,612	5,085	10.2
8528.52	Other monitors capable of directly connecting to and designed for use with machines of heading 8471	( <sup>a</sup> )	4,596	4,656	1.3
8528.72	Reception apparatus for television, color, n.e.s.o.i.	3,347	4,036	4,630	14.7
9401.61	Seats with wooden frames, upholstered, n.e.s.o.i.	3,452	3,773	4,126	9.3
9403.20	Metal furniture, n.e.s.o.i.	3,193	3,532	4,101	16.1
8523.51	Solid-state non-volatile semiconductor storage devices	3,014	4,466	3,994	-10.6
8525.80	Television cameras, digital cameras and video camera recorders	2,261	3,004	3,430	14.2
9405.40	Electric lamps and lighting fittings, n.e.s.o.i.	2,943	3,115	3,260	4.6
Total of items shown		141,283	172,111	176,716	2.7
All other HTS subheadings		321,245	333,351	362,779	8.8
Total of all commodities		462,528	505,462	539,495	6.7

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included; adp = automatic data processing.

<sup>a</sup>Trade in 2016 reported under HTS subheading 8528.51.

**Table A.37** U.S. private services exports to China, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Travel (Business, Personal)	31,478	32,828	32,068	-2.3
Charges for IP Use	7,423	7,590	8,467	11.6
Transport (Sea, Air, Other)	4,937	5,187	5,328	2.7
Financial Services	3,318	3,619	4,171	15.3
Other business services	3,556	3,289	3,532	7.4
Maintenance and repair services	1,694	1,553	1,863	20.0
Telecommunications, computer, and information services	832	900	945	5.0
Insurance Services	665	589	335	-43.1
<b>Total</b>	<b>53,903</b>	<b>55,555</b>	<b>56,710</b>	<b>2.1</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: Data for 2018 are preliminary.

**Table A.38** U.S. private services imports from China, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Other business services	4,648	4,773	5,443	14.0
Transport (Sea, Air, Other)	4,387	4,713	5,025	6.6
Travel (Business, Personal)	4,395	4,554	4,532	-0.5
Financial Services	606	766	878	14.6
Charges for IP Use	548	942	763	-19.0
Telecommunications, computer, and information services	899	843	709	-15.9
Insurance Services	51	400	654	63.5
Maintenance and repair services	551	355	257	-27.6
<b>Total</b>	<b>16,084</b>	<b>17,346</b>	<b>18,261</b>	<b>5.3</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: Data for 2018 are preliminary.

**Table A.39** U.S. total exports to Canada, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change 2017–18
Million \$					
1	Agricultural products	25,889	26,349	26,748	1.5
2	Forest products	9,710	9,946	10,056	1.1
3	Chemicals and related products	36,491	38,499	39,640	3.0
4	Energy-related products	17,450	20,339	26,545	30.5
5	Textiles and apparel	5,076	5,274	5,135	-2.6
6	Footwear	509	500	486	-2.8
7	Minerals and metals	24,901	26,395	27,935	5.8
8	Machinery	26,263	27,640	29,483	6.7
9	Transportation equipment	73,517	78,364	80,370	2.6
10	Electronic products	31,449	32,816	33,548	2.2
11	Miscellaneous manufactures	8,452	8,864	9,101	2.7
12	Special provisions	7,027	7,278	9,672	32.9
Total		266,734	282,265	298,719	5.8

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.40** U.S. general imports from Canada, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change 2017–18
Million \$					
1	Agricultural products	25,242	26,078	26,888	3.1
2	Forest products	18,704	19,089	19,767	3.5
3	Chemicals and related products	29,682	29,435	32,436	10.2
4	Energy-related products	54,725	73,689	85,197	15.6
5	Textiles and apparel	2,181	2,230	2,332	4.5
6	Footwear	50	52	51	-0.5
7	Minerals and metals	28,785	31,581	32,830	4.0
8	Machinery	12,172	13,541	14,511	7.2
9	Transportation equipment	73,657	71,870	70,778	-1.5
10	Electronic products	8,927	9,286	9,807	5.6
11	Miscellaneous manufactures	5,534	5,251	5,503	4.8
12	Special provisions	18,107	17,176	18,314	6.6
Total		277,766	299,280	318,414	6.4

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.41** Leading U.S. total exports to Canada, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
2709.00	Petroleum oils and oils from bituminous minerals, crude	5,634	6,664	9,344	40.2
8800.00	Civilian aircraft, engines, and parts	7,494	8,204	8,971	9.4
8703.24	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 3,000 cc	7,446	8,581	8,293	-3.4
2710.12	Light oils and preparations containing 70% by weight petroleum oils or oils from bituminous minerals, not containing biodiesel, not waste oils	5,208	5,547	7,708	38.9
8704.31	Motor vehicles for goods transport n.e.s.o.i., with spark-ignition internal combustion piston engine, gvw not over 5 metric tons	7,420	8,405	7,562	-10.0
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	5,187	4,973	4,817	-3.1
2710.19	Petroleum oils, oils from bituminous minerals (other than crude) & products containing by weight 70% or more of these oils, not biodiesel or waste	2,786	2,953	4,206	42.4
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	5,661	4,244	3,783	-10.9
8407.34	Spark-ignition reciprocating piston engines for propulsion of vehicles except railway or tramway stock, over 1,000 cc cylinder capacity	3,922	3,849	3,304	-14.1
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	2,820	2,814	2,663	-5.4
8708.40	Gear boxes for motor vehicles	2,015	2,316	2,377	2.6
8517.62	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	1,949	2,259	2,345	3.8
8471.30	Portable digital automatic data processing machines, weight not more than 10 kg, consisting of at least a central processing unit, keyboard & a display	2,033	2,157	2,274	5.5
8701.20	Road tractors for semi-trailers	1,269	1,405	2,234	59.0
2711.21	Natural gas, gaseous	1,594	2,616	2,172	-17.0
Total of items shown		62,438	66,989	72,050	7.6
All other HTS subheadings		204,297	215,276	226,669	5.3
Total of all commodities		266,734	282,265	298,719	5.8

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included; gvw = gross vehicle weight; cc=cubic centimeters.

**Table A.42** Leading U.S. general imports from Canada, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
2709.00	Petroleum oils and oils from bituminous minerals, crude	36,184	50,125	60,845	21.4
8703.24	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 3,000 cc	21,848	21,361	17,814	-16.6
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	21,521	15,068	12,874	-14.6
2710.19	Petroleum oils, oils from bituminous minerals (other than crude) & products containing by weight 70% or more of these oils, not biodiesel or waste	3,424	4,913	6,280	27.8
2711.21	Natural gas, gaseous	5,666	6,902	6,073	-12.0
8703.22	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,000 cc but not over 1,500 cc	1,317	5,494	5,468	-0.5
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, etc., over 6 mm (.236 in.) thick	5,549	5,773	4,522	-21.7
2710.12	Light oils and preparations containing 70% by weight petroleum oils or oils from bituminous minerals, not containing biodiesel, not waste oils	3,755	4,793	4,420	-7.8
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	3,451	3,347	3,794	13.3
3004.90	Medicaments, in measured doses, etc. (excluding vaccines, etc., coated bandages etc., and pharmaceutical goods), n.e.s.o.i.	3,422	2,316	2,688	16.0
7601.10	Aluminum, not alloyed, unwrought	2,321	3,233	2,586	-20.0
7601.20	Aluminum alloys, unwrought	1,904	2,240	2,584	15.3
3104.20	Potassium chloride	1,779	2,082	2,329	11.9
8407.34	Spark-ignition reciprocating piston engines for propulsion of vehicles except railway or tramway stock, over 1,000 cc cylinder capacity	2,437	2,238	2,328	4.0
2716.00	Electrical energy	2,192	2,266	2,084	-8.0
	Total of items shown	116,770	132,151	136,688	3.4
	All other HTS subheadings	160,996	167,128	181,726	8.7
	Total of all commodities	277,766	299,280	318,414	6.4

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included; cc = cubic centimeters.

**Table A.43** U.S. private services exports to Canada, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Travel (Business, Personal)	16,010	17,160	18,164	5.9
Other business services	9,695	11,123	14,215	27.8
Charges for IP Use	7,908	8,483	8,538	0.6
Transport (Sea, Air, Other)	6,572	7,063	8,017	13.5
Financial Services	6,427	6,952	7,236	4.1
Telecommunications, computer, and information services	3,356	4,002	4,313	7.8
Insurance Services	2,029	1,783	1,828	2.5
Maintenance and repair services	2,034	1,258	1,338	6.4
<b>Total</b>	<b>54,031</b>	<b>57,823</b>	<b>63,648</b>	<b>10.1</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: Data for 2018 are preliminary.

**Table A.44** U.S. private services imports from Canada, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Travel (Business, Personal)	7,898	8,519	9,164	7.6
Other business services	7,498	8,635	8,822	2.2
Transport (Sea, Air, Other)	5,309	5,464	5,535	1.3
Telecommunications, computer, and information services	4,159	4,395	4,993	13.6
Financial Services	2,019	2,153	2,424	12.6
Charges for IP Use	1,580	1,707	2,347	37.5
Maintenance and repair services	1,458	1,442	1,673	16.0
Insurance Services	501	618	679	9.9
<b>Total</b>	<b>30,422</b>	<b>32,933</b>	<b>35,635</b>	<b>8.2</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: Data for 2018 are preliminary.



**Table A.45** U.S. total exports to Mexico, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	18,497	19,263	19,710	2.3
2	Forest products	5,754	6,055	6,314	4.3
3	Chemicals and related products	32,906	35,064	38,398	9.5
4	Energy-related products	19,810	27,018	34,695	28.4
5	Textiles and apparel	5,471	5,554	5,870	5.7
6	Footwear	97	95	104	9.1
7	Minerals and metals	20,994	22,030	23,792	8.0
8	Machinery	23,200	24,066	25,237	4.9
9	Transportation equipment	39,959	41,096	43,282	5.3
10	Electronic products	53,558	53,046	56,752	7.0
11	Miscellaneous manufactures	3,044	2,974	3,145	5.8
12	Special provisions	6,761	7,054	7,711	9.3
Total		230,051	243,314	265,010	8.9

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.46** U.S. general imports from Mexico, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	24,885	26,697	28,313	6.1
2	Forest products	1,906	1,978	2,150	8.7
3	Chemicals and related products	10,604	11,531	12,740	10.5
4	Energy-related products	8,724	11,407	15,901	39.4
5	Textiles and apparel	5,798	6,097	6,148	0.8
6	Footwear	413	416	500	20.2
7	Minerals and metals	18,084	19,364	21,152	9.2
8	Machinery	29,888	31,391	33,736	7.5
9	Transportation equipment	105,197	114,193	126,991	11.2
10	Electronic products	73,500	75,758	82,745	9.2
11	Miscellaneous manufactures	6,783	6,704	7,100	5.9
12	Special provisions	8,138	8,726	9,049	3.7
Total		293,920	314,262	346,524	10.3

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.47** Leading U.S. total exports to Mexico, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
2710.12	Light oils and preparations containing 70% by weight petroleum oils or oils from bituminous minerals, not containing biodiesel, not waste oils	9,479	11,911	15,459	29.8
2710.19	Petroleum oils, oils from bituminous minerals (other than crude) & products containing by weight 70% or more of these oils, not biodiesel or waste	6,008	8,992	12,041	33.9
8473.30	Parts and accessories for automatic data processing machines and units thereof, magnetic or optical readers, transcribing machines, etc., n.e.s.o.i.	10,856	10,441	11,621	11.3
8408.20	Compression-ignition internal combustion piston engines (diesel or semi-diesel), for the propulsion of vehicles except railway or tramway stock	2,507	3,581	4,474	24.9
8542.31	Processors and controllers, electronic integrated circuits	3,310	3,618	3,913	8.1
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	3,119	3,279	3,582	9.3
8800.00	Civilian aircraft, engines, and parts	2,677	3,234	3,399	5.1
8471.70	Automatic data processing storage units, n.e.s.o.i.	2,810	2,882	3,212	11.4
1005.90	Corn (maize), other than seed corn	2,575	2,668	3,099	16.1
8517.62	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	3,046	2,932	3,074	4.8
8708.40	Gear boxes for motor vehicles	2,546	2,843	3,057	7.5
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	3,666	3,032	3,032	0.0
3926.90	Articles of plastics, n.e.s.o.i.	2,377	2,507	2,603	3.8
2711.21	Natural gas, gaseous	2,059	2,036	2,368	16.3
2711.12	Propane, liquefied	1,093	1,918	2,050	6.9
Total of items shown		58,130	65,874	76,983	16.9
All other HTS subheadings		171,922	177,441	188,027	6.0
Total of all commodities		230,051	243,314	265,010	8.9

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included.

**Table A.48** Leading U.S. general imports from Mexico, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
8471.50	Digital processing units other than those of 8471.41 and 8471.49, n.e.s.o.i.	15,165	17,488	24,211	38.4
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	17,964	20,358	22,700	11.5
8704.31	Motor vehicles for goods transport n.e.s.o.i., with spark-ignition internal combustion piston engine, gvw not over 5 metric tons	15,400	15,378	15,436	0.4
2709.00	Petroleum oils and oils from bituminous minerals, crude	7,583	10,052	14,445	43.7
8517.62	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	11,063	9,512	9,100	-4.3
8701.20	Road tractors for semi-trailers	4,756	5,750	8,479	47.4
8528.72	Reception apparatus for television, color, n.e.s.o.i.	8,720	8,404	8,123	-3.4
8703.22	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,000 cc but not over 1,500 cc	3,613	5,934	8,005	34.9
8544.30	Insulated ignition wiring sets and other wiring sets for vehicles, aircraft and ships	7,057	6,873	7,937	15.5
9401.90	Parts of seats (except parts of medical, dentist, barber, and similar seats), n.e.s.o.i.	6,613	6,211	6,154	-0.9
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	4,988	4,872	5,572	14.4
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	3,839	4,291	4,717	9.9
8704.21	Motor vehicles for goods transport n.e.s.o.i., with compression-ignition internal combustion piston engine (diesel), gvw not over 5 metric tons	2,397	2,494	3,829	53.5
9018.90	Instruments and appliances for medical, surgical or veterinary sciences, n.e.s.o.i., and parts and accessories thereof	3,407	3,450	3,675	6.5
2203.00	Beer made from malt	3,100	3,321	3,604	8.5
	Total of items shown	115,664	124,388	145,986	17.4
	All other HTS subheadings	178,256	189,874	200,538	5.6
	Total of all commodities	293,920	314,262	346,524	10.3

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included; gvw = gross vehicle weight; cc = cubic centimeters.

**Table A.49** U.S. private services exports to Mexico, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Travel (Business, Personal)	16,848	17,573	17,884	1.8
Transport (Sea, Air, Other)	3,885	3,975	4,202	5.7
Charges for IP Use	3,777	3,691	3,895	5.5
Other business services	2,787	3,078	3,120	1.4
Financial Services	1,504	1,438	1,566	8.9
Telecommunications, computer, and information services	1,057	1,295	1,508	16.4
Maintenance and repair services	674	632	778	23.1
Insurance Services	385	413	421	1.9
<b>Total</b>	<b>30,918</b>	<b>32,097</b>	<b>33,374</b>	<b>4.0</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: Data for 2018 are preliminary.

**Table A.50** U.S. private services imports from Mexico, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Travel (Business, Personal)	15,942	17,085	17,375	1.7
Transport (Sea, Air, Other)	3,076	3,096	3,370	8.9
Other business services	2,628	2,856	2,408	-15.7
Telecommunications, computer, and information services	925	947	948	0.1
Charges for IP Use	766	699	917	31.2
Financial Services	360	355	400	12.7
Maintenance and repair services	252	299	238	-20.4
Insurance Services	24	18	7	-61.1
<b>Total</b>	<b>23,973</b>	<b>25,354</b>	<b>25,664</b>	<b>1.2</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: Data for 2018 are preliminary.

**Table A.51** U.S. total exports to Japan, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	12,099	12,918	13,867	7.4
2	Forest products	1,887	1,922	2,013	4.8
3	Chemicals and related products	11,531	11,853	12,394	4.6
4	Energy-related products	2,667	5,780	9,195	59.1
5	Textiles and apparel	523	513	553	7.8
6	Footwear	56	50	50	-0.3
7	Minerals and metals	3,405	3,669	4,252	15.9
8	Machinery	4,308	5,769	6,617	14.7
9	Transportation equipment	11,123	9,671	9,806	1.4
10	Electronic products	12,311	12,174	12,528	2.9
11	Miscellaneous manufactures	2,163	2,076	2,330	12.2
12	Special provisions	1,152	1,210	1,360	12.4
Total		63,226	67,605	74,967	10.9

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.52** U.S. general imports from Japan, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	916	915	988	7.9
2	Forest products	449	443	428	-3.3
3	Chemicals and related products	11,493	11,948	13,424	12.4
4	Energy-related products	506	594	872	46.9
5	Textiles and apparel	737	747	795	6.3
6	Footwear	9	3	5	59.0
7	Minerals and metals	6,234	6,354	6,702	5.5
8	Machinery	17,308	18,689	18,924	1.3
9	Transportation equipment	68,643	70,605	72,545	2.7
10	Electronic products	21,214	21,514	22,585	5.0
11	Miscellaneous manufactures	1,196	1,284	1,440	12.2
12	Special provisions	3,323	3,385	3,887	14.8
Total		132,029	136,480	142,596	4.5

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.53** Leading U.S. total exports to Japan, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change 2017–18
8800.00	Civilian aircraft, engines, and parts	6,877	5,725	5,637	-1.5
2711.12	Propane, liquefied	1,334	2,894	3,986	37.7
1005.90	Corn (maize), other than seed corn	2,099	2,154	2,812	30.6
8486.20	Machines and apparatus for the manufacture of semiconductor devices or of electronic integrates circuits	848	1,731	2,185	26.2
3004.90	Medicaments, in measured doses, etc. (excluding vaccines, etc., coated bandages etc., and pharmaceutical goods), n.e.s.o.i.	2,095	1,658	1,617	-2.5
2709.00	Petroleum oils and oils from bituminous minerals, crude	112	504	1,451	187.7
9018.90	Instruments and appliances for medical, surgical or veterinary sciences, n.e.s.o.i., and parts and accessories thereof	1,217	1,220	1,388	13.8
3002.15	Immunological products, put up in measured doses or in forms or packings for retail sale	( <sup>a</sup> )	1,132	1,305	15.3
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	409	865	1,230	42.2
2909.19	Acyclic ethers (excluding diethyl ether) and their halogenated, sulfonated, nitrated or nitrosated derivatives	912	1,133	1,171	3.4
0201.30	Meat of bovine animals, boneless, fresh or chilled	796	1,090	1,162	6.6
0203.19	Meat of swine, n.e.s.o.i., fresh or chilled	968	1,002	972	-3.0
1201.90	Soybeans, other than seed	1,000	974	947	-2.7
2711.11	Natural gas, liquefied	73	337	825	145.1
1001.99	Wheat and meslin, not durum wheat, other than seed	604	708	695	-1.9
	Total of items shown	19,346	23,128	27,384	18.4
	All other HTS subheadings	43,880	44,478	47,583	7.0
	Total of all commodities	63,226	67,605	74,967	10.9

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included.

<sup>a</sup>Trade in 2015 and 2016 reported under HTS subheading 3002.10.

**Table A.54** Leading U.S. total imports from Japan, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
		Million \$			2017–18
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	26,339	24,302	23,608	-2.9
8703.24	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 3,000 cc	10,557	10,800	10,541	-2.4
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	4,471	3,983	4,155	4.3
8708.40	Gear boxes for motor vehicles	2,688	3,343	3,176	-5.0
8703.40	Passenger motor vehicles, with both spark-ignition internal combustion and electric motor, other than those charges by plug in to external electric power	( <sup>a</sup> )	3,151	2,738	-13.1
8703.22	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,000 cc but not over 1,500 cc	2,312	686	2,674	289.5
8443.99	Parts and accessories of printers, copying machines and facsimile machines, n.e.s.o.i.	2,598	2,556	2,587	1.2
8429.52	Mechanical shovels, excavators and shovel loaders with 360 degree revolving superstructure, self-propelled	1,942	2,004	2,497	24.6
8411.91	Parts of turbojets or turbopropellers	1,815	1,927	1,977	2.6
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	2,090	1,895	1,811	-4.4
3004.90	Medicaments, in measured doses, etc. (excluding vaccines, etc., coated bandages etc., and pharmaceutical goods), n.e.s.o.i.	1,391	1,357	1,601	18.0
8523.51	Solid-state non-volatile semiconductor storage devices	422	978	1,339	36.9
8486.20	Machines and apparatus for the manufacture of semiconductor devices or of electronic integrates circuits	1,198	1,267	1,324	4.5
8409.91	Parts for use with spark-ignition internal combustion piston engines (including rotary engines), n.e.s.o.i.	1,287	1,383	1,199	-13.3
8486.90	Machines and apparatus of a kind used for the manufacture of semiconductor boules or wafers, etc., parts and accessories	887	1,169	1,188	1.7
	Total of items shown	59,995	60,800	62,416	2.7
	All other HTS subheadings	72,034	75,680	80,180	5.9
	Total of all commodities	132,029	136,480	142,596	4.5

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included; cc = cubic centimeters.

<sup>a</sup> Trade in 2016 reported under HTS statistical reporting numbers 8703.23.0022, 8703.23.0024, 8703.23.0026, 8703.23.0028, 8703.23.0032, 8703.23.0034, 8703.23.0036, 8703.23.0038, 8703.23.0042, 8703.23.0044, 8703.23.0046, 8703.23.0048, 8703.23.0052, 8703.23.0062, 8703.23.0064, 8703.23.0066, 8703.23.0068, 8703.23.0072, 8703.23.0074, 8703.23.0076, 8703.23.0090, 8703.24.0010, 8703.24.0030, 8703.24.0032, 8703.24.0034, 8703.24.0036, 8703.24.0038, 8703.24.0042, 8703.24.0052, 8703.24.0054, 8703.24.0056, 8703.24.0058, 8703.24.0062, 8703.24.0064, 8703.24.0066, 8703.24.0068, 8703.24.0090.

**Table A.55** U.S. private services exports to Japan, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Travel (Business, Personal)	11,112	10,808	10,283	-4.9
Transport (Sea, Air, Other)	9,627	10,065	9,810	-2.5
Other business services	7,995	7,908	7,662	-3.1
Charges for IP Use	6,786	7,025	6,606	-6.0
Financial Services	3,336	3,472	3,722	7.2
Insurance Services	2,294	2,555	2,777	8.7
Telecommunications, computer, and information services	2,067	2,119	2,066	-2.5
Maintenance and repair services	1,193	1,275	1,496	17.3
<b>Total</b>	<b>44,409</b>	<b>45,227</b>	<b>44,422</b>	<b>-1.8</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Note: Data for 2018 are preliminary.

**Table A.56** U.S. private services imports from Japan, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Charges for IP Use	11,113	11,053	11,813	6.9
Transport (Sea, Air, Other)	8,332	8,853	9,186	3.8
Travel (Business, Personal)	3,055	3,294	3,586	8.9
Other business services	2,761	3,491	3,415	-2.2
Financial Services	1,492	1,417	1,641	15.8
Telecommunications, computer, and information services	485	497	338	-32.0
Insurance Services	375	343	320	-6.7
Maintenance and repair services	111	70	100	42.9
<b>Total</b>	<b>27,725</b>	<b>29,018</b>	<b>30,397</b>	<b>4.8</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Note: Data for 2018 are preliminary.



**Table A.57** U.S. total exports to South Korea, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	6,841	7,461	9,030	21.0
2	Forest products	791	785	852	8.6
3	Chemicals and related products	6,527	7,234	8,233	13.8
4	Energy-related products	1,752	4,183	10,027	139.7
5	Textiles and apparel	321	310	314	1.4
6	Footwear	53	45	37	-19.0
7	Minerals and metals	2,549	2,613	3,269	25.1
8	Machinery	5,617	8,702	7,474	-14.1
9	Transportation equipment	8,582	6,314	6,574	4.1
10	Electronic products	7,652	9,106	8,580	-5.8
11	Miscellaneous manufactures	990	863	1,092	26.6
12	Special provisions	638	711	861	21.1
Total		42,313	48,326	56,344	16.6

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.58** U.S. general imports from South Korea, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	810	843	864	2.4
2	Forest products	544	537	696	29.5
3	Chemicals and related products	8,512	7,822	10,002	27.9
4	Energy-related products	2,260	2,874	3,125	8.7
5	Textiles and apparel	1,271	1,232	1,319	7.1
6	Footwear	27	45	55	23.7
7	Minerals and metals	5,309	5,823	5,788	-0.6
8	Machinery	7,082	7,902	8,231	4.2
9	Transportation equipment	25,305	25,300	24,173	-4.5
10	Electronic products	16,551	16,813	17,561	4.4
11	Miscellaneous manufactures	968	887	915	3.1
12	Special provisions	1,251	1,366	1,496	9.5
Total		69,888	71,444	74,223	3.9

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.59** Leading U.S. total exports to South Korea, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
2709.00	Petroleum oils and oils from bituminous minerals, crude	181	1,095	5,590	410.4
8486.20	Machines and apparatus for the manufacture of semiconductor devices or of electronic integrated circuits	1,911	4,731	3,392	-28.3
8800.00	Civilian aircraft, engines, and parts	3,505	2,862	2,986	4.3
8542.31	Processors and controllers, electronic integrated circuits	2,094	2,513	2,572	2.3
2711.12	Propane, liquefied	556	921	1,402	52.2
1005.90	Corn (maize), other than seed corn	870	711	1,363	91.6
2711.11	Natural gas, liquefied	43	596	1,284	115.4
8486.90	Machines and apparatus of a kind used for the manufacture of semiconductor boules or wafers, etc., parts and accessories	663	838	1,104	31.7
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	741	684	764	11.6
2905.11	Methanol (methyl alcohol)	122	205	604	194.5
0202.30	Meat of bovine animals, boneless, frozen	418	334	604	81.0
0203.29	Meat of swine, n.e.s.o.i., frozen	298	403	561	39.1
0202.20	Meat of bovine animals, cuts with bone in (other than half or whole carcasses), frozen	368	408	540	32.3
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	287	623	480	-22.9
0201.30	Meat of bovine animals, boneless, fresh or chilled	200	370	476	28.6
Total of items shown		12,256	17,294	23,721	37.2
All other HTS subheadings		30,056	31,032	32,624	5.1
Total of all commodities		42,313	48,326	56,344	16.6

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included; cc = cubic centimeters.

**Table A.60** Leading U.S. general imports from South Korea, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	10,807	8,547	9,076	6.2
8473.30	Parts and accessories for automatic data processing machines and units thereof, magnetic or optical readers, transcribing machines, etc., n.e.s.o.i.	1,325	2,661	4,966	86.6
8517.12	Telephones for cellular networks or for other wireless networks	6,287	5,557	3,859	-30.6
2710.19	Petroleum oils, oils from bituminous minerals (other than crude) & products containing by weight 70% or more of these oils, not biodiesel or waste	2,067	2,581	2,767	7.2
8703.22	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,000 cc but not over 1,500 cc	2,443	2,032	2,535	24.7
3002.14	Immunological products, mixed, not put up in measured doses or in forms or packings for retail sale	( <sup>a</sup> )	910	2,023	122.4
8542.39	Electronic integrated circuits, n.e.s.o.i.	1,278	1,383	1,373	-0.7
8703.24	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 3,000 cc	2,647	3,714	1,302	-64.9
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,301	1,166	1,227	5.2
4011.10	New pneumatic tires, of rubber, of a kind used on motor cars (including station wagons and racing cars)	1,068	952	988	3.8
8418.10	Combined refrigerator-freezers fitted with separate external doors	1,045	1,012	906	-10.5
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	937	806	866	7.4
8523.51	Solid-state non-volatile semiconductor storage devices	1,034	976	844	-13.5
8507.60	Lithium ion batteries	219	581	755	29.9
8703.40	Passenger motor vehicles, with both spark-ignition internal combustion and electric motor, other than those charges by plug in to external electric power	( <sup>b</sup> )	921	741	-19.6
Total of items shown		32,458	33,798	34,226	1.3
All other HTS subheadings		37,431	37,645	39,997	6.2
Total of all commodities		69,888	71,444	74,223	3.9

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included; cc = cubic centimeters.

<sup>a</sup> Trade in 2016 reported under HTS subheading 3002.10.

<sup>b</sup> Trade in 2016 reported under HTS statistical reporting numbers 8703.23.0022, 8703.23.0024, 8703.23.0026, 8703.23.0028, 8703.23.0032, 8703.23.0034, 8703.23.0036, 8703.23.0038, 8703.23.0042, 8703.23.0044, 8703.23.0046, 8703.23.0048, 8703.23.0052, 8703.23.0062, 8703.23.0064, 8703.23.0066, 8703.23.0068, 8703.23.0072, 8703.23.0074, 8703.23.0076, 8703.23.0090, 8703.24.0010, 8703.24.0030, 8703.24.0032, 8703.24.0034, 8703.24.0036, 8703.24.0038, 8703.24.0042, 8703.24.0052, 8703.24.0054, 8703.24.0056, 8703.24.0058, 8703.24.0062, 8703.24.0064, 8703.24.0066, 8703.24.0068, 8703.24.0090.

**Table A.61** U.S. private services exports to South Korea, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Travel (Business, Personal)	8,783	9,871	9,388	-4.9
Charges for IP Use	5,852	6,130	5,043	-17.7
Transport (Sea, Air, Other)	2,348	2,667	2,651	-0.6
Other business services	1,826	1,795	1,614	-10.1
Financial Services	991	1,113	1,166	4.8
Maintenance and repair services	736	909	1,111	22.2
Telecommunications, computer, and information services	647	734	677	-7.8
Insurance Services	243	259	252	-2.7
<b>Total</b>	<b>21,426</b>	<b>23,478</b>	<b>21,902</b>	<b>-6.7</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: Data for 2018 are preliminary.

**Table A.62** U.S. private services imports from South Korea, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Transport (Sea, Air, Other)	5,718	6,048	6,498	7.4
Travel (Business, Personal)	1,246	1,247	1,451	16.4
Other business services	1,038	975	956	-1.9
Charges for IP Use	303	425	459	8.0
Financial Services	279	357	340	-4.8
Insurance Services	103	93	99	6.5
Telecommunications, computer, and information services	56	52	43	-17.3
Maintenance and repair services	27	28	25	-10.7
<b>Total</b>	<b>8,767</b>	<b>9,224</b>	<b>9,871</b>	<b>7.0</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: Data for 2018 are preliminary.

**Table A.63** U.S. total exports to India, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	1,439	1,907	1,772	-7.1
2	Forest products	693	828	994	20.1
3	Chemicals and related products	3,357	3,376	4,144	22.7
4	Energy-related products	1,259	3,137	6,711	113.9
5	Textiles and apparel	206	172	187	8.8
6	Footwear	2	2	4	91.2
7	Minerals and metals	7,838	7,861	9,344	18.9
8	Machinery	1,278	1,307	1,487	13.7
9	Transportation equipment	1,994	3,194	4,284	34.1
10	Electronic products	2,641	2,943	3,231	9.8
11	Miscellaneous manufactures	555	484	365	-24.6
12	Special provisions	374	476	597	25.5
Total		21,636	25,689	33,120	28.9

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.64** U.S. general imports from India, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	3,512	4,652	4,795	3.1
2	Forest products	251	282	357	26.7
3	Chemicals and related products	11,168	10,378	11,166	7.6
4	Energy-related products	2,362	2,369	2,838	19.8
5	Textiles and apparel	7,949	8,194	8,550	4.4
6	Footwear	503	448	440	-1.9
7	Minerals and metals	11,428	12,139	13,130	8.2
8	Machinery	2,061	2,388	3,214	34.6
9	Transportation equipment	1,874	2,282	3,931	72.3
10	Electronic products	1,207	1,247	1,553	24.6
11	Miscellaneous manufactures	3,038	3,101	3,254	5.0
12	Special provisions	631	819	780	-4.8
Total		45,983	48,297	54,007	11.8

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

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

**Table A.65** Leading U.S. total exports to India, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
7102.39	Diamonds, nonindustrial, worked, including polished or drilled	4,802	4,109	5,216	26.9
2709.00	Petroleum oils and oils from bituminous minerals, crude	0	507	3,016	494.6
8800.00	Civilian aircraft, engines, and parts	965	1,511	2,640	74.7
7108.12	Gold, nonmonetary, unwrought n.e.s.o.i. (other than powder)	1,726	2,376	1,933	-18.6
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	324	1,038	1,661	60.0
0802.11	Almonds, fresh or dried, in shell	446	583	544	-6.8
2707.99	Oils and products of the distillation of high temperature coal tar, n.e.s.o.i.; similar products which have a predominate (wt.) aromatic constituent, n.e.s.o.i.	206	305	435	42.7
2901.10	Acyclic hydrocarbons, saturated	10	233	384	64.9
2711.11	Natural gas, liquefied	104	103	352	243.4
5201.00	Cotton, not carded or combed	251	435	329	-24.2
8517.62	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	287	315	305	-3.4
7602.00	Aluminum waste and scrap	81	110	304	175.2
7106.91	Silver, unwrought n.e.s.o.i. (other than powder)	36	29	283	889.0
4707.10	Waste and scrap of unbleached kraft paper or paperboard or of corrugated paper or paperboard	152	208	269	29.4
2713.11	Petroleum coke, not calcined	368	465	255	-45.2
Total of items shown		9,758	12,327	17,924	45.4
All other HTS subheadings		11,878	13,362	15,196	13.7
Total of all commodities		21,636	25,689	33,120	28.9

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included.

**Table A.66** Leading U.S. general imports from India, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
7102.39	Diamonds, nonindustrial, worked, including polished or drilled	8,619	8,191	9,085	10.9
3004.90	Medicaments, in measured doses, etc. (excluding vaccines, etc., coated bandages etc., and pharmaceutical goods), n.e.s.o.i.	6,398	5,129	5,270	2.8
0306.17	Shrimps and prawns, frozen, other than cold-water	1,394	1,972	1,990	0.9
2710.12	Light oils and preparations containing 70% by weight petroleum oils or oils from bituminous minerals, not containing biodiesel, not waste oils	1,501	1,467	1,754	19.6
7113.19	Jewelry and parts thereof, of precious metal other than silver	1,507	1,432	1,503	5.0
2710.19	Petroleum oils, oils from bituminous minerals (other than crude) & products containing by weight 70% or more of these oils, not biodiesel or waste	845	878	1,058	20.5
6302.31	Bed linen (other than printed) of cotton, not knitted or crocheted	789	825	789	-4.3
6302.60	Toilet and kitchen linen of cotton terry toweling or similar cotton terry fabrics	698	729	731	0.3
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	0	66	697	953.0
6110.20	Sweaters, pullovers, sweatshirts, vests and similar articles of cotton, knitted or crocheted	406	428	452	5.7
8703.21	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity not over 1,000 cc	0	46	450	884.4
3004.20	Medicaments, in measured doses, etc., containing antibiotics, n.e.s.o.i.	420	385	421	9.4
1302.32	Mucilages and thickeners, whether or not modified, derived from locust beans, locust bean seeds or guar seeds	178	335	326	-2.8
7113.11	Jewelry and parts thereof, of silver	320	342	313	-8.6
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	190	238	307	29.0
Total of items shown		23,266	22,464	25,149	11.9
All other HTS subheadings		22,717	25,833	28,858	11.7
Total of all commodities		45,983	48,297	54,007	11.8

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included; cc = cubic centimeters.

**Table A.67** U.S. private services exports to India, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Travel (Business, Personal)	12,093	13,349	14,407	7.9
Charges for IP Use	2,512	3,481	3,446	-1.0
Transport (Sea, Air, Other)	1,673	1,720	1,811	5.3
Other business services	1,358	1,400	1,473	5.2
Telecommunications, computer, and information services	1,155	1,322	1,295	-2.0
Financial Services	879	1,001	1,233	23.2
Maintenance and repair services	369	656	837	27.6
Insurance Services	134	366	268	-26.8
<b>Total</b>	<b>20,173</b>	<b>23,295</b>	<b>24,769</b>	<b>6.3</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: Data for 2018 are preliminary.

**Table A.68** U.S. private services imports from India, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Telecommunications, computer, and information services	14,605	15,201	15,335	0.9
Other business services	6,693	7,549	8,483	12.4
Travel (Business, Personal)	3,220	3,241	3,262	0.6
Charges for IP Use	380	781	1,227	57.1
Transport (Sea, Air, Other)	558	620	650	4.8
Financial Services	543	602	473	-21.4
Insurance Services	82	68	81	19.1
Maintenance and repair services	48	23	19	-17.4
<b>Total</b>	<b>26,129</b>	<b>28,086</b>	<b>29,530</b>	<b>5.1</b>

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: Data for 2018 are preliminary.



**Table A.69** U.S. total exports to Taiwan, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	3,318	3,396	4,015	18.2
2	Forest products	424	415	507	22.1
3	Chemicals and related products	3,556	3,718	4,176	12.3
4	Energy-related products	135	776	3,833	394.0
5	Textiles and apparel	102	116	94	-19.3
6	Footwear	8	9	5	-38.3
7	Minerals and metals	1,268	1,343	1,762	31.2
8	Machinery	5,531	5,060	4,710	-6.9
9	Transportation equipment	3,744	3,653	3,502	-4.1
10	Electronic products	6,605	6,354	6,679	5.1
11	Miscellaneous manufactures	866	363	346	-4.6
12	Special provisions	478	526	613	16.6
Total		26,034	25,730	30,243	17.5

Source: USITC DataWeb/USDOOC (accessed May 9, 2019).

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

**Table A.70** U.S. general imports from Taiwan, by USITC digest sector, 2016–18

Sector	Description	2016	2017	2018	% change
					2017–18
		Million \$			
1	Agricultural products	531	587	580	-1.2
2	Forest products	243	262	274	4.7
3	Chemicals and related products	3,561	4,015	4,188	4.3
4	Energy-related products	96	143	303	112.4
5	Textiles and apparel	1,037	1,003	970	-3.3
6	Footwear	85	55	47	-14.0
7	Minerals and metals	5,130	5,856	6,397	9.2
8	Machinery	4,125	4,612	5,128	11.2
9	Transportation equipment	3,396	3,552	3,743	5.4
10	Electronic products	16,435	17,625	18,980	7.7
11	Miscellaneous manufactures	3,041	3,144	3,275	4.1
12	Special provisions	1,563	1,608	1,877	16.8
Total		39,241	42,462	45,761	7.8

Source: USITC DataWeb/USDOOC (accessed May 9, 2019).

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

**Table A.71** Leading U.S. total exports to Taiwan, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
2709.00	Petroleum oils and oils from bituminous minerals, crude	0	329	3,049	826.0
8800.00	Civilian aircraft, engines, and parts	2,937	2,509	2,149	-14.4
8486.20	Machines and apparatus for the manufacture of semiconductor devices or of electronic integrates circuits	2,747	2,432	1,797	-26.1
8542.31	Processors and controllers, electronic integrated circuits	1,557	1,133	1,129	-0.3
8542.32	Memories, electronic integrated circuits	1,047	1,078	1,031	-4.3
1201.90	Soybeans, other than seed	580	586	830	41.7
8486.90	Machines and apparatus of a kind used for the manufacture of semiconductor boules or wafers, etc., parts and accessories	621	816	814	-0.2
8542.39	Electronic integrated circuits, n.e.s.o.i.	657	711	788	10.8
1005.90	Corn (maize), other than seed corn	460	396	595	50.2
7204.49	Ferrous waste and scrap, n.e.s.o.i.	280	329	554	68.2
2710.12	Light oils and preparations containing 70% by weight petroleum oils or oils from bituminous minerals, not containing biodiesel, not waste oils	33	306	397	29.8
8517.62	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	433	212	340	60.5
0201.30	Meat of bovine animals, boneless, fresh or chilled	186	217	294	35.3
1001.99	Wheat and meslin, not durum wheat, other than seed	257	296	267	-9.7
8802.12	Helicopters of an unladen weight exceeding 2,000 kg	0	173	250	44.4
Total of items shown		11,795	11,524	14,285	24.0
All other HTS subheadings		14,239	14,206	15,957	12.3
Total of all commodities		26,034	25,730	30,243	17.5

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included.

**Table A.72** Leading U.S. general imports from Taiwan, by HTS 6-digit subheading, 2016–18

HTS 6	Description	2016	2017	2018	% change
					2017–18
		Million \$			
8473.30	Parts and accessories for automatic data processing machines and units thereof, magnetic or optical readers, transcribing machines, etc., n.e.s.o.i.	1,248	1,387	2,273	63.8
8542.39	Electronic integrated circuits, n.e.s.o.i.	1,462	1,640	1,826	11.3
8517.62	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	1,483	1,587	1,679	5.8
8523.51	Solid-state non-volatile semiconductor storage devices	1,127	1,222	1,464	19.8
8542.31	Processors and controllers, electronic integrated circuits	1,206	1,418	1,364	-3.8
9801.00	Imports of articles exported and returned, not advanced in value or condition; imports of animals exported and returned within 8 months	902	954	1,162	21.8
8471.30	Portable digital automatic data processing machines, weight not more than 10 kg, consisting of at least a central processing unit, keyboard & a display	679	1,261	1,081	-14.2
8542.32	Memories, electronic integrated circuits	689	723	854	18.0
8471.50	Digital processing units other than those of 8471.41 and 8471.49, n.e.s.o.i.	210	450	725	61.1
7318.14	Self-tapping screws, threaded, of iron or steel	505	583	682	17.1
8512.20	Electrical lighting or visual signaling equipment, for use on cycles or motor vehicles, except for use on bicycles	587	633	667	5.3
9999.95	Estimated imports of low valued transactions	526	542	596	10.0
7318.15	Threaded screws and bolts n.e.s.o.i., with or without their nuts or washers, of iron or steel	445	497	585	17.6
8525.80	Television cameras, digital cameras and video camera recorders	608	523	546	4.3
8542.39	Total of items shown	11,677	13,421	15,504	15.5
8517.62	All other products	27,564	29,040	30,258	4.2
8542.31	Total of all commodities	39,241	42,462	45,761	7.8

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Data reflect shipments under HTS chapters 1–97. Because of rounding, figures may not add up to totals shown. N.e.s.o.i. = not elsewhere specified or included; adp = automatic data processing.

**Table A.73** U.S. private services exports to Taiwan, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Transport (Sea, Air, Other)	2,140	2,284	2,386	4.5
Travel (Business, Personal)	2,235	2,205	2,188	-0.8
Charges for IP Use	4,435	2,790	2,104	-24.6
Maintenance and repair services	952	532	1,233	131.8
Other business services	638	687	798	16.2
Financial Services	620	569	589	3.5
Telecommunications, computer, and information services	122	192	196	2.1
Insurance Services	60	104	98	-5.8
Total	11,202	9,363	9,593	2.5

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: Data for 2018 are preliminary.

**Table A.74** U.S. private services imports from Taiwan, by category, 2016–18

Type of service	2016	2017	2018	% change
				2017-18
Million \$				
Transport (Sea, Air, Other)	5,059	5,385	5,722	6.3
Travel (Business, Personal)	1,361	1,364	1,264	-7.3
Other business services	918	801	829	3.5
Financial Services	136	206	222	7.8
Maintenance and repair services	49	35	64	82.9
Telecommunications, computer, and information services	49	55	62	12.7
Charges for IP Use	70	112	43	-61.6
Insurance Services	9	10	14	40.0
Total	7,651	7,968	8,220	3.2

Source: USDOC, BEA, U.S. International Transactions, Services, & IIP, International Transactions, tables 3.1 and 3.2, June 20, 2019.

Notes: Data for 2018 are preliminary.

# **Appendix B**

## **Additional Tables Corresponding to Figures in the Report**

**Table B.1** U.S. trade balance in goods and services, 2004–18 (million dollars)

Year	Services	Goods
2004	54,882	-664,766
2005	68,558	-782,804
2006	75,573	-837,289
2007	115,821	-821,196
2008	123,765	-832,492
2009	125,920	-509,694
2010	153,446	-648,671
2011	191,300	-740,999
2012	203,711	-741,119
2013	239,404	-700,539
2014	260,333	-749,917
2015	263,343	-761,868
2016	246,819	-749,801
2017	255,077	-805,200
2018	259,659	-887,338

Source: USDOC, U.S. International Transactions, Services & IIP "Table 1.2: U.S. International Transactions, Expanded Detail," June 28, 2019.

Note: Corresponds to figure [ES.1](#).

**Table B.2** U.S. goods and services trade with major bilateral trade partners, 2018 (million dollars)

Country/region	Goods			Services		
	Exports	Imports	Total	Exports	Imports	Total
European Union	320,183	489,780	809,963	251,824	198,621	450,445
China	120,829	540,431	661,260	56,710	18,261	74,971
Canada	300,458	325,017	625,475	63,648	35,635	99,283
Mexico	265,998	352,583	618,581	33,374	25,664	59,038
Japan	75,959	144,410	220,369	44,422	30,397	74,819
South Korea	57,617	75,011	132,628	21,902	9,871	31,773
India	33,567	54,461	88,028	24,769	29,530	54,299
Taiwan	31,275	45,794	77,069	9,593	8,220	17,813

Source: USITC DataWeb/USDOC (accessed June 28, 2018); BEA, Interactive data International Transactions, Services & IIP, International Transactions, Table 1.2 and 1.3, June 28, 2019.

Note: Corresponds to figure [ES.2](#)

<sup>a</sup> Services imports from the EU are overstated because the data include government goods and services not included elsewhere (n.i.e.).

**Table B.3** U.S. real gross domestic product (GDP), percentage change, 2014–18

Year	Real GDP % change
2014	2.5
2015	2.9
2016	1.6
2017	2.2
2018	2.9

Source: USDOC, BEA, "Real Gross Domestic Product," June 28, 2019.

Note: Corresponds to figure [1.1](#).

**Table B.4** Economic gross domestic product (GDP) growth trends in the world, the United States, and major trading partners 2016–18 (percent)

Countries	2016	2017	2018
World	3.37	3.79	3.60
United States	1.57	2.22	2.86
European Union	2.10	2.68	2.13
China	6.73	6.76	6.57
Canada	1.11	2.98	1.83
Mexico	2.92	2.07	1.99
Japan	0.61	1.93	0.81
South Korea	2.93	3.06	2.67
India	8.17	7.17	7.05
Taiwan	1.51	3.08	2.63

Source: IMF, [World Economic Outlook](#), October 2018.

Note: Based on constant prices. Corresponds to figure [1.2](#).

**Table B.5** U.S. merchandise trade with major trading partners and the world (billion dollars), 2014–18

Country/region	Trade flow	2014	2015	2016	2017	2018
European Union						
	Total exports	276.3	271.9	269.5	283.3	318.6
	General imports	420.5	427.8	416.3	434.5	487.8
	Merchandise trade balance	-144.2	-155.9	-146.7	-151.2	-169.1
China						
	Total exports	123.7	115.9	115.5	129.9	120.3
	General imports	468.5	483.2	462.5	505.5	539.5
	Merchandise trade balance	-344.8	-367.3	-347.0	-375.6	-419.2
Canada						
	Total exports	312.8	280.9	266.7	282.3	298.7
	General imports	349.3	296.3	277.8	299.3	318.4
	Merchandise trade balance	-36.5	-15.4	-11.0	-17.0	-19.7
Mexico						
	Total exports	241.0	236.5	230.1	243.3	265.0
	General imports	295.7	296.4	293.9	314.3	346.5
	Merchandise trade balance	-54.7	-60.0	-63.9	-70.9	-81.5
Japan						
	Total exports	66.9	62.4	63.2	67.6	75.0
	General imports	134.5	131.4	132.0	136.5	142.6
	Merchandise trade balance	-67.6	-69.1	-68.8	-68.9	-67.6
South Korea						
	Total exports	44.6	43.5	42.3	48.3	56.3
	General imports	69.7	71.8	69.9	71.4	74.2
	Merchandise trade balance	-25.0	-28.3	-27.6	-23.1	-17.9
India						
	Total exports	21.5	21.5	21.6	25.7	33.1
	General imports	45.3	44.8	46.0	48.3	54.0
	Merchandise trade balance	-23.8	-23.3	-24.3	-22.6	-20.9
Taiwan						
	Total exports	26.7	25.8	26.0	25.7	30.2
	General imports	40.8	40.9	39.2	42.5	45.8
	Merchandise trade balance	-14.2	-15.1	-13.2	-16.7	-15.5
World						
	Total exports	1,621.9	1,503.3	1,451.0	1,546.3	1,664.1
	General imports	2,355.7	2,248.7	2,187.0	2,340.8	2,541.3
	Merchandise trade balance	-733.8	-745.3	-736.0	-794.5	-877.2

Source: USITC DataWeb/USDOC (accessed May 9, 2019).

Note: Corresponds to figures [1.4](#), [6.1](#), [6.3](#), [6.5](#), [6.7](#), [6.9](#), [6.11](#), [6.13](#), [6.15](#).



**Table B.6** U.S. merchandise trade with major trading partners and the world, 2018

Country/region	U.S. total exports (billion \$)	U.S. general imports (billion \$)	Share of total exports (%)	Share of total imports (%)
European Union	318.6	487.8	19.1	19.2
China	120.3	539.5	7.2	21.2
Canada	298.7	318.4	18.0	12.5
Mexico	265.0	346.5	15.9	13.6
Japan	75.0	142.6	4.5	5.6
South Korea	56.3	74.2	3.4	2.9
India	33.1	54.0	2.0	2.1
Taiwan	30.2	45.8	1.8	1.8
All others	466.7	532.5	28.0	21.0
World	1,664.1	2,541.3	100.0	100.0

Source: Official trade statistics of the U.S. Department of Commerce (USDOC), accessible via USITC DataWeb (accessed May 9, 2019)

Note: Corresponds to figures [1.5](#), [1.6](#)

**Table B.7** U.S. private cross-border services trade with selected major trading partners and the world, 2014–18 (billion dollars)

Country/region	Trade flow	2014	2015	2016	2017	2018
European Union						
	Exports	220.7	227.8	233.8	242.9	251.8
	Imports	160.7	166.5	( <sup>a</sup> )179.6	( <sup>a</sup> )192.6	( <sup>a</sup> )198.6
	Services trade balance	59.9	61.3	54.2	50.3	53.2
China						
	Exports	43.9	48.5	53.9	55.6	56.7
	Imports	13.9	14.9	16.1	17.3	18.3
	Services trade balance	29.9	33.6	37.8	38.2	38.4
Canada						
	Exports	60.6	54.3	54.0	57.8	63.6
	Imports	29.8	29.0	30.4	32.9	35.6
	Services trade balance	30.8	25.4	23.6	24.9	28.0
Mexico						
	Exports	29.8	31.0	30.9	32.1	33.4
	Imports	19.8	22.8	24.0	25.4	25.7
	Services trade balance	10.0	8.3	6.9	6.7	7.7
Japan						
	Exports	46.2	44.8	44.4	45.2	44.4
	Imports	28.2	26.1	27.7	29.0	30.4
	Services trade balance	18.0	18.7	16.7	16.2	14.0
South Korea						
	Exports	20.0	20.6	21.4	23.5	21.9
	Imports	8.2	8.7	8.8	9.2	9.9
	Services trade balance	11.7	11.9	12.7	14.3	12.0
India						
	Exports	14.9	18.1	20.2	23.3	24.8
	Imports	22.4	24.6	26.1	28.1	29.5
	Services trade balance	-7.5	-6.5	-6.0	-4.8	-4.8
Taiwan						
	Exports	12.0	11.9	11.2	9.4	9.6
	Imports	7.2	7.6	7.7	8.0	8.2
	Services trade balance	4.7	4.3	3.6	1.4	1.4
World						
	Exports	721.4	735.2	739.7	779.3	805.7
	Imports	456.5	470.4	490.1	521.8	544.3
	Services trade balance	264.9	264.8	249.5	257.5	261.4

Source: USDOC, BEA, Interactive data, International Transactions, Services, & IIP, International Transactions, "Table 1.2 U.S. International Trade in Services," and "Table 1.3 U.S. International Transactions," expanded detail by area and country, June 28, 2019.

Notes: Data for 2018 are preliminary

Note: Corresponds to figures [1.7](#), [6.2](#), [6.4](#), [6.6](#), [6.8](#), [6.10](#), [6.12](#), [6.14](#), [6.16](#)

<sup>a</sup> Services imports from the EU for 2016–18 are overstated because the data include government goods and services not included elsewhere (n.i.e.).

**Table B.8** U.S. private cross-border services trade with major trading partners and the world, 2018

Major trading partner	U.S. exports (billion \$)	U.S. imports (billion \$)	Share of total exports (%)	Share of total imports (%)
European Union	251,824	( <sup>a</sup> )198,621	31.3	36.5
Canada	63,648	35,635	7.9	6.5
China	56,710	18,261	7.0	3.4
Japan	44,422	30,397	5.5	5.6
Mexico	33,374	25,664	4.1	4.7
Brazil	26,709	6,239	3.3	1.1
South Korea	21,902	9,871	2.7	1.8
India	24,769	29,530	3.1	5.4
Australia	21,610	7,779	2.7	1.4
All others	260,777	182,350	32.4	33.5
World	805,745	544,347	100.0	100.0

Source: USDOC BEA, Interactive data, International Transactions, Services, & IIP, International Transactions, "Table 1.2 U.S. International Trade in Services," and "Table 1.3 U.S. International Transactions," June 28, 2019.

Note: Because of rounding, figures may not add up to 100 percent. Data are preliminary. Corresponds to figures [1.8](#), [1.9](#).

<sup>a</sup> Services imports from the EU for 2016–2018 are overstated because the data include government goods and services not included elsewhere (n.i.e.).

**Table B.9** Products at issue in active section 337 investigation proceedings, 2018

	Number of proceedings	Share of proceedings
Computer and telecom	49	37.7
Other	29	22.3
Pharmaceuticals and medical devices	17	13.1
Automotive, manufacturing, and transport	15	11.5
Small consumer items	12	9.2
Consumer electronics	8	6.2

Source: USITC calculations

Note: Corresponds to figure [2.1](#).

**Table B.10** Trade Adjustment Assistance (TAA) petitions certified, by industry sector, FY 2018

Industry sectors	Petition	Share of petitions
Manufacturing	512	57.2
Professional, Scientific, and Technical Services	127	14.2
Finance and Insurance	51	5.7
Wholesale Trade	50	5.6
Administrative and Support and Waste Management and Remediation Services	45	5.0
Information	39	4.4
Other	71	7.9

Source: U.S. Department of Labor (USDOL), Employment and Training Administration (ETA), email message to USITC staff, June 2019.

Note: "Other" includes all industry sectors where less than 20 petitions were certified in FY 2018. Corresponds to figure 2.2

Note: Corresponds to figure [2.2](#).