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Constituent Interest Group Influences on U.S. Trade Policies Since the Advent of the WTO

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ABSTRACT

This paper assesses the major developments in U.S. trade policies since the creation of the WTO in 1995. It is based in large measure on the fourth biannual (1996) WTO Trade Policy Review of the United States and updated through 1997. The discussion and assessments include in particular: the major U.S. multilateral trade-policy issues and activities centered in the WTO: issues and activities relating to NAFTA; U.S. bilateral trade relations with its major trading partners; administration of U.S. trade laws and regulations; and U.S. agricultural trade policies.

Key words: U.S. multilateral, bilateral, and unilateral trade policies

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Constituent Interest Group Influences on U.S. Trade Policies Since the Advent of the WTO

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This paper is designed to review the major developments in U.S. trade policies that have occurred since the advent of the World Trade Organization (WTO) in January 1995, and to infer from these developments how constituent group interests have been brought to bear in the U.S. trade-policy process. It would be desirable of course to provide explicit links that connect specific interest group influences with trade-policy decision making, but that is a task that would require detailed information on the activities of different interest groups. Instead, I take it as given that a variety of interest groups are directly involved in trying to influence trade policies, and I will interpret the trade-policy outcomes as reflecting the success or failure in achieving interest-group objectives.

In Deardorff and Stern (1997a), we had occasion to review the central features of different modeling approaches to the political economy of trade policies and to assess the extent to which the U.S. trade-policy process reflected the role of different constituent groups. One of our main conclusions was that actions of the Executive Branch of the U.S. Government in the past half-century can be interpreted as generally seeking to achieve the benefits of freer trade. This is not to deny the importance of protectionist influences in designing measures of import restraint to protect particular sectors and the use of unilateral measures to improve foreign market access and market share for export sectors. But what is important and is revealed in the sectoral case studies in Krueger (1996) and in Deardorff and Stern (1997b) is that many of these protectionist and market-access measures have been considerably diminished or even removed in the course of time. Furthermore, the Executive Branch orientation towards freer trade has been coupled with and reinforced by U.S. leadership and participation in the successive rounds of multilateral trade liberalization under GATT auspices. Now that the GATT has been subsumed by the WTO and that the rules and procedures that govern the conduct of international trade have been strengthened institutionally, especially

on matters involving dispute settlement, it is of interest to assess how U.S. trade policies have been evolving in this newly created WTO environment.

For reference purposes, the reader is referred to Tables A-1 and A-2 below that provide information on selected trade events for 1995 and selected trade agreements activities for 1996 that will enter into our discussion. We will also have occasion in what follows to refer to important developments in 1997. Further, in Appendix 1, we provide background information on the authority for U.S. trade policy and the making of trade policy in the Executive Branch of the U.S. Government.

We begin in Section II below with a review of the major U.S. multilateral trade-policy issues and activities that have been centered especially in the WTO and in the Organization for Economic Cooperation and Development (OECD). In Section III, we address issues and activities relating to regional trading arrangements, in particular the North Free Trade Agreement (NAFTA), Free Trade Area of the Americas (FTAA), and the Forum for Asia Pacific Economic Cooperation (APEC). U.S. bilateral trade relations with its major trading partners are discussed in Section IV. Section V is devoted to administration of U.S. trade laws and regulations, including safeguard actions, adjustment assistance, "unfair" trade practices, and textiles and apparel. Section VI deals with U.S. agricultural trade policies. Finally, conclusions and implications comprise Section VII.

II. U.S. Multilateral Trade-Policy Activities

The World Trade Organization (WTO)

The WTO came officially into existence in January 1995 and since then has become the center of focus for multilateral trade-policy activities for the member countries. The structure of the WTO is set out in Figure 1. It would take us too far afield to review the various component activities of the WTO, and, in any event, they are described in some detail in USITC (1996, 1997). We shall concentrate accordingly on the agenda and results of the first Ministerial Conference that was held in Singapore in December 1996 and the functioning of the Dispute Settlement Body.

The Singapore Ministerial Conference

The main agenda items and results of the Singapore Ministerial Conference are summarized in Table 1. While there may be differences in perspective about the outcome of the Singapore Conference, I would consider the following to be among the most significant accomplishments:

1. Negotiation of an Information Technology Agreement (ITA) – The origins of the ITA are outlined in Table 2. What is especially noteworthy about the ITA is that it was built upon the recommendations of both U.S. and European Union (EU) business firms in connection with the development of the New Trans-Atlantic Agenda that was designed "to reinvigorate the trans-Atlantic partnership." The ITA is thus a prime example of the role that private sector firms have played in pursuing further trade liberalization.

2. Reciprocal elimination of duties on over 6,000 pharmaceutical products as the result of a "zero-for-zero" initiative by the United States, again reflecting private sector influence.

3. New issues:

   Core labor standards – The International Labor Organization (ILO) was declared to be the competent international body to deal with these standards, effectively eliminating or downplaying the role that the WTO might play. Organized labor in the United States had been pushing strongly for including labor standards in the WTO agenda and for consideration of using trade sanctions to enforce WTO compliance of member countries. WTO authority on labor standards was opposed most especially by the Asian developing countries.

4. Services Negotiations

- Basic Telecommunications – These negotiations were intended to conclude by April 1996, but the United States demurred because offers by other WTO member countries were judged to be insufficiently trade liberalizing. Negotiations were subsequently reopened and concluded on February 15, 1997, with an agreement to take effect on January 1, 1998. The agreement binds 69 countries and covers 91% of an estimated $600 billion in annual global telecommunications revenues according to USITC (1997, p. 39).

- Financial Services – The initial negotiations concluded in July 1995 were judged by the United States to be inadequate because many countries did not provide significantly full market access and national treatment. Under the circumstances, the United States opted for an MFN exemption so that it could apply reciprocity in making its offers. These negotiations have since resumed and are to be concluded by the end of calendar 1997. Depending on how forthcoming a number of major developing countries are will determine whether or not the United States will continue to insist on conditionality or opt for MFN-based obligations. Presumably, U.S. private firms have been active in supporting the negotiations to liberalize trade in both basic telecommunications and financial services.

- Maritime Services – Negotiations covering international shipping, auxiliary shipping services, access to port facilities, and multimodal transportation commenced in 1994 but were suspended in June 1996 because of the belief of the United States and some other participants that inadequate offers had been tabled. Negotiations are to be resumed as part of the comprehen-

sive negotiations on trade in services in the year 2000 under the auspices of the General Agreement on Trade in Services (GATS). As noted in the WTO's *Trade Policy Review of the United States 1996* (pp. 166-68), the Jones Act of 1920 requires that water-borne goods transported between U.S. ports (i.e., cabotage) be carried in U.S. flag-ships. However, cabotage as such was excluded from the negotiations. The United States also requires that exports of Alaskan oil be carried on U.S. flagged and manned vessels. In view of the protectionist aspects of U.S. maritime policies, it seems likely that U.S. opposition to maritime services liberalization will continue.

Dispute Settlement Actions

One of the most important aspects of the WTO was the redesign and strengthening of the Dispute Settlement Mechanism, which is described briefly in Appendix 2 below.[1] Compared to the previous dispute settlement procedures in the GATT, it is now no longer possible to block establishment of a panel or for a party to block panel reports. Opportunities for arbitration have been increased, time limits applied for completion of panel investigations, standard terms of reference specified, and improvements made in surveillance of the implementation of panel reports. Because WTO member countries have agreed, when possible, to use multilateral remedies in trade disputes, the scope for resort to unilateral trade measures may be reduced. Further, because the WTO has broader coverage than the GATT, more disputes may be referred to the WTO Dispute Settlement Body (DSB).

Hoekman and Kostecki (1995, pp. 49, 179-80) note that 132 complaints were lodged in the GATT dispute settlement procedure between 1948 and 1994. In contrast, according to WTO (1997), from January 1, 1995 to October 20, 1997, there have been 104 consultation requests made for dispute settlement on 72 "distinct matters." The consultation requests are broken down by complainant and respondents in Table 3.[2] It is evident that the United States has brought 38 complaints in total, 21 against Japan, the European Communities (EC) and individual EC member countries, and other industrialized countries, and 17 against developing countries. The developing countries as a group have brought 36 complaints in total, 14 of which have been against the United States.

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[1] Additional details on the WTO Dispute Settlement Mechanism are provided in Hoekman and Kostecki (1995, esp. pp. 44-50).

[2] It should be noted that the total number of complaints (114) in Table 2 reflects individual cases involving more

The U.S. dispute settlement actions cover a broad range of WTO administered agreements.[3] This can be seen in Table 4, which covers the year ending October 1, 1997. Perhaps the highest profile action noted is the one filed against Japan's alleged barriers to market access for photographic film and paper and barriers to distribution and retail services. As noted in ITC (1997, p. 99), this first began as a Section 301 action on behalf of Eastman Kodak against the Fuji Film company. What is interesting is that, despite it being an election year, there may have been some question about the basis of Kodak's allegations so that the Clinton Administration decided to make separate requests for consultation to the WTO. After efforts were made unsuccessfully to address the issues bilaterally, a dispute settlement panel was automatically established on October 16, 1996 to investigate Japan's photographic film and paper market. Consultations on the other two issues have remained deadlocked. Table 5 contains information on the first five cases that the United States brought through the WTO dispute settlement process with outcomes supporting the U.S. position. The decisions on Canada's restrictions on magazine advertising, the EU import rules on banana imports, and the EU beef hormone ban are especially noteworthy insofar as they have established important precedents that limit the use of restrictive policies. Table 6 contains information on settlements favorable to the United States that were reached as part of the WTO consultation process and without the need for creation of a panel.

As noted in Table 3, there have been 22 actions filed against the United States. Details on these actions are provided in Table 7. Listed under Appellate Reports Adopted, one of the first panel decisions

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than one country requesting consultation with the respondent.

[3] As noted in WTO (1997c, p. 24):

> "Parallel to the ratification of the Uruguay Round Agreement by the U.S. Ccongress, the administration agreed to support a proposal which would, if appropriate legislation were enacted, establish a commission of five federal judges to monitor WTO dispute-settlement reports that rule against the United States; the legislation is still in its formative stages. The Commission would consider whether a panel or the Appellate Body exceeded its authority or terms of reference, added to the obligations or diminished the rights that the United States assumed under the Agreements or acted arbitrarily or capriciously or otherwise departed from the procedures set out for panels and the Appellate body under the agreements. Following an affirmative decision by the Commission, Congress may pass a joint resolution that calls upon the President to negotiate new dispute settlement rules to correct the problem indicated by the Commission. If the Commission makes three affirmative determinations within a five-year period, Congres may pass a joint resolution withdrawing approval of the WTO Agreement."

reached in the WTO was the case involving different standards for imports of reformulated and conventional gasoline from Venezuela and Brazil that was decided in favor of the complainant countries. Under Active Panels, the extra-territorial provisions of the Helms-Burton Act regarding dealings in confiscated property in Cuba have been challenged by the EC. The Clinton Administration has to date managed to postpone taking any actions under the Helms-Burton Act on the grounds that it is working with trading partners to develop appropriate multilateral disciplines in dealings with Cuba. However, there is no guarantee that the EC and other countries directly affected such as Canada and Mexico will refrain from a direct challenge on the issues in the WTO. A related and potentially much bigger issue is posed by the Iran and Libya Sanctions Act (ILSA) of 1996 that requires the President to impose sanctions on any U.S. or foreign person or company that makes investment in petroleum resources of $40 million or more in these countries. As noted in *The Financial Times* (October 3, 1997, p. 12), the French energy group, Total, has been joined by Russia's Gazprom and Malaysia's Petronas in signing a $2 billion contract to develop a gas field in Iran. So far, dispute settlement complaints about ILSA have not been lodged in the WTO. But here again, in order to avoid a direct confrontation in enforcing ILSA, some sort of waiver will have to be worked out by the Clinton Administration. The other Active Panel listing relating to import prohibition of certain shrimp and shrimp products is a further example of extra-territorial extension of U.S. policy, in this case on environmental grounds. It is akin to the GATT tuna-dolphin case which was decided against the United States in 1991 on grounds that policies designed to force changes in process standards were inconsistent with the GATT.[4]

The Pending Consultations and Settled Cases or Inactive Panels listed in Table 7 refer mainly to issues involving U.S. anti-dumping, safeguards, countervailing duties, product standards, and changes in tariffs. An exception is the EC challenge of the Commonwealth of Massachusetts prohibition involving

[4] It is noteworthy that even though Mexico especially has made a concerted effort in recent years to get its tuna fishing fleet to change its production methods and has been able to bring about significant reductions in dolphin kill, it has not been possible because of opposition from some environmental interests to lift the existing ban on tuna imports from Mexico. See USITC (1997, pp. 105-06) for further details. The U.S. Marine Mammal Protection Act of 1972 is still being applied to ban tuna imports from a number of other countries according to USITC

public procurement from persons doing business with Myanmar (Burma). As will be noted below, the anti-dumping investigation regarding imports of fresh or chilled tomatoes resulted in a 5-year suspension agreement providing that tomatoes imported from Mexico would be sold at, or above, an established reference price.

Other Trade Activities in the WTO

In addition to what has been discussed, there have been many other ongoing trade activities in the WTO involving U.S. participation. These include the WTO Trade Policy Review Body, Councils on Trade in Goods, Services, Trade-Related Intellectual Property Rights, and the various plurilateral agreements, including Government Procurement. Details can be found in USITC (1997, pp. 32-43).

Organization for Economic Cooperation and Development (OECD)

The OECD is the main forum in which common economic and social issues are discussed by the 29 member countries. In particular, the OECD Trade Committee has been especially influential in defining the agenda for multilateral trade negotiations and carrying out the preliminary work on a variety of other important policy issues, including the Multilateral Agreement on Investment (MAI), ways to deal with bribery and corruption in international business transactions, trade and labor standards, and shipbuilding.

According to USTR (1997b, p. 4), key elements of the MAI should include:

- "the better of national or MFN treatment, including in making investments, with only limited exceptions;
- freedom from performance requirements;
- freedom to make any investment-related transfer, including of profits, capital, royalties, and
- fees;
- international law standards for expropriation, including that compensation must be prompt, adequate, and effective; and
- access to binding international arbitration of disputes between an investor and the state."

(1997, p. 164).

Negotiations of the MAI are currently in progress in the OECD and will be open to all countries willing to undertake the obligations involved. These issues are also being addressed in the WTO.

With respect to bribery and corruption, the United States has been active in trying to influence all OECD member countries to eliminate the tax deductibility of bribes to public officials, criminalize bribery, and determine whether an international treaty or some other instrument would best accomplish these objectives. The OECD issued a comprehensive study on trade and labor standards in May 1996 that provided important background for a discussion of these issues at the WTO Ministerial Meeting in Singapore in December 1996. As noted above, it was essentially decided at the Singapore Ministerial to refer issues of labor standards for consideration by the International Labour Organization rather than the WTO. OECD negotiations on an international agreement for shipbuilding were completed in 1994 and covered such issues as elimination of subsidies, dumping, limitations on official financing, and dispute settlement. This agreement was signed and ratified by the EU, Japan, Korea, and Norway, but it has been stalled due to opposition in the U.S. Congress.

The Trade Committee's agenda currently includes discussion and work on a variety of other issues, including: international aviation policy; regulatory reform; competition policy; biotechnology and trade; trade and environment; contacts with non-member countries; and export credits.[5]

III. U.S. Regional Trade Activities

North American Free Trade Agreement (NAFTA)

The NAFTA, which involves the United States, Canada, and Mexico, was implemented beginning in January 1994. Under the NAFTA , the tariffs of the member countries are being significantly reduced, nontariff barriers (NTBs) addressed, protection provided to foreign investors and owners of intellectual property rights, trade in services liberalized, and procedures established for dispute settlement. The NAFTA also has side agreements relating to trilateral cooperation on environmental and labor issues. A

Free Trade Commission composed of trade officials from each country oversees the NAFTA, and there are various committees and working groups that are responsible for the actual functioning of the NAFTA and for particular technical matters that may arise. A detailed discussion of operation of the NAFTA lies outside the scope of the present paper.[6] We shall focus accordingly on a number of bilateral disputes that have arisen between the United States and its NAFTA partners.

Canada

The most significant irritants in U.S.-Canadian trade relations in recent years include the following:

- In February 1995, the USTR initiated a Section 301 investigation of a Canadian Government decision to terminate the broadcasting license of a U.S.-based cable service (Country Music Television (CMT)) operating in Canada. The investigation was terminated in 1996, following an agreement between CMT and a Canadian company to set up a single country music network, Country Music Television Canada.
- Objections to the extra-territorial sanctions imposed by the U.S. Helms-Burton (Libertad) Act of 1996. This issue is temporarily in abeyance pending the outcome of diplomatic discussions relating to agreements on policies that are applied to relations with Cuba.
- Disagreement in 1994 over the priority of NAFTA bilateral commitments and Uruguay Round multilateral commitments on agriculture. Canada maintained that the Uruguay Round tariffication of barriers to its imports of dairy and poultry products resulting from its supply management system held precedence over the NAFTA objective of eliminating tariffs. A panel appointed under the dispute settlement procedure of NAFTA, Chapter 20, upheld the Canadian position unanimously in December 1996.
- A longstanding dispute dating from 1991 about alleged Canadian subsidies of softwood lumber exported to the United States culminated in the April 2, 1996 Softwood Lumber Agreement. This 5-year agreement set annual allocations and fees for lumber exports from British Columbia, Quebec, Alberta, and Ontario. In turn, U.S. lumber companies, unions, and trade associations pledged to forego asking for restrictive measures and the U.S. Department of Commerce would desist from initiating or accepting any requests to limit softwood lumber imports from Canada so long as the agreement remained in effect and was binding.
- On the basis of a WTO panel ruling, the United States successfully challenged a December 15, 1995 decision of the Government of Canada to impose an 80 percent tax on split editions of foreign magazines published in Canada.
- Under the NAFTA rules of origin for textiles and apparel, a "yarn forward" rule specified that all components and inputs must be made in the NAFTA countries. However, under the Canada-U.S. Free Trade Agreement of 1989, a "fabric forward" rule permitted foreign yarn to be used in products made in either country. This latter rule was followed by Canada, which was able to increase its exports of

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[5] For details, see USTR (1997b, pp. 6-8) and USITC (1997, pp. 43-45).

[6] For an extended discussion of the operation of the NAFTA, see especially USITC (1997, pp. 55-75) and President Clinton's 1997 report submitted to the Congress.

wool suits significantly insofar as they were exempt from the 36 percent U.S. import duty. Congressional efforts to restrict these imports from Canada have been unsuccessful.

Mexico

- In December 1995, the U.S. Secretary of Transportation suspended processing of applications by Mexican trucking firms to serve U.S. border states pending resolution of safety concerns that had been raised especially by the U.S. Teamsters union. Despite protests that this was in violation of the NAFTA and that U.S. cross-border trucking interests were being hurt, the issue remains unresolved.
- The USTR determined in April 1996 that Mexico was not in compliance with NAFTA requirements for accepting U.S. telecommunications test data and standards relating to telecom terminal equipment authorization. Subsequent consultations appear to have resolved this dispute.
- The USTR has expressed concern about piracy and counterfeiting of U.S. intellectual property in Mexico. A reform of intellectual property law was passed by the Mexican Congress in December 1996 that may serve to address U.S. concerns.
- In October 1996, a 5-year suspension agreement was signed specifying that tomatoes imported from Mexico will be sold in the United States at, or above, and established reference price, and that no anti-dumping duties would be assessed on Mexican tomatoes as long as the agreement remained in effect. The dispute settlement request for consultation on this issue filed in the WTO by Mexico was subsequently withdrawn.
- In 1996, efforts were made in the U.S. Congress to change the U.S. Marine Mammal Protection Act and lift the embargo on tuna caught and processed by Mexico. This embargo has remained in effect despite the GATT 1991 tuna/dolphin panel decision that had ruled against the U.S. position. Mexico has since complied with newly specified U.S. standards on dolphin protection, but the U.S. Congress did not pass the new legislation because of opposition from some environmental groups.
- In January 1997, the U.S. Department of Agriculture instituted a partial lifting of an 83-year old embargo on avocados imported from Mexico, despite opposition from California avocado growers. The original embargo had been imposed to prevent possible fruit fly contamination.
- Safeguards action on broomcorn brooms. The USITC found evidence of serious injury, and tariffs were increased for a three-year period on two categories of brooms. Mexico retaliated in December 1996 by raising tariffs on eight U.S. products. In January 1997, Mexico requested establishment of a dispute settlement panel under NAFTA Chapter 20.

Free Trade Area of the Americas (FTAA)

At the first Summit of the Americas held on December 9-11, 1994, a U.S. proposal was adopted to establish an FTAA by the year 2005. Eleven working groups have been set up to provide the groundwork for subsequent negotiations, with significant involvement of private sector firms. Meetings were held in Belo Horizonte, Brazil, in May 1997. A services business forum was held in Cartagena, Colombia in 1997

and Santiago, Chile, in September 1997. The second Presidential Summit will be held in Chile in March 1998 to assess the prospects and make recommendations for future negotiations. It remains to be seen what concrete results may be achieved, in particular whether and how the FTAA will be coordinated with existing regional trading arrangements in the Western Hemisphere.

Asia-Pacific Economic Cooperation (APEC)

On November 15 , 1994, a Declaration of Common Resolve (the "Bogor Declaration") was issued by the APEC member countries to establish the goal of an environment of free and open trade and investment within the APEC region in a manner that would be consistent with GATT principles. The industrialized countries would be expected to reach the goal by 2010 and the developing country members by 2020. Commitments were also made for continuation of unilateral liberalization, full and accelerated implementation of Uruguay Round commitments, standstilll on introduction of protectionist measures, and facilitation of trade and foreign direct investment. The Osaka Action Agenda was agreed upon by APEC members in November 1995, and a series of working groups was established to provide policy concepts and recommendations on particular activities. Efforts have been made to involve business participation in all aspects of the work program. Because of differences in levels of per capita income, stage of development, factor endowments, technological advancement, and government policies, it remains to be seen whether or not it may be possible to reach consensus among APEC member countries especially on issues relating to the liberalization of trade and foreign direct investment.

IV. U.S. Bilateral Trade Policies

Up to this point, we have covered some of the major aspects of U.S. multilateral and regional trade activities. Besides these activities, the United States is deeply involved in a variety of bilateral trade relations with its major trading partners. In what follows, we shall note some of the most important bilateral

initiatives for selected trading partners that have occurred since 1995. More details on these and other trading partners can be found especially in USTR (1997b) and USITC (1996, 1997).

Japan

As noted in USITC (1997, p. 95), at the end of 1996, the United States had 45 major bilateral agreements with Japan. The primary focus of these agreements involves trying to increase the access of U.S. firms to the Japanese market.

- **Semiconductors.** On August 2, 1996, an agreement was reached to replace the U.S.-Japan Semiconductor Arrangement that expired on July 31, 1996. Under the new agreement, the two governments will no longer jointly calculate the foreign share of Japan's semiconductor market, although the U.S. Government will continue its own calculations. There will be a continuation and expansion of industry cooperative activities and periodic market reports and analysis. These agreements were opened for participation by other interested governments and industries. A Global Governmental Forum (GGF) was established to discuss semiconductor policy issues. The first meeting of the GGF took place in December 1966 and included the Japan, United States, EU, and Korea.

- **Autos and Parts.** The U.S.-Japan Automotive Agreement was signed on August 23, 1995. The intentions were to: improve foreign access to Japanese auto dealerships; facilitate increased auto and auto parts imports into Japan; promote increased purchases from non-keiretsu parts suppliers in Japan and the United States; address automobile and technical standards that may hinder imports into Japan; provide Japanese vehicle registration data equally to foreign and Japanese vehicle manufacturers; and deregulate barriers on selling replacement parts in the Japanese aftermarket. Criteria were announced to evaluate how the agreement was working, and the United States established an Interagency Enforcement Team to monitor compliance. Even though certain specific targets were specified in the Agreement, the Japanese Government considers them only advisory and not mandatory. The United States has nonetheless continued to monitor and report on compliance with the targets.

- **Insurance.** A U.S.-Japan Insurance Agreement was signed on October 14, 1994, with the objective of increasing access and sales by foreign providers in the Japanese insurance market. The life and non-life sectors account for 95% of Japan's insurance market, and the remainder is in the "third" sector that involves insurance against cancer, personal accidents, and hospitalization. On April 1, 1996, a revision of Japan's Insurance Business Law was enacted and would permit subsidiaries of Japanese insurance firms to sell third-sector products. This was contested by the U.S. Government on grounds especially that market access in Japan's life and non-life insurance sectors remained restricted. A bilateral agreement was reached in December 1996 that was designed to improve market access by foreign providers and to limit the operations of Japanese insurance subsidiaries in the third market.

- **Film.** See Table 4 above on WTO dispute settlement action involving Kodak and Fuji Film.

- **Paper.** The United States has had an agreement since 1992 designed to increase access of U.S. paper products to the Japanese market. But in light of alleged problems encountered by U.S. firms in forming long-term relationships with end-users in Japan and selling directly to distributors and wholesalers,

USTR declared Japan's market access for paper as a bilateral priority that might warrant a future Section 301 investigation and action.

- **Supercomputers.** The United States has had an agreement since 1987 designed to increase Japanese public sector procurement. Following limited initial success, six U.S. supercomputers were sold to the Japanese Government in 1993 and the same number in 1994. But in 1995 and 1996, only a small number were sold, and the United States has pressed the Japanese Government to increase its purchases. On May 17, 1996, the University Corporation for Atmospheric Research (UCAR), which is a U.S. Government agency, announced its intention to buy a NEC supercomputer to undertake climate research. At the same time, the U.S. Department of Commerce informed the U.S. National Science Foundation that there was reason to believe that the NEC offer was priced unfairly and presented estimates of dumping margins of 454% on NEC supercomputers and 173% on Fujitsu supercomputer exports. On July 29, 1996, Cray Research filed an antidumping petition with the U.S. Department of Commerce and International Trade Commission alleging material injury if the NEC supercomputer were to be purchased. The ITC made a determination that there was material injury on September 11, 1996. On October 15, 1996, NEC filed a lawsuit with the U.S. Court of International Trade arguing that Commerce had violated the GATT antidumping code and the U.S.-Japan bilateral agreement by publicly endorsing Cray's dumping claim before Cray had officially filed its petition. On September 26, 1997, the ITC made a final ruling of material injury, thereby ratifying the earlier Commerce Department decision concerning dumping margins.

- **Flat Glass.** A bilateral agreement to expand access to Japan's market for imported flat glass was signed on January 25, 1995. Japan's flat glass industry is apparently dominated by three major producers who maintain exclusive distribution systems and act in concert in setting prices, maintaining capacity, and changing product mix. There has been some increase in access to Japan's flat glass market, but imports remain a very small proportion of the market.

- **Air Cargo and Passenger Services.** A 1952 bilateral agreement on transport services covers flying rights to third destinations and designation of carriers to serve each other's markets. The United States has alleged that the existing arrangements inhibited access by U.S. carriers. Bilateral negotiations were initiated in 1995 to permit Federal Express, Northwest Airlines, and United Airlines to expand their cargo services within and beyond Japan and to grant Nippon Cargo the rights to serve additional U.S. cities. Bilateral negotiations relating to passenger services were initiated in 1996 with the purpose of extending service by both U.S. and Japanese carriers in each other's market, but no final agreement has been reached to date.

- **Japanese Port Practices.** As bilateral consultation was stalled, on September 4, 1997, the U.S. Federal Maritime Commission imposed sanctions of $100,000 per voyage on Japanese owned or operated container vessels entering the United States in an effort to force the Japanese Government to address barriers that U.S. shipping companies encounter in servicing Japanese ports. Consultations were subsequently resumed, and the Japanese Government agreed to seek to institute changes in its port practices to make U.S. access less burdensome.

The above listing covers only a small portion of the 45 U.S.-Japanese bilateral agreements that are currently operative and that are periodically monitored and discussed. Other noteworthy bilateral agreements cover: foreign direct investment in Japan; financial services; telecommunications; medical technology;

cellular telephones; satellites; computers; wood; amorphous metals; construction; medical/pharmaceutical products; legal services; apples; and rice. Information relating to these agreements is available in USTR (1997).

It is evident from the foregoing that the United States has aggressively pursued bilateral trade objectives vis-a-vis Japan. This is not the only option of course, and it will be interesting therefore to see whether and to what extent U.S. actions relating to Japan will be directed through the WTO multilateral channels rather than bilaterally and how Japan will react if there is greater use of WTO procedures and mechanisms.

China

U.S. bilateral trade relations with China are subject to an agreement signed on February 1, 1980. Some of the important issues that have figured in U.S.-China trade relations in recent years are indicated below.

- **Intellectual Property Rights Protection and Enforcement.** A Memorandum of Understanding (MOU) on Intellectual Property Rights (IPR) was signed in January 1992. Because the United States considered that China had failed to meets its commitments under the MOU, China was identified on June 30, 1994 as a "priority foreign country" under the Special 301 provisions of the U.S. Trade Act of 1974. When negotiations did not produce sufficient changes, the USTR announced that trade sanctions would be imposed as of February 26, 1995. This was avoided when China agreed to take actions: to introduce immediate steps to address piracy throughout China; make long-term structural changes to ensure effective enforcement of IPR; and provide U.S. IPR holders with enhanced access to the Chinese market. Subsequently, when it appeared that commitments had not been sufficiently effectuated, China was again designated as a priority foreign country on April 30, 1996. On May 15, 1996, the United States threatened retaliatory action against imports from China, which resulted in a counter-threat by China to impose tariff sanctions on imports from the United States. Following intensive negotiations, the U.S. threat of sanctions was lifted on June 17, 1996 in response to Chinese actions designed to close down some of its CD factories and limit expansion of new factories, institute a more effective system of monitoring, verification, and enforcement to reduce illegal production and distribution of CDs.

- **MFN Status.** On July 3 of each year, the President must issue a waiver of the Jackson-Vanik Amendment involving full compliance with freedom-of-emigration requirements in order that China can continue to have MFN status for another year. Human rights conditions had been attached to MFN renewal in 1993, but these conditions were delinked in 1994. MFN has been granted to China in subsequent years on the grounds that increased trade and other economic involvement with China may be the most effective way to enhance human rights and other objectives.

- **Illegal Transshipments of Textiles and Apparel.** U.S. trade in textiles and apparel with China has been governed by a bilateral agreement since 1994. This agreement was apparently being violated by transshipment of goods through third countries and falsification of labeling or documentation of country of origin. On September 6, 1996, the United States instituted triple charges against China's 1996 quota allowance, and China countered with a threat of retaliation. Further negotiations ensued, and a new four-year agreement was signed on February 1, 1997.

- **WTO Accession Negotiation.** China has been actively seeking membership in the GATT/WTO since 1986. Discussions with China have been focused on questions of improving market access and adhering to the various disciplining rules of the WTO. China has made significant reductions in its tariffs and eliminated a variety of NTBs, but the terms of its accession to the WTO are still unresolved.

Taiwan

The United States has been involved in bilateral negotiations with Taiwan on a variety of issues, including protection of U.S.IPRs, improved access for U.S. exports of medical devices, liberalization of Taiwan's telecommunications and financial sector policies. Taiwan's policies for IPR protection had been cited under U.S. Special 301 provisions beginning in 1992, but these citations were removed in November 1996 in response to apparent improvements in these policies.

Korea

U.S. bilateral trade relations with Korea have centered on a variety of agreements and negotiations designed to improve market access in such sectors as telecommunications, financial services, imported automobiles, shelf-life standards and customs clearance for imported agricultural products, and government procurement and to provide more effective protection for IPRs. Korea's telecommunications, IPRs, and automobile policies have been cited under Section 301 provisions. Many of Korea's policies were at issue in the consideration and approval of Korea's accession to membership in the OECD, which was formally approved in October 1996.

European Union (EU)

The United States and EU remain continuously involved in bilateral discussions and negotiations covering the entire spectrum of issues involving international trade and investment. These contacts include: meetings pertinent to the design and implementation of the New Transatlantic Agenda with significant pri-

vate sector participation; issues arising from the EU pursuit of the Single Market program and EU enlargement; harmonization of product standards; IPRs; government procurement; telecommunications market access; customs classifications of information technology products; implementation of Uruguay Round grain tariff commitments; the EU banana regime; ban on fur from animals caught in leghold traps; approval of market access for such biotechnology products (e.g., soybeans and corn); ban on growth promoting hormones in meat production; monitoring of the 1992 U.S..-EU Aircraft Agreement; voluntary ecolabeling; and canned fruit subsidies.

One particularly interesting dispute that occurred in July1997 was the announcement by the European Commission (EC) that it opposed the merger between the Boeing Company and McDonnell Douglas Corporation on the grounds that this merger would be anti-competitive.[7] The EC objected in particular to three sole-supplier agreements between Boeing and major U.S. airlines that would make it difficult for the EU Airbus Industrie to compete in the U.S. market. While the EU did not have the authority to block the merger, it could take measures to exclude Boeing from the EU market and to impose fines for violation of EU merger regulations. Boeing subsequently dropped the exclusivity supplier arrangements, agreed to license certain patents to other aircraft manufacturers, and to keep McDonnell Douglas's civil aircraft operation as a single legal entity for ten years. The EC subsequently assented to the merger taking place.

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

The United States has a number of legal statutes and provisions that authorize the use of trade-remedy measures to deal with allegedly harmful effects that the policies of trading partners may have on U.S. interests. These measures include: safeguard actions; trade adjustment assistance; antidumping and countervailing duties; Section 301 actions; and special arrangements for agricultural products and for tex-

[7] The discussion that follows is based on text searches of the Dow Jones Newswires and The Wall Street Journal Interactive Edition that are available on the Internet.

tiles and clothing. An indication of the principal measures used between October 1, 1993 and July 31, 1996 is provided in Table 8. Additional details are noted below.

Safeguard Actions

Safeguard actions involve a procedure for granting temporary import relief to a domestic industry that may be seriously injured by increased imports. Relief may be granted initially for up to four years and extended to a maximum of eight years, and it may take the form of increased tariffs, quantitative restrictions, or other measures. To qualify for relief, the USITC must find that imports are a substantial cause of serious injury to the petitioning industry.

The USITC conducted two global and one bilateral safeguard investigations in 1996 under the authority noted in Table 8. The global investigations involved imports of broom corn brooms and fresh tomatoes and bell peppers, and the bilateral investigation involved imports of broom corn brooms from Mexico. Affirmative injury determinations were made by the USITC in the two broom corn brooms cases and a negative determination for fresh tomatoes and bell papers. The President imposed higher tariffs for a three-year period on broom corn brooms in November 1996.

Trade Adjustment Assistance (TAA)

Worker assistance provided under the TAA program includes cash allowances, training, job search and relocation allowances, and reemployment services for workers adversely affected by increased imports. The eligibility criteria for TAA are determined by the Secretary of Labor, and the TAA program is administered through the Employment and Training Administration of the Department of Labor. Worker training was made an entitlement in the 1988 Trade Act. A special provision was added to the Trade Act in 1993 to provide transitional assistance to workers displaced in trade with NAFTA countries. Information for the fiscal year ending September 30, 1996 on TAA certifications and petitions and the types of benefits utilized for the 1996 fiscal year us given in Tables 9 and 10. Similar information for NAFTA-related assistance is provided in Table 11. Assistance is also provided to firms and industries through the Trade Adjustment

Assistance Division (TAAD) of the U.S. Department of Commerce's Economic Development Administration. The TAAD is administered through a network of 12 Trade Adjustment Assistance Centers. In fiscal 1996, 148 firms were found eligible to apply for assistance, as compared to 137 certified in fiscal 1995.

Antidumping Investigations

The U.S. antidumping law permits special additional duties to be imposed to offset margins of dumping. This may occur in response to a petition filed on or on behalf of a U.S. industry, when the U.S. Department of Commerce's International Trade Administration (ITA) determines that imports are being or likely to be sold at less than fair value (LTFV) in the U.S. market and the USITC has determined that there has been or there is a threat of material injury because of such imports. The antidumping duty is calculated as the difference between the U.S. price and the foreign market value, usually the home-market price, the price in a third country, or a constructed value. Table 12 contains information on the number of antidumping petitions filed and the status of determinations during 1994-96.[8] It is evident that there has been a significant decline in the number of petitions filed and the affirmative determinations during the three years covered. While it is not altogether clear why the decline has occurred, it may reflect the favorable macroeconomic conditions in the U.S. economy which work to reduce claims by U.S. firms that imports may be price unfairly.

Countervailing Duty Investigations

The U.S. countervailing duty law provides for imposition of special additional duties to offset foreign subsidies on goods imported into the United States. The procedures for investigation are similar to those used to administer the antidumping law. Table 13 contains information on the number of countervailing duty petitions filed and the status of determinations for 1994-96.[9] As in the case of antidumping

[8] Details on antidumping cases active in 1996 and antidumping orders and findings in effect as of December 31, 1996 can be found in USITC (1997, pp. 193-201).

[9] See USITC (1997, pp. 202-04) for details on countervailing duty cases active in 1996 and countervailing-duty orders and findings in effect as of December 31, 1996.

actions, it is evident that a comparatively small number of countervailing duty actions were taken in recent years.

As noted in WTO (1997c, p. 60), in an effort to limit the nuisance value of investigations, the Uruguay Round Agreements Act specifies *de minimis* thresholds for calculating dumping margins and countervailable subsidies. The Act also clarifies the factors that should be taken into account in determining whether changes in the establishment of assembly processes have been designed to circumvent the antidumping and countervailing duty laws. Finally, and perhaps of significant importance in the future, the Act requires that antidumping and countervailing duty orders must be reviewed automatically five years after they have been issued and steps taken to terminate the orders if the conditions justifying their introduction no longer are applicable. The reviews are scheduled to begin in the United States in 1998, but no revocations can occur before January 1, 2000.

Section 337 Unfair Practices Investigations

Section 337 of the Tariff Act of 1930 authorizes the USITC to carry out investigations regarding certain practices in import trade, especially in cases where there may be infringement of a registered U.S. patent, trademark, or copyright. These investigations are carried out before an USITC administrative law judge. Violations can require that the imported goods involved not be sold or distributed in the United States, although in practice it is common for the parties to reach settlement agreements. In 1996, the USITC initiated 13 Section 337 investigations and 1 formal enforcement proceeding. Details on the investigations completed during 1996 and pending on December 31, 1996 and exclusion orders outstanding as of December 31, 1996 can be found in USITC (1997, pp. 205-09).

Section 301 and Related Measures

Section 301 of the Trade Act of 1974 is the principal U.S. statute for addressing foreign unfair practices that may affect U.S. exports of goods or services. A procedure is provided whereby interested parties may petition the USTR to investigate a foreign government policy or practice and take action.

USTR may also self initiate an investigation. The USTR is required to seek consultations with the foreign government involved, and, if no settlement is reached and the investigation involves a trade agreement, a dispute settlement procedure must be invoked. Once the investigation is concluded and if no settlement is reached, the USTR will decide if any actions are to be taken to rectify damage being done to U.S. interests.

"Super 301" provisions were introduced in the Omnibus Trade and Competitiveness Act of 1988 and, after allowing them to lapse subsequently, they were reinstated on March 3, 1994. The USTR is required to submit a report to Congress on U.S. trade expansion priorities and to identify "priority foreign country practices" whose elimination would benefit U.S. exports. "Special 301" provides for investigation against "priority foreign countries" who may infringe on U.S. intellectual property rights (IPRs). In its annual *National Trade Estimates Report*, the USTR includes the following categories: Priority Foreign Country list; Priority Watch List; Watch List; and Special Mention. An indication of Section 301 investigations active between October 1993 and July 1996 is provided in Table 14. More recently, the following actions have been taken, according to the Super 301 annual review as of September 30, 1997:

- **Priority Foreign Country Practice. Korea - barriers to auto imports**. Since Korea was judged to be unprepared to undertake the reforms necessary for a genuine opening of its market for imported automobiles, a Section 301 investigation will be initiated.

- **Japan - Market Access Barriers to Fruit.** A Section 301 investigation will be initiated and a WTO panel requested to challenge the Japanese Government requirement of separate efficacy testing of certain quarantine treatments for each variety of imported fruit.

- **Canada - Export Subsidies and Import Quotas on Dairy Products.** WTO dispute settlement procedures will be invoked in conjunction with a Section 301 investigation of Canada's subsidies on exports of dairy products and import quotas on milk.

- **EU - Circumvention of Export Subsidy Commitments on Dairy Products.** WTO dispute settlement procedures will be invoked in conjunction with a Section 301 investigation of EU subsidies of exports of processed cheese.

- **Australia - Export Subsidies on Automotive Leather.** WTO dispute settlement procedures will be invoked over concern that Australia's package of assistance to its automobile is not consistent with WTO subsidies rules.

Telecommunications

Section 1377 of the Omnibus Trade and Competitiveness Act of 1988 requires the USTR to undertake annual reviews of the operation and effectiveness of U.S. telecommunications trade agreements. The 1996 review, completed on March 31, 1996, focused on implementation of agreements with Korea and Japan. No violations were found with respect to Japan. Intensive negotiations were conducted with Korea regarding improvement of government procurement procedures and other aspects of market access. Korea was identified as a "priority foreign country" under Section 1374 of the Trade Act on July 26, 1996, but thus far no resolution of the issues has been achieved. Mexico was cited for not fulfilling certain elements of its NAFTA telecommunications obligations with regard especially to acceptance of test data related to product safety of telecommunications equipment and standards for network terminal attachment equipment. Discussions on these issues are ongoing.

Government Procurement

Title VII of the 1988 Omnibus Trade and Competitiveness Act requires the USTR to report annually on countries that are in violation of their obligations under the WTO Government Procurement Agreement (GPA) as well as non-signatory countries that are judged not to apply transparent and competitive procurement procedures and that may show evidence of corruption and bribery in procurement practices. No countries were identified in 1995. Germany was cited for a persistent pattern of discrimination in the heavy electrical equipment sector in 1996, and it subsequently agreed to pursue legislation to help correct the problems involved. Since May 1993, the United States has excluded most EU suppliers from U.S. federal procurement for telecommunications, and, in return, the EU has rejected procurement bids below certain thresholds.

Agreement on Textiles and Clothing

The Agreement on Textiles and Clothing (ATC) was negotiated during the Uruguay Round in connection with the phasing out of the Multifiber Arrangement (MFA) of quotas over a 10-year period. The ATC permits the use of "transitional safeguards" to impose quotas on products not previously subject to

quotas and not yet phased out from the MFA. In 1995, there were 28 calls for quotas which involved requests for consultations with foreign suppliers to establish the quotas. Fifteen of these calls were later rescinded as not being warranted due to improved market conditions. In 1996, there were two calls for quotas. Two of the 1995 calls were challenged in 1996 by Costa Rica and India to be reviewed by the Textile Monitoring Board established in the WTO to supervise implementation of the ATC. In both cases, WTO dispute settlement panels ruled that serious injury could not be demonstrated and that the U.S. import quotas should be removed. The United States also has quota arrangements with non-WTO members, especially China where, as noted, there have been continuing disputes over transshipments through Hong Kong in particular.

VI. U.S. Agricultural Trade Policies

Under the WTO Agreement on Agriculture, all U.S. quantitative import restrictions have been converted to their tariff equivalents, and tariffs, export subsidies, and domestic agricultural support measures have been bound. Furthermore, under the Federal Agricultural Improvement and Reform (FAIR) Act of 1996, most direct production support is converted into direct income support that will decline over seven years. These income support expenditures have been set below previous direct government payments. The FAIR Act also allocates funds for export subsidies under the Export Enhancement Program and for export credit guarantees. Non-price support is provided by the Foreign Market Development Program, the Targeted Export Assistance Program, and the Market Promotion Program.

Under the Special Safeguard provisions of the WTO agreement on Agriculture, the United States has reserved the right to apply increased tariffs on an automatic basis when import prices are below the average prices for 1986-88 for imports under tariff quotas. Twenty-four such actions were taken in 1995. Agricultural imports are also eligible for trade protection, and some producers receive preferences under public procurement. Since 1994, there have been two anti-dumping investigations covering garlic imports from China and canned pineapple from Thailand. As of December 31, 1995, there were 17 anti-dumping

and ten countervailing duty measures on agricultural products still in force. In addition, under Section 201-204 of the Trade Act of 1974, anti-dumping investigations were carried out by USITC. As noted above, imports of tomatoes from Mexico were made subject in 1996 to a five-year suspension arrangement that specified a set minimum reference price. Also, as already discussed, there have been numerous actions taken in the WTO involving U.S. agricultural exports, including Korean sanitary and phytosanitary (SPS) measures involving shelf-life requirements for imported food, EU barriers on imports of hormone-treated beef and import licensing of bananas, and Japan's SPS restrictions on imported apples.

VII. Conclusions and Implications

An effort has been made in this paper to present the highlights of U.S. trade policies and related activities since the advent of the WTO at the beginning of 1995. It should be evident that U.S. trade policies cover a broad spectrum of activities, including multilateral, regional, bilateral, and trade-remedy measures, and that there are diverse interests at work in influencing the direction and content of these policies. Some of the important conclusions suggested by our overview are as follows:

1. The conclusion of the Uruguay Round of multilateral trade negotiations and creation of the WTO mark a major turning point in the institutional structure governing international trade relations. It is quite remarkable that a number of potentially far reaching agreements were concluded in the Uruguay Round, and WTO member countries have been actively engaged in implementing these agreements and seeking to conclude new agreements covering trade in such sectors as telecommunication products and services and financial services.

2. There is ample evidence that the United States and many other WTO member countries, both industrialized and developing, have made very substantial use of the newly strengthened dispute settlement mechanism in the past three years. If this continues, it can only serve to enhance the role of the WTO in overseeing the functioning and effectiveness of the multilateral trading system.

3. The NAFTA is the primary regional trading arrangement in which the United States is currently involved. While negotiated reductions in tariffs and other trade barriers are being phased in, a number of frictions have marked U.S. trade relations with Canada and Mexico. In some cases, the resolution of these frictions has involved reduction or removal of trade impediments, but there have been some noteworthy examples of cases in which protectionist measures have been imposed, prime examples being the restraint arrangements limiting U.S. imports of Canadian softwood lumber and Mexican tomatoes.

4. The United States is currently deeply involved in discussions and meetings designed to promote regional arrangements by means of a FTAA and through APEC. Such new arrangements are on the agenda for the new millenium, but it remains to be seen if and how they may come to fruition and how they will fit into the WTO multilateral system.

5. A great deal of U.S. trade activities involve bilateral relations with major trading partners. Some of these activities are coordinated with the WTO, but there are others in which the United States by-passes the WTO and acts more directly with its national interests foremost in mind. When the United States pursues bilateral consultations and negotiations, the objectives are often to seek improved market access for U.S. exporters. To the extent that this results in a lowering of sectoral trade barriers, both U.S. and other exporters would benefit. But there may be instances in which the United States exerts bilateral pressures to limit imports, as in the case of textiles and clothing quotas, or is representing the interests of particular U.S. firms. In an ideal world, the United States would look to the WTO to represent its national interests in the multilateral trading system. But so long as large countries can use their political muscle to achieve national objectives, bilateral pressures will continue to be important.

6. The United States has available a variety of trade-remedy measures that are designed to deal with upsurges in imports and especially alleged unfair trading practices of foreign firms and governments. The United States has for some time made comparatively little use of safeguard measures and has relied much more on antidumping (AD) and countervailing duty (CVD) measures to deal with alleged unfair trade. What is noteworthy is that there has been a significant decline in both AD and CVD actions in re-

cent years. This may reflect the very favorable macroeconomic conditions that have continued to exist in the United States, thus lowering the probability of a finding of serious injury in cases in which an AD or CVD petition were to be filed. If the U.S. economy were to falter, it is conceivable that there might be increasing resort to these measures. But a possible offsetting element here could be that such measures are now subject to stricter oversight and time limits as the result of the Uruguay Round agreements.

7. The use of Section 301 and related measures continues to be a serious irritant in U.S. relations with its major trading partners. Such unilateral measures may possibly become less common or have a lesser harassment effect to the extent that they are made subject to WTO dispute settlement procedures.

In the Introduction to the paper, it was noted that U.S. trade policies are influenced by a variety of constituent interest groups. An important subject for future research would thus be to focus explicitly on how these different groups function in bringing their influence to bear on the making of U.S. trade policies and how the Executive Branch and the Congress respond to the pressures being exerted. Further, looking back at the past three years of U.S. trade policy activities, we would like to know how to interpret whether and the extent to which these activities have worked on balance in a liberalizing or protectionist direction. One way to approach this would be to use a partial equilbrium framework to consider the individual activities and sum them up. Another and probably more fruitful way would be to incorporate measures of the various policy activities into a general equilibrium framework, using a computable general equilibrium (CGE) trade model for this purpose.

A consideration of central importance to future U.S. trade policies is how the Clinton Administration proposes to deal with the extension of fast-track negotiating authority in the next Congress in 1998. There is still ample scope for pursuing trade-policy objectives even without fast track so long as any agreements reached do not require the Congress to prepare implementing legislation. Nonetheless, the Clinton Administration's ability to engage in multilateral liberalization negotiations will be seriously hampered if it is possible for Congress to amend agreements that may be reached. This will be the case as well for regional initiatives such as the expansion of NAFTA, creation of a FTAA, and APEC liberalization.

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Table 1
Summary Agenda and Results of the December 1996
Singapore Ministerial Conference

Figure 2-2
Agenda of the Singapore Ministerial Conference

Uruguay Round implementation

- Numerous reporting requirements for far-reaching and technically complex disciplines have made it difficult for many countries to comply both administratively as well as substantively with the up to 22 agreements that comprise the Uruguay Round Agreements (URA). The ministers' foremost priority at Singapore was to review the considerable backlog of notifications and consider what improvements could be made to help existing URA mechanisms work better to ensure full compliance with current obligations.

Built in agenda

- Services negotiations continued after the Dec. 1993 Uruguay Round conclusion in the areas of financial services, movement of natural persons, basic telecommunications, and maritime transport, and were scheduled to conclude respectively by June 1995, June 1995, April 1996, and June 1996. These sectoral negotiations have been extended for the most part due to inadequate concessions in the never-before-negotiated area of services. Ministers hoped that the SMC would reinvigorate these talks, especially those on basic telecommunications rescheduled to conclude in February 1997.

- In addition, the current URA contain provisions that already call for either new negotiations at specified future dates (agriculture, services by 2000) or for periodic reviews at various times of virtually every major agreement (e.g. textiles, subsidies, antitdumping, intellectual property, dispute settlement, the U.S. "Jones" Act) that set in motion implementation discussions that in effect amount to much the same thing.

- The Committee on Trade and Environment, established by the April 1994 Marrakesh Ministerial Conference, presented its initial findings to the SMC.

Tariff initiatives

- Australia and Canada proposed that the SMC act as catalyst to liberalize market access over and above that in the existing URA and "built-in" agenda negotiations, both calling formally for new tariff cuts on industrial products to be put on the WTO agenda.

- The EU and the United States advanced sectoral tariff elimination in pharmaceuticals and information technology—the latter leading to the Information Technology Agreement (ITA) presently set to enter into force on July 1, 1997 for completion by 2000.

Least developed countries

- Least developed countries (LLDCs) have not integrated themselves into the world economy over the past decade to the degree that developing countries have. Studies by the World Bank and others have concluded that some reforms in the URA could result in a worsening of the terms of trade for LLDCs. The WTO Director-General and several key developed country participants urged that the SMC highlight the plight of such countries and adopt measures to address this problem.

New issues

- Proposals for launching additional WTO work on "new" issues were put forward by various participants, with intense discussions of possible new issues for WTO consideration held before the SMC. Mentions of labor standards, regionalism, competition policy, investment, and government procurement reached the final declaration, whereas other issues were also discussed such as a review of WTO rules in light of the spread of regional trading blocs and the increased "globalization" of the world economy.

Source: USITC (1997, p. 16).

Table 2
Origins of the Information Technology Agreement

Negotiation of an ITA was formally launched at the U.S.-EU summit in Madrid in December 1995. The initiative was just one of a large number of economic, political, and security measures announced in the New Trans-Atlantic Agenda to reinvigorate the trans-Atlantic partnership. Building on the recommendations of the U.S. and EU business, the two sides committed to seek an agreement eliminating tariffs on information technology products by the year 2000. The products proposed such an agreement included computer hardware, semiconductors and integrated circuits, computer software, telecommunications equipment, parts for these products, and other information technology equipment.

At their April 1996, meeting in Kobe, Japan, trade ministers from the United States, EU, Japan, and Canada (the so-called Quad countries) endorsed the concept of an ITA and agreed to attempt to complete negotiations before the December 1996 WTO Ministerial with a view to initiating tariff reductions on ITA products in 1997. Ministers also agreed that as many countries as possible outside the Quad should participate in the ITA, particularly APEC members such as Korea, Taiwan, Malaysia, Indonesia, Thailand, the Philippines, Singapore, and China. Quad ministers tasked negotiators to work on product coverage.

However, at the same time, progress on the ITA was held up by the EU request for a "balanced" agreement and by linking negotiations with other nontariff matters. EU concern focused on the possibility that the ITA would require the EU to grant more significant tariff concessions than the other Quad members. For example, whereas the United States and Japan agreed in 1985 to apply zero rates on semiconductors, EU tariffs on semiconductors today range from 0 to 7 percent (the duty on smart cards is 14 percent). As a result, the EU demanded that the ITA be a "balanced agreement" and grant "mutual benefits" by including tariff cuts in other sectors. Southern EU-member states in particular withheld support for the ITA unless they would be compensated for tariff concessions.

EU efforts to link ITA progress to other activities focused on EU participation in the U.S.-Japan Semiconductor Arrangement. The EU stated that the only acceptable result from the semiconductor negotiations would be "the establishment of future industry-to-industry and government-to-government cooperation on a tri- or plurilateral basis from the very start, without any form of conditionality . . . ." According to EU officials, EU semiconductor manufacturers strongly supported the linkage so that they could not be excluded from the benefits of the agreement. The EU also tried to link ITA support with progress on negotiations to conclude Mutual Recognition Agreements (MRAs) in a number of sectors. Despite these demands, the United States insisted that the ITA was a separate, simple tariff exercise and concluded a semiconductor agreement with Japan on August 2.

Following conclusion of the semiconductor arrangement, U.S. and EU officials committed to explore how the EU could join the semiconductor accord while making a commitment to conclude an ITA. Progress was difficult, as some EU member states continued to object to the ITA. The United States was determined, however, not to move forward without EU support. Otherwise, tariff cuts on a most-favored-nation (MFN) basis under an ITA would permit the EU to be a free rider.

A resolution was finally agreed, which allowed Quad ministers to formally endorse the ITA at their meeting September 27-28, 1996. The United States and Japan agreed to delay meetings scheduled under the U.S.-Japan Semiconductor Arrangement until March, 1997, which would permit EU participation after conclusion of the ITA. Quad ministers pledged to "work together urgently to conclude the ITA by the Singapore Conference."

Soon after the Quad meeting, the EU-member states offered their support and granted the EU Commission a mandate to negotiate the ITA. On November 25, 1996, APEC Leaders called for conclusion at the SMC of an ITA that would "substantially eliminate" tariffs by the year 2000.

Source: USITC (1997, p. 21).

Table 3
WTO Disputes: Consultation Requests
January 1, 1995 to October 20, 1997

Complaints by	Respondents					
	United States	Japan	European Community[a]	Other Ind. Countries	Developing Countries	Total[b]
United States	-	5	12	4	17	38
Japan	1	-	-	-	3	4
European Communities	7	5	-	-	10	22
Other Industrialized Countries	-	1	4	1	8	14
Developing Countries	14	-	9	2	11	36
Total[b]	22	11	25	7	49	114

[a]Includes complaints against the European Communities (EC) as well as individual EC member countries.
[b]Totals reflect individual cases involving more than one country requesting consultation with respondent.

Source: World Trade Organization, "Overview of the State-of-play of Disputes," http://www.wto.org./wto/dispute/bulletin.htm, October 20, 1997.

Table 4
U.S. Dispute Settlement Complaints Invoked in the WTO,
Year Ending October 1, 1977

During the past year, USTR has invoked WTO dispute settlement procedures to challenge a wide variety of foreign government practices, covered by the *broad range* of agreements administered by the WTO, seeking to enforce the rules on tariffs, agriculture, services, intellectual property rights, antidumping measures, and sanitary and phytosanitary measures. Those complaints include challenges of:

- **Argentina's** import duties on footwear, textiles, and apparel that exceed the maximum to which Argentina is committed under WTO tariff rules;
- licensing requirements in **Belgium** that discriminate against U.S. suppliers of commercial telephone directory services;
- **Brazilian** government measures that give certain benefits to manufacturers of motor vehicles and parts, conditioned on compliance with average domestic content requirements, trade-balancing and local content requirements with regard to inputs;
- the failure of **Denmark** to provide adequate measures to enforce intellectual property rights;
- reclassification by the **European Union**, the **United Kingdom**, and **Ireland** of certain computers and computer-related equipment to different tariff categories with higher tariff rates;
- important restrictions on more than 2700 agricultural, textile and industrial products imposed by **India** for which India can no longer claim a justification for balance-of-payments reasons;
- **Indonesia's** programs granting preferential tax and tariff benefits to producers of automobiles based on the percentage of local (Indonesian) content of the finished automobile;
- **Ireland's** failure to expeditiously bring its copyright laws into compliance with the WTO agreement on intellectual property rights;
- **Japan's** barriers to market access for photographic film and paper, and barriers to distribution and retail services in Japan;
- **Korea's** taxes on Western-style distilled spirits that are higher than those assessed on the traditional Korean-style spirit *soju*;
- an antidumping action by **Mexico** of high-fructose corn syrup imports from the United States that does not conform to WTO procedures;
- a licensing system in the **Philippines** that discriminates against U.S. exports of pork and poultry; and
- the failure of **Sweden** to provide adequate measures to enforce intellectual property rights.

Source: USTR (1997a, p. 4).

Table 5
WTO Dispute Settlement Panel Decisions Favorable to the United States,
January 1995 to October 1997

- **Japan – liquor taxes.** The United States – joined by the EU and Canada – successfully challenged a discriminatory Japanese tax scheme that placed high taxes on whisky, vodka, and other Western-style spirits, while applying low taxes to a traditional Japanese spirit (shochu). This was an important victory for the U.S. distilled spirits industry, whose exports to Japan have reached $100 million per year even in spite of the heavy Japanese taxes. Japan has already enacted legislation that is a major step toward eliminating the problem. The excise taxes on whisky and other brown spirits are being dramatically reduced, starting in October 1997, and the excise tax on shochu will be increased. The results will be a drastic tax cut for U.S. brown spirits exports.

- **Canada – restrictions on magazines.** The United States successfully challenged a recently enacted Canadian law that placed a high tax on American magazines containing advertisements directed at a Canadian audience. This tax, which was the latest in a series of Canadian government measures designed to protect the Canadian magazine industry from U.S. competition, was specifically calculated to put the Canadian edition of *Sports Illustrated*, published by the Canadian subsidiary of Time Warner, Inc., out of business. By ruling in favor of the United States, this case makes clear that WTO rules prevent governments from using 'culture' as a pretense for discriminating against imports.

- **EU – banana imports.** The United States joined Ecuador, Guatemala, Honduras, and Mexico in challenging an EU import program that gave French and British companies a big share of the banana distribution services business in Europe that U.S. companies had built up over the years. Ruling against the EU, the WTO panel and Appellate Body found that the EU banana import rules violated both the General Agreement on Trade in Services and the General Agreement on Trade in Goods by depriving U.S. banana distribution services companies and Latin American banana producers of a fair share of the EU market.

- **EU – hormone ban.** Both the United States and Canada challenged Europe's ban on the use of six hormones to promote the growth of cattle, and a WTO panel agreed that the EU has no scientific basis for blocking the sale of American beef in Europe. This is a sign that the WTO dispute settlement system can handle complex and difficult disputes where a WTO member attempts to justify trade barriers by thinly disguising them as health measures. The panel affirmed the need for food safety measures to be based on science, as they are in the United States. In addition to potentially affecting over $100 million in U.S. beef exports annually, this ruling sets an important precedent that will act to protect other U.S. exporters from unscientific and unjustified trade barriers in the future.

- **India – patent law.** The United States recently obtained a panel ruling against India for failing to provide procedures for filing patent applications for pharmaceuticals and agricultural chemicals, as required by the WTO agreement on intellectual property protection. Besides serving notice that the United States expects all WTO members, including developing countries, to carry out their WTO obligations concerning intellectual property rights, this case also demonstrates that the WTO dispute settlement mechanism can play an important role in protecting American rights and interests in this field.

Source: USTR (1997a, p. 16).

Table 6
U.S. Dispute Settlement Consultations Favorable to the United States
Without Creation of a Panel, January 1995 to October 1997

- **Korea – shelf-life requirements.** Consultations under WTO procedures resulted in a commitment by Korea to phase out its shelf-life restrictions on food products – which removed a major barrier to U.S. exports of beef, pork, poultry, and frozen products.

- **EU – grains imports.** By demonstrating resolve to refer the matter to a panel, the United States succeeded in pushing the EU to implement a settlement agreement on grains that benefits U.S. exports of rice and malting barley.

- **Japan – sound recordings.** In only a matter of months after holding WTO consultations, the Government of Japan amended its law to provide U.S. sound recordings with retroactive protection, as required by the WTO agreement on intellectual property rights.

- **Portugal – patent law.** After the United States requested WTO consultations, Portugal agreed to revise its patent law to provide a 20-year term to old, as well as new, patents, as required by the WTO agreement on intellectual property rights.

- **Pakistan – patent law.** After the United States requested the establishment of a WTO panel to enforce the WTO intellectual property rights agreement, Pakistan implemented the requirements of that agreement to provide procedures for filing patent applications and preserving exclusive marketing rights to protect pharmaceuticals and agricultural chemicals.

- **Turkey – film tax.** The United States used the WTO dispute settlement process to convince the Government of Turkey to eliminate discriminatory tax treatment currently given to box office receipts from exhibition of foreign films. Turkey has agreed to change its practice.

- **Hungary – agricultural export subsidies.** The United States, joined by Argentina, Australia, Canada, New Zealand, Thailand, and Japan, used the WTO dispute settlement procedures to address Hungary's lack of compliance with its commitments on agricultural export subsidies. The result was a settlement agreement in which Hungary will have to cut its current export subsidy levels by more than 65%.

Source: USTR (1997a, p. 17).

Table 7
WTO Dispute Actions Taken Against the United States, January 1, 1995 to October 20, 1997

1. Appellate Reports Adopted

Venezuela/Brazil - standards for reformulated and conventional gasoline. A single panel considered the complaints of both Venezuela and Brazil concerning the regulation of imports of gasoline by the U.S. Environmental Protection Agency. The panel found the regulation inconsistent with the national treatment provision of the WTO, and also that it could not be justified on environmental grounds.

Costa Rica - restrictions on imports of cotton and man-made fibre underwear. U.S. restrictions on textile imports were found to be in violation of the Agreement on Textiles and Clothing (ATC).

India - measure affecting imports of woven wool shirts and blouses. A transitional safeguard measure imposed by the United States was found to be inconsistent with the ATC.

2. Active Panels

European Communities - The Cuban Liberty and Democratic Solidarity (Libertad - Helms-Burton) Act of 1996. The EC claims that U.S. trade restrictions on goods of Cuban origin as well as the possible refusal of visas and the exclusion of non-U.S. nationals from U.S. territory are inconsistent with the U.S. obligations under the WTO Agreement. The U.S. position is that the Libertad Act is justified on national security grounds. A temporary settlement was reached under which the United States and EU agreed to work together to develop binding disciplines on dealings in confiscated properties in Cuba, but the EU continues to reserve the right to reinstate the panel should a mutually satisfactory agreement not be concluded bilaterally.

India, Malaysia, Pakistan, and Thailand - Import prohibition of certain shrimp and shrimp products. This is a joint complaint against the U.S. policies designed to protect and conserve sea turtles that may be inadvertently captured during shrimp harvests using commercial trawl vessels.

3. Pending Consultations

Philippines - Import prohibition of certain shrimp and shrimp products. See above.

European Communities - Anti-dumping measures on imports of solid urea from the former German Democratic Republic. The EU claims that the U.S. anti-dumping imposed are in violation of the WTO Anti-Dumping Agreement.

Colombia - Safeguard measure against imports of broom corn brooms. The U.S. action is alleged to be in violation of the WTO Agreement on Safeguards.

European Communities - Measures affecting textiles and apparel products. Changes in U.S. rules of origin for textiles and apparel are alleged to be in violation of the ATC and the GATT/WTO Agreement.

European Communities - Measure affecting government procurement. This contests a June 20, 1997 act by the Commonwealth of Massachusetts prohibiting public authorities from procuring goods or services from any persons who do business with Myanmar (Burma) as violating the WTO Government Procurement Agreement.

Korea - Anti-dumping duties on imports of color television receivers. It is contended that the United States has maintained an anti-dumping order for the past twelve years for Samsung color TVs despite the absence of dumping and cessation of exports from Korea.

Chile - Countervailing duty investigation of imports of salmon. It is contended that the decision to initiate an investigation was undertaken in the absence of sufficient evidence of injury in violation of the WTO Agreement.

Korea - Anti-dumping duty of dynamic random access memory semiconductors (DRAMS) of one megabyte or above. This is a protest against a U.S. Department of Commerce decision not to revoke the anti-dumping duty on DRAMS imported from Korea even though it was concluded that Korean producers have not dumped their products for more than 3 ½ years and despite evidence demonstrating that there will be no future dumping.

European Communities - Measures affecting imports of poultry products. It is contended the ban allegedly on grounds of product safety does not indicate the grounds applicable to EC poultry products.

4. Settled Cases or Inactive Panels

Japan - Imposition of import duties on automobiles from Japan. Japan had alleged that U.S. import charges violated GATT Articles.

India - Measures affecting imports of women's and girls' wool coats. A transitional safeguard measure instituted by the United States was in violation of the ATC and was removed.

European Communities - Tariff increases on products from the European Communities. It was contended that U.S. tariffs imposed in retaliation for the EC "hormones" directive were in violation of GATT/WTO Articles. The United States subsequently withdrew the tariff increases.

Mexico - Anti-dumping investigation regarding imports of fresh or chilled tomatoes. It was contended that this investigation was in violation of the GATT Anti-dumping Agreement. The case was settled by a 5-year suspension agreement on October 28, 1996 providing that no anti-dumping duties will be assessed so long as tomatoes imported from Mexico are sold in the United States at, or above, an established reference price..

Source: WTO, "Overview of the State-of-play of WTO Disputes," October 20, 1997.

Table 8
U.S. Trade Remedy Measures and Investigations
October 1, 1993 to July 31, 1996

Sections 201-204 of the Trade Act of 1974, as amended and/or Section 302 of the NAFTA Implementation Act	Escape clause	Three investigations initiated during 1 October 1993 - 31 July 1996, no injury was found in two cases (fresh winter tomatoes; tomatoes and bell peppers), while injury was found in the case of broom corn brooms.[a] Broom corn brooms were the only product investigated under both the Trade Act of 1974 and Section 302 of the NAFTA Implementation Act.
Section 406 of the Trade Act of 1974	Market disruption	One investigation was launched, the ITC determined that injury had been caused, however the President decided that sanctions were not in the national interest.[b]
Section 1102 of the Trade Agreements Act of 1979	Public auction of import licences	This section has only been applied to import quotas for agricultural products (Chapter IV(1))
Section 303, 703, and 705 of the Tariff Act of 1930	Countervail	Eight cases filed during 1994 and 1995, two affirmative, four negative and two outstanding rulings during 1995, 37 cases revoked; as at 31 December 1995, 62 final measures in force and 9 suspensions.
Sections 733 and 735 of the Tariff Act of 1930	Anti-dumping	57 cases filed during 1994 and 1995, 20 affirmative, 21 negative, 12 outstanding and 5 other; during 1995, 12 cases revoked; as at 31 December 1995, 292 measures in force and 9 suspensions.
Section 301 of the Trade Act of 1974	-	15 cases active, three were initiated prior to 1 October 1994, 12 cases initiated during the period under review, sanctions remain in force on two previous cases as part of bilateral agreements (Table III.7).
Section 337 of the Tariff Act of 1930	Unfair practices in import trade	During fiscal year 1994, the ITC initiated six Section 337 investigations as compared to 11 during fiscal year 1995. Of the 11 investigations two became final excluding orders and one was still under consideration by the President at the end of 1995. Forty-nine exclusion orders were in effect as at 31 December 1995.
Section 232 of the Trade Expansion Act of 1962	National Security Clause	One investigation initiated, the Department of Commerce found that the National Security was threatened but recommended that import measures were an inappropriate instrument to address this situation. The President did not use his authority to introduce import controls.[c]
Section 22 of the Trade Act of 1974	Balance of Payments Authority	This authority has never been invoked.
Section 22 of the Agricultural Adjustment Act of 1933	-	Since 1 January 1995 only available for imports from countries to which the United States does not apply the WTO Agreement. The only action in effect during 1995 concerned fees on wheat, imposed through 11 September 1995, in recognition of an MOU between the United States and Canada; voluntary export restrictions enforced under the Meat Import Act of 1979 were terminated as this Act was repealed as of 1 January 1995.
Section 204 of the Agricultural Act of 1956	-	U.S. implementation of the Uruguay Round Agreement on Textiles and Clothing (ATC), which replaces the MFA, is administered under this section (Chapter IV(2)).

Table 8 (continued)

Section and statute	Common name	Actions under these sections during the period under review
Marine Mammal Protection Act of 1972, as amended; International Dolphin Conservation Act of 1992; Endangered Species Act of 1973 as amended; Section 8 of the Fishermen's Protective Act of 1967 , as amended; High Seas Driftnet Fisheries Enforcement Act; and Wildbird Conservation Act of 1992	Import restrictions under certain environmental laws.	Restrictions on imports of tuna from Mexico, Vanuatu, Venezuela, Costa Rica, France, Italy, Japan and Panama in force since 1991 remain in place (section III(7)) The United States requires 14 Atlantic and Caribbean nations to use turtle excluder devices on their shrimp trawlers. The U.S. Court of International Trade ruled on 29 December 1995 that turtle excluding devices should be applied by all countries exporting shrimp to the United States. The ruling obliged the Administration to impose an embargo on shrimp imports from all countries except those that adopt sea turtle conservation measures for their shrimp fleets by 1 May 1996.[d] From April 1994 to 30 June 1995 the United States barred certain fish and wildlife products from Chinese Taipei under the Pelly Amendment to the Fishermen's Protective Act of 1967.[e] The U.S. Fish and Wildlife Service banned imports of selected endangered species.
Drug Enforcement, Education and Control Act of 1986	-	The President has never used the authority created under this act to "take appropriate trade actions as of 1 March of each year against uncooperative major drug-producing or drug-transit countries". Short of trade sanctions, on 1 March 1996 the President listed Afghanistan, Burma, Colombia, Iran, Nigeria and Syria as not co-operating against illegal drug trafficking.[f]
Sections 2, 251-253 and 265 of the Trade Act of 1974	Trade Adjustment Assistance	During fiscal year 1994, 924 projects were certified under the TAA for workers programme, covering 72,527 workers; while during fiscal year 1995 1179 project were certified covering 81,156 workers. During fiscal year 1995, 137 companies were certified under the TAA for companies programme, as compared to 170 certified firms in 1994; main industries covered were in the machinery and equipment, electronics, metal and textile sectors.

a WTO notifications G/SG/N/6/USA, 11 May 1995; G/SG/N/6/USA/2, 26 March 1996; G/SG/N/6/USA/3, 2 April 1996; U.S International Trade Commission press release, 26 July 1996, "ITC announces recommendation to President to remedy injury caused by imports of broom corn broom".

b In 1994 one petition was filed concerning honey imports from China. In January 1994 the U.S. International Trade Commission reached an affirmative determination of market disruption. In April 1994 the President decided that import relief was not in the national interest but directed the USTR to monitor imports from China in consultation with the appropriate agencies.

c On March 11, 1994 the Independent Petroleum Association of America and various other industry associations, companies and individuals filed a petition under this Section alleging that the U.S. energy security worsened since the Department's last Section 232 oil import investigation in 1988 because "... oil imports grew both in absolute terms and as a percentage of U.S. oil consumption, leaving the United States further subject to an oil supply disruption with the resultant economic costs". On 5 April 1994, the Department of Commerce launched an investigation. In December 1994 the investigation found that "petroleum imports threaten to impair the national security". However, the Department did not recommend that the President use his authority under Section 232 to adjust imports. The President followed the recommendation of the Department and did not impose measures to adjust imports. Independently, but affecting the same sector, the Alaska Oil Act, signed by the President on 28 November 1995, removed export restrictions on oil from Alaska. National Security considerations investigated under Section 232 of the Trade Expansion Act of 1962 did not play a rôle in the deliberations of this measure.

d International Trade Reporter, Vol. 13, 17 January 1996, pp. 73-74, "CIT hands plaintiffs decision that could result in shrimp embargoes".

e International Trade Reporter, Vol. 12, 5 July 1996, p. 1135, "Clinton lifts sanctions on Taiwan following wildlife protection steps".

f Financial Times, 2-3 March 1996, "Colombia faces US sanctions over drugs".

Source: WTO (1997b, pp. 57-58).

Table 9
TAA Investigations Completed or Terminated in
Fiscal Year 1996 (October 1, 1995 to September 30, 1996)

Item[a]	Number of investigations or petitions	Estimated number of workers
Completed certifications	1,086	115,561
Partial certifications	3	465
Petitions denied	423	60,102
Petitions terminated or withdrawn	76	3,575
Total	1,588	179,703

[a]Includes investigations in process for fiscal 1995.
Source: USITC (1997, p. 130).

Table 10
Utilization of TAA Service Benefits
Fiscal Year 1996 (October 1, 1995 to September 30, 1996)

Item	Estimated number of participants in FY 1996
Training	32,000
Job search	650
Relocation allowances	760
Total[a]	33,410

[a]Total expenditures were $97.8 million.
Source: USITC (1997, p. 130).

Table 11
NAFTA-Related Assistance to Workers
Fiscal Year 1996 (October 1, 1995 to September 30, 1996)

Item	Number of investigations or petitions
Petitions filed	714
Worker groups certified	399
Petitions denied	251
Petitions terminated	19

Item	Estimated number of participants	Cost (dollars)
Training	2,300	$5,957,129
Job search	76	3,444
Relocations	76	72,939
Total	2,388	$6,033,522

Source: USITC (1997, pp. 130-31).

Table 12
U.S. Antidumping Petitions Filed and Determinations, 1994-96

Antidumping duty investigations	1994	1995	1996
Petitions filed	43	14	20
Preliminary Commission determinations:			
Negative	3	1	0
Affirmative (includes partial affirmatives	46	13	17
Final Commerce determinations:			
Negative	2	2	0
Affirmative	33	40	12
Terminated	0	0	0
Suspended	2	1	1
Final Commission determinations:			
Negative	10	16	3
Affirmative (includes partial affirmatives)	17	24	8
Terminated	2	3	1

Source: USITC (1997, p. 140).

Table 13
U.S. Countervailing Duty Petitions Filed
and Determinations, 1994-96

Antidumping duty investigations	1994	1995	1996
Petitions filed	7	2	1
Preliminary Commission determinations:			
Negative	13	0	0
Affirmative (includes partial affirmatives	6	2	1
Final Commerce determinations:			
Negative	0	0	0
Affirmative	1	5	2
Suspended	0	0	0
Final Commission determinations:			
Negative	0	2	0
Affirmative (includes partial affirmatives)	1	3	2
Terminated	0	0	0

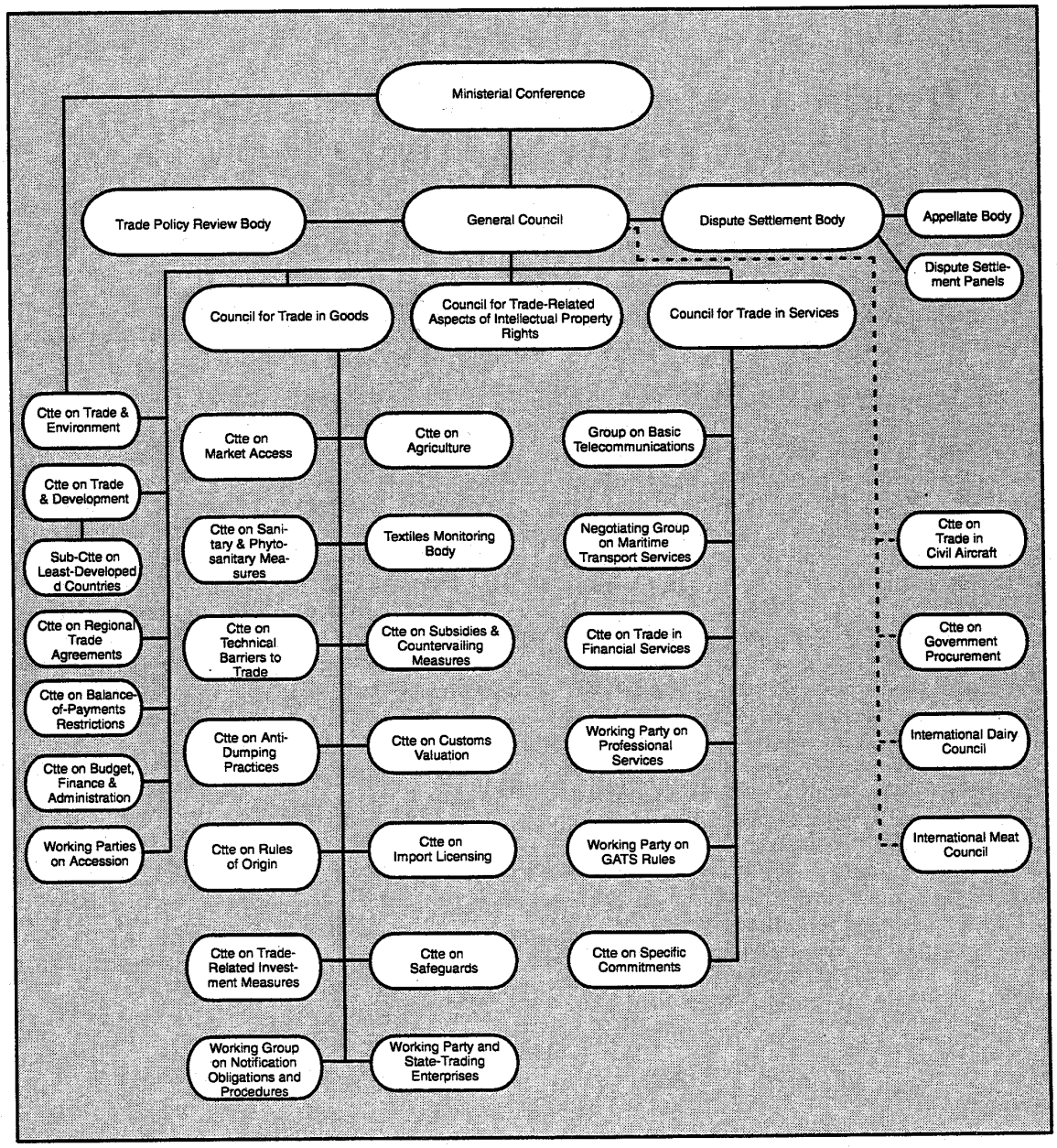
Source: USITC (1997, p. 140).

Table 14
Section 301 Investigations Active Between
October 1993 and July 1996

Date of initiation	Country	Product	Statute	GATT/ WTO procedure	Sanctions	Actions taken during the period on 30 September 1993 - 31 July 1996
May 1991	India	IPR	Special 301	No	Yes	Action has been terminated pursuant to section 302 of the Trade Act.
October 1991	Canada	Softwood lumber	Section 301	Subsidies Code	No	Replaced by a positive CVD determination, which was terminated on 19 October 1994 following the completion of a bi-national panel under the Canada-U.S. Free Trade Agreement.
May 1993	Brazil	IPR	Special 301	No	No	On 28 February 1994 on the basis of measures and assurances offered, the USTR decided to terminate the investigation.
June 1994	China	IPR	Special 301	No	Yes	On 25 February 1995 agreement was reached and sanctions were terminated.
October 1994	Japan	Auto parts	Section 301	Yes	No	On 28 June 1995 agreement was reached and USTR terminated the investigation.
October 1994	European Union	Bananas	Section 301	Yes	No	On 27 September 1995 USTR terminated the investigation and self-initiated a second investigation parallel to WTO dispute settlement procedures.
November 1994	Korea	Agricultural products	Section 301	Yes	No	Agreement was reached on 20 July 1995.
January 1995	Colombia	Exportation of bananas	Section 301	No	No	Agreement was reached on 6 January 1996.
January 1995	Costa Rica	Exportation of bananas	Section 301	No	No	Agreement was reached on 9 January 1996.
February 1995	Canada	Country music television	Section 301	No	No	The investigation was initiated on 6 February 1995. On 6 February 1996 the U.S. Trade Representative ruled the Canadian practices "unreasonable and discriminatory", but no action was taken in view of ongoing discussions. The case was closed on 7 March 1996 after the parties involved reached an agreement.
June 1995	Japan	Photographic film and paper	Section 301	Yes	No	The Trade Representative initiated an investigation of barriers to access to the Japanese market for consumer photographic film and paper in July 1995. The United States requested consultations under WTO dispute settlement provisions on 13 June 1996 (Table AII.2c).
October 1995	European Union	EU enlargement compensation	Section 301	No	No	On 22 December 1995 agreement was reached on compensation.
January 1996	Japan	IPR	Special 301	Yes	No	Agreement was reached through the WTO dispute settlement process (Table AII.2c).
March 1996	Canada	Split-run publications	Section 301	Yes	-	WTO dispute settlement panel has been requested (Table AII.2c).
April 1996	Portugal	IPR	Special 301	Yes	-	Self-initiated action in parallel to WTO dispute settlement procedures (Table AII.2c).
April 1996	Pakistan	IPR	Special 301	Yes	-	Self-initiated action in parallel to WTO dispute settlement procedures (Table AII.2c).
April 1996	India	IPR	Special 301	Yes	-	Self-initiated action in parallel to WTO dispute settlement procedures (Table AII.2c).
April 1996	Turkey	IPR	Special 301	Yes	-	Self-initiated action in parallel to WTO dispute settlement procedures (Table AII.2c).
May 1996	China	IPR	Special 301	No	No	Agreement was reached on 17 June 1996.

Source: WTO (1997b, pp. 75-76).

Figure 1
Structure of the World Trade Organization



Source: The World Trade Organization.

USITC (1997, p. 14).

Appendix 1
Authority for U.S. Trade Policy and Making of Trade Policy in the Executive Branch of the U.S. Government

Authority for Trade Policy[1]

The U.S. Constitution confers on Congress the power to regulate commerce with foreign nations (Article I, Section 8, Clause 3) and the power to raise taxes, including customs duties (Article 1, Section 7, Clause 1).[2] Import tariffs and all other restrictions on merchandise trade are thus the prerogative of Congress. Trade in services is partially covered by federal and partially by State law, with important differences in legislative authority among sectors. The Constitution explicitly authorizes Congress to protect useful inventions and writers. Federal legislation covering trademarks is authorized under the Commerce Clause of the Constitution; however, some rights protected by the TRIPS Agreements are covered by State and not federal law.

At the federal level, Congress has delegated the administration of import tariffs and emergency trade measures to the Executive Branch and independent statutory agencies, subject to judicial review.[3] Complementary to this delegation, Congress requires the United States Trade Representative (USTR) to report annually, on behalf of the President, on the implementation of trade agreements. In addition, the USTR regularly briefs on trade matters the five Senators and five Representatives who are officially designated as congressional advisors to international trade negotiators,[4] maintains contact with other member of Congress, and testifies to Congressional Committees as invited. The reporting requirements on the activities of the World Trade Organization have now become more detailed. In parallel, the U.S. International Trade Commission (USITC) also reports to Congress on the operation of trade agreements.

The U.S. constitution provides the President with the authority to enter into negotiations with any foreign power and sign any international agreement as an Executive Agreement. Treaties are negotiated by the President, but a treaty may only enter into force once a two-thirds majority in the Senate provides its advice and consent to the treaty and the President ratifies it. Treaties have the force of law in the United States. Recent trade agreements have been Executive Agreements, which do not require Senate advice and consent but which are generally considered, according to the authorities, to have the force of law; if necessary, legislation is enacted or amended to permit the performance of trade agreements. When considering legislation under fast-track authority, Congress approves or disapproves legislation but may not amend it. Fast-track authority has always been granted for a limited time and for specific negotiations, most recently for the NAFTA and Uruguay Round negotiations. At present, fast-track authority is not in effect, but this does not impede the Administration from negotiating on trade matters in any forum; however, it could complicate the passage through Congress of implementing legislation resulting from such negotiations.

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[1] Adapted from WTO (1997c, pp. 23-24).
[2] This applies only to legislative rules. Administrative rules authorized by Statute are under the purview of the Executive Branch of Government.
[3] The administration of trade policy measures may be challenged in court and appealed up to the Supreme Court. Since the last U.S. Trade Policy Review, the Supreme Court has not heard any cases involving trade policy issues.
[4] Trade Act of 1974, Section 161.

Trade Policy Making in the Executive Branch[5]

By law, USTR plays the leading role in the development of policy on trade and trade-related investment. Under the Trade Expansion Act of 1962, the President established an interagency trade policy mechanism to assist with the implementation of these responsibilities. This organization, as it has evolved, consists of three tiers of committees that constitute the principal mechanism for developing and coordinating U.S. Government positions on international trade and trade-related investment issues.

The Trade Policy Review Group (TPRG) and the Trade Policy Staff Committee (TPSC), administered and chaired by USTR, are the subcabinet interagency trade policy coordination groups that are central to this process. The TPSC is the first line operating group, with representation at the senior civil servant level. Supporting the TPSC are more than 60 subcommittees responsible for specialized areas and several task forces that work on particular issues.

Through the interagency process, USTR assigns responsibilities for issue analysis to members of the appropriate TPSC subcommittee or task force. Conclusions and recommendations of this group are then presented to the full TPSC and serve as the basis for reaching interagency consensus. If agreement is not reached in the TPSC, or if particularly significant policy questions are being considered, issues are taken up by the TPRG (Deputy USTR/Under Secretary level).

Member agencies of the TPRG and the TPSC consist of the Departments of Commerce, Agriculture, State, Treasury, Labor, Justice, Defense, Interior, Transportation, Energy, and Health and Human Services, the Environmental Protection Agency, the Office of Management and Budget, the Council of Economic Advisers, the International Development Cooperation Agency, the National Economic Council, and the National Security Council. The USITC is a non-voting member of the TPSC and an observer at TPRG meetings. Representatives of other agencies also may be invited to attend meetings depending on the specific issues discussed.

The final tier of the interagency trade policy mechanism is the National Economic Council (NEC). Chaired by the President, the NEC is composed of the Vice President, the Secretaries of State, the Treasury, Agriculture, Commerce, Labor, Housing and Urban Development, Transportation, and Energy, the Administrator of the Environmental Protection Agency, the Chair of the Council of Economic Advisers, the Director of the Office of Management and Budget, the United States Trade Representative, the National Security Advisor, and the Assistants to the President for Economic Policy, Domestic Policy, and Science and Technology Policy. All executive departments and agencies, whether or not represented on the NEC, coordinate economic policy through the NEC.

The NEC Deputies Committee considers decision memoranda from the TPRG, as well as particularly important or controversial trade-related issues. Trade-related issues that raise important national security concerns also may be taken up in the Deputies Committee of the National Security Council.

During the interagency review stage, advice is generally sought from the private sector advisory committees and from Congress. While virtually all issues are developed and formulated through the interagency process, USTR advice, in some cases, may differ from that of the interagency committees.

As policy decisions are made, USTR assumes responsibility for directing the implementation of that decision. Where desirable or appropriate, USTR may delegate the responsibility for implementation to other agencies.

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[5] Adapted from USTR (1997b, Section IX).

In 1996, USTR established a Monitoring and Evaluation Unit to watch the implementation of trade agreements by U.S. trading partners. The Unit coordinates the use of already existing instruments for the enforcement of trade agreements through compliance and dispute settlement procedures in all fora.[6] The mission of the Unit covers all trade agreements, but priority in its activities will be given to: high-dollar, high-volume exports, high-growth exports, barriers which affect job creation and existing jobs, barriers which are widespread and cover many markets and barriers faced by small and medium-sized businesses.

The Department of Commerce includes a number of agencies involved in the implementation of measures that affect U.S. external trade, including the Bureau of Export Administration, the International Trade Administration, the National Institute of Standards and Technology and the Patent and Trademark Office. Commerce has established a Trade Compliance Center (TCC), which will build upon and complement the work of USTR's Trade Enforcement Unit. The Center collects information on trade compliance, is developing a computerized database and information retrieval system, and performs focused research and analysis on compliance issues, including developing methodologies for evaluating compliance with trade agreements. The Secretary of Commerce chairs the inter-agency Trade Promotion Coordinating Committee (TPCC), which covers export marketing and finance programs supported by 19 federal agencies. In 1993, the President announced the implementation of the National Export Strategy developed by the TPCC.

Private Sector Advisory System and Intergovernmental Affairs

The Clinton Administration created USTR's Office of Intergovernmental Affairs and Public Liaison to expand and enhance USTR's partnership with and outreach to state and local governments, the business community, labor, environmental, and special interest groups. The private sector advisory committee system falls under the auspices of the Office of Intergovernmental Affairs and Public Liaison.

The Office of Intergovernmental Affairs and Public Liaison has been designated as the NAFTA and WTO State Coordinator. As such, the office serves as the liaison to all state and local governments on the efforts to implement the NAFTA and the WTO. Consultations are ongoing throughout the year.

The U.S. Congress established the private sector advisory committee system in 1974 to ensure that U.S. trade policy and trade negotiation objectives adequately reflect U.S. commercial and economic interests. Congress expanded and enhanced the role of this system in three subsequent trade acts.

The advisory committees provide information and advice on U.S. negotiating objectives and bargaining positions before entering into trade agreements, on the operation of any trade agreement once entered into, and on other matters arising in connection with the development, implementation, and administration of U.S. trade policy.

The private sector advisory committee system consists of 34 advisory committees, with a total membership of approximately 1,000 advisors. Recommendations for candidates for committee membership are collected from a number of sources including members of Congress, industry associations, small business organizations, labor union leadership, publications, and other individuals who have demonstrated an interest in U.S. trade policy. Membership selection is based on qualifications, industry, geography, and the needs of the specific committee.

Members pay for their own travel and other related expenses.

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[6] USTR press release, 5 January 1996 "USTR Establishes a Permanent Monitoring and Enforcement Unit," posted on the Internet.

The system is arranged in three tiers: the President's Advisory Committee for Trade Policy and Negotiations (ACTPN); eight policy advisory committees; and 25 technical, sectoral, and functional advisory committees.

The President appoints 45 ACTPN members for two-year terms. The 1974 Trade Act requires that membership broadly represent key economic sectors affected by trade. The committee considers trade policy issues in the context of the overall national interest.

The eight policy advisory committees are appointed by the USTR alone or in conjunction with other Cabinet officers. Those managed solely by USTR are the Investment and Services Policy Advisory Committee (INSPAC), the Intergovernmental Policy Advisory Committee (IGPAC), and the Trade Advisory Committee on Africa (TACA). Those policy advisory committees managed jointly with the Departments of Commerce, Agriculture, Labor, and Defense and the Environmental Protection Agency are, respectively, the Industry Policy Advisory Committee (IPAC), Agricultural Policy Advisory Committee (APAC), Labor Advisory Committee (LAC), Defense Policy Advisory Committee (DPAC), and Trade and Environment Policy Advisory Committee (TEPAC). Each committee provides advice based upon the perspective of its specific sector or area.

The 25 sectoral, functional, and technical advisory committees are organized in two areas: industry and agriculture. Representatives are appointed jointly by the USTR and the Secretaries of Commerce and Agriculture, respectively. Each sectoral or technical committee represents a specific sector or commodity group (such as textiles or dairy products) and provides specific technical advice concerning the effect that trade policy decisions may have on its sector. The three functional advisory committees provide cross-sectoral advice on customs, standards, and intellectual property issues.

Private sector advice is both a critical and integral part of the trade policy process. USTR already maintains an ongoing dialogue with interested private sector parties on most trade agenda issues. The advisory committee system is unique, however, since the committees meet on a regular basis, receive sensitive information about ongoing trade negotiations and other trade policy issues and developments, and are required to report to the President on any trade agreement entered into under Section 1102 of the 1988 Trade Act.

Public and Private Sector Outreach

The Clinton Administration's 1996 trade agenda provided many opportunities for the USTR's Office of Intergovernmental Affairs and Public Liaison to conduct outreach to, and consultations with, the private sector advisory committees, state and local governments, and numerous public groups. Throughout 1996, the Office of Intergovernmental Affairs and Public Liaison conducted and facilitated specific consultations for the private sector and state and local governments on the implementation of the WTO, including the Negotiating Group on Basic Telecommunications, financial services, and the Information Technology Agreement. This office coordinated the activities for the private sector advisory committee delegation to the first WTO Ministerial in Singapore. The office briefed and facilitated consultations with all private sector advisors on the APEC agenda, issues, and strategy. The office is also a participant in interagency efforts to promote the goals and objectives of APEC and to educate the public regarding the same. The office briefed and facilitated consultations with all private sector advisors on the FTAA agenda and strategy. The office is continuing its efforts to promote and educate the public on trade issues. USTR's Internet Home Page serves as a vehicle to communicate information to the public. The USTR Internet address is http://www.ustr.gov.

State and Local Government Relations

The passage of the NAFTA and the Uruguay Round created expanded consultative procedures with state and local governments. Under both agreements, the USTR's Office of Intergovernmental Affairs and Public Liaison is designated as the "Coordinator for State Matters." The Coordinator carries out the functions of informing the states on an ongoing basis of trade-related matters that directly relate to or that may have a direct effect on them. The Coordinator also serves as a liaison point in the Executive Branch for state and local governments and federal agencies, working with relevant agencies, to transmit information to interested state and local governments, and relaying advice and information from the states on trade-related matters.

To work with the Coordinator for State Matters, each state designates a single point of contact within the state responsible for the transmittal of information to USTR and the dissemination to relevant state offices of information received from USTR.

USTR works with the state single points of contact, as well as state Governors and Attorneys General, on trade-related issues of state interest including the implementation of both the NAFTA and Uruguay Round agreements. Specific matters of state interest have included the identification of state practices potentially affected by the Uruguay Round Agreement on Subsidies and Countervailing Measures and the identification and reservation of state measures under the NAFTA in the area of services and investment.

As part of its outreach strategy, the Office of Intergovernmental Affairs and Public Liaison participates in a number of state/local government conferences/meetings hosted by organizations such as the National Governors' Associations, U.S. Conference of Mayors, National Association of State Development Agencies, and the National Conference of Black Mayors.

Appendix 2
The WTO Dispute Settlement System

How the WTO resolves trade disputes

"The dispute settlement system of the WTO is a central element in providing security and predictability to the multilateral trading system", states the Understanding on Rules and Procedures Governing the Settlement of Disputes.

WTO members commit themselves not to take unilateral action against perceived violations of the trade rules but to seek recourse in the multilateral dispute settlement system and to abide by its rules and findings.

The WTO General Council convenes as the Dispute Settlement Body (DSB) to deal with disputes arising from any agreement contained in the Final Act of the Uruguay Round. Thus the DSB has the sole authority to establish panels, adopt panel and appellate reports, maintain surveillance of implementation of rulings and recommendations, and authorize retaliatory measures in cases of non-implementation of recommendations.

The Understanding emphasizes that prompt settlement of disputes is essential to the effective functioning of the WTO. Thus, it sets out in considerable detail the procedures and timetable to be followed in resolving disputes.

The aim of the WTO dispute settlement mechanism is "to secure a positive solution to a dispute". Thus, finding a mutually-acceptable solution to a problem between members consistent with WTO provisions is encouraged. This may be possible through bilateral consultations between the governments concerned.

Thus, the first stage of settling disputes requires such consultations. Should they fail, if the parties agree, the case at this stage can be brought to the WTO Director-General, who acts in an *ex officio* capacity, will offer good offices, conciliation or mediation to settle the dispute.

The panel process

If consultations fail to arrive at a solution after 60 days, the complainant can ask the DSB to establish a panel to examine the case. The establishment of a panel is almost automatic. Procedures require the DSB to establish a panel no later than the second time it considers a panel request, unless there is a consensus against the decision.

The determination of the panel's terms of reference as well as its composition is also straightforward. The Understanding provides for standard terms of reference that mandate the panel to examine the complaint in light of the agreement cited, and to make findings that will assist the DSB in making recommendations or in giving rulings provided for in that agreement. The panel may operate under different terms of reference, if the parties concerned so agree.

The panel must be constituted within 30 days of its establishment. The WTO Secretariat suggest the names of three potential panelists to the parties to the dispute, drawing as necessary on a list of qualified persons. If there is real difficulty in the choice, the Director-General can appoint the panelists. The panelists serve in their individual capacities and are not subject to government instructions.

The panel's final report should normally be given to the parties to the dispute within six months. In cases of urgency, including those related to perishable goods, the timeframe is shortened to three months.

Panels have detailed working procedures to set out in the Understanding. The main stages are:

– Each party to the dispute transmits to the panel its submission on the facts and arguments in the case, in advance of the first substantive meeting.

– At that first meeting, the complainant presents its case and the responding party its defense. Third parties which notified their interest in the dispute may also present views. Formal rebuttals are made at the second substantive meeting.

– In cases where a party raises scientific or other technical matters, the panel may appoint an expert review group to provide an advisory report.

– The panel submits descriptive (factual and argument) sections of its report to the parties giving them two weeks to comment. The panel then submits an interim report, including its findings and conclusions, to the parties, giving them one week to request a review. The period of review is not to exceed two weeks, during which the panel may hold additional meetings with the parties.

– A final report is submitted to the parties and three weeks later, it is circulated to all WTO members.

– Should the panel decide that the measure in question is inconsistent with the terms of the relevant WTO agreement, the panel recommends that the member concerned brings the measure into conformity with that agreement. It may also suggest ways in which the member could implement the recommendation.

– Panel reports are adopted by the DSB within 60 days of issuance, unless one party noted its decision to appeal or a consensus emerges against the adoption of the report.

The opportunity for appeal

The WTO dispute settlement mechanism gives the possibility of appeal to either party in a panel proceeding. However, any such appeal must be limited to issues of law covered in the panel report and the legal interpretation developed by the panel.

Appeals are heard by a standing Appellate Body established by the DSB. This appellate Body is composed of seven persons – broadly representative of WTO membership – who will serve four-year terms. They are required to be persons of recognized standing in the field of law and international trade, and not affiliated with any government.

Three members of the Appellate Body sit at any one time to hear appeals. They can uphold, modify or reverse the legal findings and conclusions of the panel. As a general rule, the appeal proceedings are not to exceed 60 days but in no case shall they exceed 90 days.

Thirty days after it is issued, the DSB adopts the report of the Appellate Body which is unconditionally accepted by the parties to the dispute – unless there is a consensus against its adoption.

Implementing dispute decisions

The Understanding stresses that "prompt compliance with recommendations or rulings of the DSB is essential in order to ensure effective resolution of disputes to the benefit of all Members.

At a DSB meeting held within 30 days of the adoption of the panel or appellate report, the party concerned must state its intentions in respect of the implementation of the recommendations. If it is impractical to comply immediately, the member will be given a "reasonable period of time" – to be set by the DSB – to do so. If it fails to act within this period, it is obliged to enter into negotiations with the complainant in order to determine a mutually-acceptable compensation – for instance, tariff reductions in areas of particular interest to the complainant.

If after 20 days, no satisfactory compensation is agreed, the complainant may request authorization from the DSB to suspend concessions or obligations against the other party. DSB should grant this authorization within 30 days of the expiry of the "reasonable period time" unless there is a consensus against the request.

In principle, concessions should be suspended in the same sector as that in issue in the panel case. If this is not practicable or effective, the suspension can be made in a different sector of the same agreement. In turn, if this is not effective or practicable and if the circumstances are serious enough, the suspension of concessions may be made under another agreement.

In any case, the DSB will keep under surveillance the implementation of adopted recommendations or rulings, and any outstanding case will remain on its agenda until the issue is resolved.

Source: WTO (1997a), http://www.wto.org/wto/dispute/webs.htm.

Table A-1
Selected Trade Events, 1995

JANUARY	
Jan. 1	The new World Trade Organization (WTO) comes into existence with 81 members.
	Austria, Finland and Sweden become members of the European Union.
	U.S. Trade Representative (USTR) issues a "Special 301" list of Chinese imports that could be subject to sanctions if improvement is not made in China's protection of intellectual property rights.
	MERCOSUR countries (Argentina, Brazil, Paraguay, and Uruguay) implement a customs union.
Jan. 5	Round of China-WTO accession talks ends unsuccessfully.
	United States and India reach a textiles agreement that allows U.S. exports of textiles, clothing, yarns, and industrial fabrics to India for the first time.
Jan. 11	United States and Japan reach a financial services pact that will allow foreign investment advisers access to Japan's large pension fund market and will ease restrictions on corporate pension fund management, investment trusts, and cross border securities transactions.
Jan. 31	President Clinton uses executive authority to provide $20 billion financial aid loan package to stabilize Mexico's economy and restore investor confidence following Mexico's "peso crisis."
FEBRUARY	
Feb. 1	Association accords between the EU and Bulgaria, the Czech Republic, Romania and Slovakia come into effect. The accords are a first step to their eventual EU membership.
Feb. 8	Armenia is granted GSP by the United States. Brazil and the Bahamas are graduated from the program.
	Russia, Belarus, and Kazakhstan agree to establish a customs union.
Feb. 26	United States and China reach a landmark agreement on intellectual property protection rights.
MARCH	
Mar. 13	USTR Kantor signs an agreement with China to extend the agreement on satellite launch services for another 7 years.
Mar. 26	The Schengen agreement to establish a frontier-free Europe comes into force. Border controls are abolished between France, Germany, Belgium, Luxembourg, the Netherlands, Spain, and Portugal.[1]
Mar. 29	Korea formally applies to become the 26th member of the Organization for Economic Cooperation and Development (OECD). Accession is planned for 1996.
	United States and Korea reach a telecom agreement.
Mar. 31	The Japanese Government outlines a 5-year plan for trade deregulation that includes 1,091 proposals addressing distribution, customs and transportation and further cuts in red tape.
APRIL	
Apr. 30	USTR puts seven countries on a priority watch list for failure to adequately protect U.S. copyrights, patents and trademarks: Brazil, Greece, Japan, Saudi Arabia, Turkey, India, Korea and the EU.

MAY	
May 1	President Clinton bars all trade by U.S. companies with Iran.
JUNE	
June 5	President Clinton recommends renewal of most-favored-nation (MFN) treatment for China for another year.
June 7	United States, Canada, and Mexico launch formal negotiations with Chile for Chilean accession to NAFTA.
June 16	United States and Japan reach a broad agreement on ways to promote direct investment in Japan by foreign businesses, proposing tax incentives and low-interest loans by governmental financial institutions.
June 20	WTO starts consultations with the International Monetary Fund (IMF) and the World Bank to bolster policy coordination among the three organizations.
June 30	Summit of the Americas trade ministerial meeting at Denver, CO. Western Hemisphere trade leaders approve a declaration outlining a work plan for creating a hemispheric free-trade zone by 2005.
June 30	United States lifts wildlife trade restrictions on Taiwan. Sanctions were imposed in 1994 in response to the Taiwan commercial trade in rhinoceros and tiger parts.
JULY	
July I	United States and Japan reach an agreement on autos and auto parts. Japan agrees to increase imports of U.S. autos and auto parts but refuses numerical targets.
July 3	USTR announces that it will investigate alleged exclusionary business practices for consumer photographic film and paper in Japan.
July 12	The House of Representatives passes legislation granting MFN trading status to Cambodia and Bulgaria.
	President Clinton announces the normalization of diplomatic and trade relations with Vietnam.
July 17	United States and Korea agree on a regular steel trade consultative mechanism to discuss key economic trends and data concerning steel and pipe and tube products.
July 20	U.S.-Japanese accord is signed to promote foreign direct investment and to address issues related to buyer-supplier relationships in both the United States and Japan.
	United States and Korea sign an agreement on shelf-life for frozen sausage under which Korea will implement a manufacturer-based system by 1996.
July 31	The U.S. GSP program expires and is not renewed.
AUGUST	
Aug. 2	Vietnam becomes a member of the Association of Southeast Asian Nations (ASEAN).
Aug. 16	Russia stiffens copyright law by making failure to comply with requirements of the law subject to hefty fines and by requiring pirated material to be confiscated and destroyed.
SEPTEMBER	
Sept. 1	Ten-year anniversary of the U.S.-Israel Free-Trade Area Agreement.
Sept. 6	The United States and Korea reach an agreement on market access for U.S. cigarettes.

September—*Continued*

	Members of the Central European Free Trade Agreement (CEFTA) —Poland, Hungary, Slovakia and the Czech Republic—agree to admit Slovenia and to further liberalize trade, remove barriers to capital flows and form joint ventures in their countries' service sectors.
Sept. 27	President Clinton signs executive order extending the Super 301 provisions in U.S. trade law. The dispute settlement body of WTO sets up an independent dispute panel to rule on complaints by the United States, EU, and Canada, that Japanese liquor taxes discriminate against imports.
Sept. 29	United States and Korea resolve auto dispute. Korea agrees to liberalize standards and certification practices, reduce taxes that discriminate against imported vehicles, permit foreign advertisers equal access to television advertising time, allow foreign majority ownership of auto retail financing entities and improve consumer perception of auto imports.
Sept. 30	United States files a complaint with WTO against the EU for restricting banana imports.

OCTOBER

Oct. 1	United States and Canada file complaints with WTO over the EU grain import regime.
Oct. 3	Korea and Argentina agree to expand cooperation in trade, investment and other sectors as part of an agenda to improve bilateral relations.
Oct. 6	President Clinton lifts export controls on a broad array of powerful computers.
	United States strengthens enforcement of trade embargo against Cuba.
Oct. 10	The United States and China begin trade talks centering on IPR and market access.
	The Helms-Burton bill is introduced in the House to tighten the trade embargo against Cuba and would impose economic penalties against countries and companies that do business with Cuba.
Oct. 11	Cuba is admitted as a founding member of the Association of Caribbean States—an economic bloc of 24 countries that includes Colombia, Mexico, Venezuela, the Central American countries, the Caricom members, the Dominican Republic and Haiti.
Oct. 12	EU blocks a request from the United States for the establishment of a WTO panel to examine a complaint that the EU's imposition of duties on imports of U.S. grains violates global trade rules.
Oct. 13	U.S., Canadian, and Mexican officials finalize regional environmental initiatives and discuss initiatives designed to improve the flow of environmental information across NAFTA borders.
Oct. 24	USTR proposes that the United States launch a joint study with the EU to address existing trade barriers and identify future opportunities to bolster U.S.-EU trade.

NOVEMBER

Nov. 3	Japan's electronics industry calls for the termination of a nearly 10-year old semiconductor trade agreement with the United States.
Nov. 8	By a vote of 289 to 134, the House approves lifting the 22-year ban on exports of Alaskan oil.
	EU representatives begin exploratory talks in Havana on a possible future economic cooperation accord between the EU and Cuba.
Nov. 17	Iran, facing a financial crisis, opens its oil industry to foreign investment for the first time since the 1979 Islamic revolution.

NOVEMBER—*Continued*	
Nov. 19	APEC leaders adopt the Osaka Action Agenda, a blueprint to guide the implementation of free trade in the Asia Pacific region.
Nov. 20	China pledges to cut tariffs on 4,000 items and end quotas in 1996.
Nov. 30	USTR announces an agreement with the EU regarding enlargement compensation and EU grain import policies.
DECEMBER	
Dec. 3	New Trans-Atlantic agenda announced by President Clinton and leaders of the EU.
Dec. 4	The Czech Republic joins the OECD.
Dec. 18	Citing safety concerns, the United States delays granting access for Mexican trucks to U.S. border states as scheduled under NAFTA.

Source: USITC (1996, pp. 3-6).

Table A-2
Selected Trade Agreements Activities, 1996

JANUARY	
Jan. 16	United States partially suspends economic sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro).
Jan. 22	The United States and South Korea finalize an agreement reached in July 1995 on the liberalization of shelf-life rules on 207 food products including meat products, bottled, packaged and dried foods, butter, cheeses, and baby foods and formulas.
FEBRUARY	
Feb. 21	The United States appeals WTO dispute settlement panel decision that U.S. gasoline regulations violate international trade rules and do not qualify for exception under WTO natural resource conservation measures.
Feb. 28	The United States identifies six major drug-producing and transit countries not meeting the goals and objectives of the 1988 U.N. Convention on Drug Trafficking.
MARCH	
Mar. 11	USTR initiates section 301 investigation of Canadian practices affecting periodicals.
Mar. 12	President Clinton signs into law the Libertad (Helms-Burton) Act extending U.S. economic sanctions against Cuba.
MAY	
May 7	Hungary accedes to the OECD.
May 8	On request of the United States and four Latin American countries, the WTO establishes a dispute settlement panel to examine the EU banana import regime.
May 20	WTO establishes dispute settlement panel to investigate U.S. complaint against the EU meat hormone ban.
May 29	United States and Canada conclude 5-year agreement on U.S. imports of softwood lumber from Canada.
May 31	The United States files WTO complaint against Korea's testing and inspection procedures for imported fruit and vegetables.
JUNE	
June 4	The United States rejects maritime liberalization package offered by 24 members of the WTO at the senior officials meeting in Geneva.
June 17	The United States and China reach agreement on protection of intellectual property rights in China thereby averting U.S. sanctions against China.
June 28	WTO talks on liberalizing maritime services are suspended until 2000.
JULY	
July 2	USITC makes an affirmative injury determination in investigations involving imports of broomcorn brooms conducted under the U.S. global and NAFTA bilateral safeguard laws, but reaches a negative injury determination in an investigation involving imports of fresh tomatoes and bell peppers conducted under the U.S. global safeguard law.
July 16	President Clinton suspends for 6 months the right to file claims under title III of the Helms-Burton Act.
July 22	The United States and the EU sign agreement compensating the United States for EU enlargement.
July 26	After an annual review of bilateral telecommunications agreements, the United States designates Korea as a "Priority Foreign Country" because of Korea's telecommunications procurement practices.
July 30	United States and Taiwan reach agreement on telecommunications market access in Taiwan.

AUGUST	
Aug. 2	United States and Japan agree on framework for monitoring and bilateral consultations on semiconductor market access in Japan.
Aug. 5	President Clinton signs into law the Iran and Libya Sanctions Act of 1996.
Aug. 20	President Clinton signs legislation that extends retroactively the U.S. Generalized System of Preferences program from July 31, 1995 to May 31, 1997.
SEPTEMBER	
Sept. 6	The United States applies triple charges against China for transshipment of textile exports to the United States.
Sept. 11	USITC makes an affirmative determination in its preliminary antidumping investigation on imports of vector supercomputers from Japan.
Sept. 18-19	United States and Japan hold bilateral consultations on implementation of the U.S.-Japan Automotive agreement.
Sept. 20	The United States announces intention to request WTO dispute settlement panel to investigate "systemic structural" barriers in Japan's market for photographic film.
OCTOBER	
Oct. 1	The United States announces intention to request WTO dispute settlement panel if Korea does not implement the agreement on shelf-life for imported meats finalized in January 1996.
Oct. 1	The United States announces agreement with Taiwan on market access for medical devices.
Oct. 28	The United States and Mexico sign a 5-year suspension agreement that establishes a minimum price for U.S. sales of fresh tomatoes imported from Mexico after Commerce makes a preliminary affirmative determination of LTFV imports in an antidumping investigation involving fresh tomatoes from Mexico.
NOVEMBER	
Nov. 8-9	The United States and European Union hold Trans-Atlantic Business Dialogue meetings. Agreement reached on customs cooperation and progress made on concluding a Mutual Recognition Agreement covering pharmaceuticals.
Nov. 20	In response to a request by the EU, the WTO establishes a dispute settlement panel to examine the Helms-Burton Act.
Nov. 22	Poland accedes to the OECD.
Nov. 20-23	APEC ministerial held in Manila.
Nov. 28	President issues proclamation temporarily raising duties on imports of broomcorn brooms under U.S. global safeguard law.
Nov. 12	After completion of "out-of-cycle review" of protection of IPR in Taiwan, the United States removes Taiwan from designation under the Special 301.
DECEMBER	
Dec. 2	NAFTA dispute settlement panel rules against U.S. complaint on Canadian agriculture tariffs.
Dec. 3	The United States and Venezuela agree to a 15-month phase-out of U.S. regulations on reformulated gasoline.
Dec. 9-13	The WTO holds first biennial ministerial conference in Singapore.
Dec. 12	Korea accedes to the OECD.
Dec. 15	United States and Japan reach agreement on access to Japan's insurance market.

USITC (1997, pp. 1-3).