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USTR

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

January 13, 1995

MEMORANDUM FOR MR. CUTTER

CC'S: SECRETARIES CHRISTOPHER, RUBIN, BROWN, REICH, Chair TYSON, MR. LAKE and ACTING SECRETARY ROMANGER

FROM: DEMETRI BOUTRIS
EXECUTIVE DIRECTOR TO THE USTR

SUBJECT: MEMO TO POTUS ON PRC GATT/WTO ACCESSION BID

Transmitted to Mr. Cutter is the original (together with a copy) of Ambassador Kantor's memo to the President on PRC GATT\WTO accession negotiations.

We ask the NEC to please forward the original memo to the President.

Thank you.

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

JAN 13 1995

MEMORANDUM FOR THE PRESIDENT

THROUGH: BO CUTTER

FROM: MICHAEL KANTOR

SUBJECT: CHINA'S GATT/WTO ACCESSION BID

China failed to meet its self-imposed year-end deadline of achieving GATT/WTO membership. Nevertheless, China's negotiators were careful leave the door open for further negotiations and have signaled that they need time to reflect before re-engaging. If China is ready, another round of multilateral negotiations will be scheduled for late February.

Last week, the Chinese stated they intend to suspend implementation of our 1992 Memorandum of Understanding (MOU) on Market Access for goods. In the MOU, China committed to open its market to top U.S. exports over five years. In return, we agreed "...to staunchly support China's accession..." We have lived up to our end of the bargain and expect China to do the same. I have written to Vice Premier Li Lanqing to urge China to reconsider its decision given the far-reaching consequences suspension carries for the conduct of our bilateral trade relations.

Our strategy, supported by Congress and the business community, has been to welcome China into the WTO on the basis of a strong commercial accession agreement. China sent its negotiating team to Geneva with little if any flexibility or the details necessary to conclude a commercial agreement. The Chinese were able to offer only token concessions and instead sought to emphasize the political necessity of China's membership. The Chinese underestimated the determination of Contracting Parties in this effort.

China's attempt to politicize the negotiations strengthened the resolve of our trading partners to press for accession on commercial terms. In addition to the strong support of our Quad partners, Australia and New Zealand, developing countries, particularly Argentina, Thailand and Uruguay showed great courage in pressing their respective commercial interests. China refused to make any significant concessions to open its market to respond to the interest of the United States and these countries, nor was China prepared to adhere to the most basic of the WTO obligations.

We will continue our consultations with the Congress, the private sector and our trading partners on next steps in the accession negotiations.

cc: Secretary Christopher
Secretary Rubin
Secretary Brown
Secretary Reich
Acting Secretary Romanger
CEA Director Tyson

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20506

94-

FOR IMMEDIATE RELEASE
Saturday, February 4, 1995

Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Draft 4
2/3 3:20 pm

USTR Mickey Kantor Orders 100% Tariffs on More Than $1 Billion of Chinese Imports Cites China's Failure to Protect U.S. Intellectual Property

Ambassador Mickey Kantor today ordered the imposition of 100 % tariffs on $1.08 billion of imports of Chinese products into the United States because of China's failure to protect and enforce the intellectual property rights (IPR) of U.S. companies and to provide market access for intellectual property-based products.

[From 1984 through 1994, U.S. yearly exports to China rose from $3 billion to $8.8 billion. In the same period, however, Chinese exports to the U.S. rose from $3.1 billion to almost $38 billion.] The bilateral trade relationship has become badly imbalanced. The United States is the world's largest open economy, while that of China remains closed to many of our most competitive export sectors.

China's failure to enforce the intellectual property rights of U.S. companies and its persistent denial of market access for intellectual property-based products has damaged U.S. commerce and caused serious losses to American companies and workers.

"We cannot stand by while the interests of our fastest growing, most competitive industries are sacrificed in China. I have said that we would take action by reducing China's access to the U.S. market if China does not protect our computer software, audiovisual works, books and periodicals, and trademarks. Today's action represents the largest retaliation ever taken by the U. S. government. [We are drawing the line]" Kantor said. "So far, the Chinese have taken some steps, but they have not addressed the major problems -- particularly, the continuing operation of Chinese factories that mass produce pirated products for export."

"This morning I met with Ambassador Li Daoyu of China to inform him that the United States was taking this action. In addition, I extended an invitation to the Chinese to resume negotiations."

Background

USTR Kantor's announcement is the result of an eight month investigation under the Special 301 provision of the Trade Act of 1974 into China's intellectual property rights enforcement practices. Under the statute, the investigation, which was initiated on June 30, 1994, can run up to six months, with the possibility of a 90 day extension. On December 31, USTR Kantor issued a proposed determination that China's IPR enforcement practices are unreasonable and burden or restrict U. S. commerce, and USTR published a proposed retaliation list of $2.8 billion. At the same time, Kantor extended the investigation until February 4 to allow negotiators time to pursue an acceptable settlement.

Nine days of negotiations on IPR enforcement held in Beijing concluded on January 28 without agreement. Although some progress was made during these negotiations, China failed to make the commitments necessary to permit resolution of the Special 301 investigation.

While China has made significant improvements in its IPR legal regime as a result of the 1992 U.S.-China Memorandum of Understanding on Intellectual Property Protection, piracy of copyrighted works and trademarks is rampant in China.

Piracy of computer software -- one of the most competitive industries of the United States -- runs as high as 94 percent, according to U.S. software industries. Chinese piracy of U.S. CDs, laser discs, cassette tapes, videos and movies is close to 100 percent in many parts of China.

In the past two years, Chinese companies have begun to export pirated products in large volume -- despoiling markets in southeast Asia and even reaching Latin America, Canada, and the United States. This trend is exemplified by the fact that 29 CD and LD factories in China have a production capacity of 75 million CDs for a domestic market that can absorb only 5 million CDs annually. In addition, some of these factories have begun to produce and export CD-ROMS, which can hold dozens of computer software programs and other copyrighted works on a single disk. To date, despite repeated U.S. requests, China has taken no significant action to stop infringing activities in these factories.

The Chinese Products Subject to Retaliation

The final list, which will appear shortly in the Federal Register, is comprised of 35 product categories of high-growth Chinese exports to the United States. Among the principal products included on the list are: answering machines and cellular telephones; a wide variety of plastic articles; and sporting goods, such as fishing rods, gymnastic equipment and surf boards..

The final list was selected from a broad preliminary list of product categories from China's key export industries. It was created subject to specific criteria designed to minimize any impact on U.S. industry, workers and consumers.

The tariffs will be imposed automatically by the U. S. Customs Department on February 26, 1995 -- thereby allowing several weeks for goods that are in transit to enter the United States.

Draft 4
2/3 2:48 pm

FACT SHEET

Special 301 Investigation

On February 4, 1995, U.S. Trade Representative Kantor ordered the imposition of 100 % tariffs on $1.08 billion of imports of Chinese products into the United States because of China's failure to protect and enforce the intellectual property rights (IPR) of U.S. companies and to provide market access for intellectual property-based products.

China's failure to enforce the intellectual property rights of U.S. companies and its persistent denial of market access for intellectual property-based products has damaged U.S. commerce and caused serious losses to American companies and workers.

The tariff increases will go into effect on February 26, providing sufficient time for goods that have left Chinese ports as of February 4 to clear U.S. Customs before the new duties go into effect.

On February 4, Ambassador Kantor met with China's Ambassador Li Daoyu to inform him of the action the United States was taking. In addition, Kantor extended an invitation to China to resume negotiations.

Ambassador Kantor identified China as a Priority Foreign Country under the 1974 Trade Act on June 30, 1994, and immediately initiated a Special 301 investigation into China's intellectual property rights (IPR) enforcement practices. Under the statute, the investigation runs for up to six months. At the end of the six month investigation, in this instance December 30, 1994, the USTR made a proposed determination that China's IPR enforcement practices are unreasonable and burden or restrict U.S. commerce. In addition, Kantor authorized publication of a proposed list of Chinese products to which tariffs of 100% could be attached. That list was valued at $2.8 billion. Ambassador Kantor extended the investigation until February 4, 1995, as a result of the complexity of the negotiations.

The List

The final list, which will appear shortly in the Federal Register, is comprised of 35 product categories of high-growth Chinese exports to the United States and includes items in which the Chinese Government has substantial involvement, such as silk products and bicycles. The top five categories of items on the retaliation list are:

		U.S. Imports Oct. 93-Sept. 94
1.	Miscellaneous plastic articles (e.g. picture frames, baseball card holders, etc.)	$465 million
2.	Answering machines & cellular telephones	$108 million
3.	Sporting goods (e.g., fishing rods, gymnastics equipment & surf boards)	$78 million
4.	Wooden articles (e.g. picture frames, ornaments, jewelry boxes)	$70 million
5.	Bicycles (with wheels 20" & smaller)	$65 million

Other articles on the list include: candies; mushrooms; citric acid; rubber gloves; leather trunks and containers; greeting cards; silk gloves, handkerchiefs and scarves; gold and platinum jewelry; kitchen ware, and copper articles, metal furniture and counters, and non-electric lamp fittings.

The final list was developed after reviewing more than 190 written submissions and testimony presented by the public during two days of hearings and a thirty-day comment period. The hearings addressed the impact the inclusion of particular products on the final list would have on U.S. industries and consumers. U.S. government agencies selected products that would have a clear impact on China, but would cause minimal harm to the U.S. economy, its businesses and workers. For example, the list minimizes, to the extent possible, a disproportionate adverse impact on small and medium-size firms and generally avoids items for which there is no U.S. production or alternate foreign suppliers.

The size of the list is based on the estimates of U.S. government economists on the damage done to the U.S. economy by China's failure to protect effectively intellectual property rights -- that is, losses suffered in China due to Chinese infringement of U.S. copyrighted works, trademarks, and patented products.

U.S.-China Trade Relations

U.S.-China bilateral trade has grown significantly since relations were normalized in 1979, with two-way trade approaching $50 billion in 1994 compared with $2.3 billion in 1979. At the same time, the bilateral trade relationship has become badly imbalanced, with the U.S. trade deficit with China skyrocketing from $70 million in 1983 to almost $30 billion in 1994. China's imports to the United States during that period have risen 929% (rising from $3.1 billion to almost $38 billion in 1994) while U.S. exports to China have gone from $3 billion to almost $9 billion during the same period.

Piracy in China

Overall, China has markedly improved its IPR legal regime as required by the 1992 U.S.-China Memorandum of Understanding on Intellectual Property Rights. China has not, however, lived up to its obligation under the Agreement to enforce its laws and regulations. Until recently, enforcement of intellectual property rights has been virtually absent, with piracy rates soaring in all major urban centers along China's increasingly prosperous east coast.

IPR piracy in China is rampant. U.S. industries estimate that piracy of computer software and other copyrighted works rose sharply over the past year. Among the largest and most obvious offenders in China are the operators of 29 CD factories where U.S. copyrighted CDs, laser discs, and CD-ROMS are produced. These factories are largely in south and central China. With an annual production capacity exceeding 75 million CDs in a domestic market that has a capacity of 5 million, most of those pirated CDs, LDs, and CD-ROMs are destined for export, and pirated products are now found in Hong Kong, southeast Asia, and increasingly, in the Americas.

Piracy of other audiovisual works, particularly audiocassettes and videos in China, runs close to 100 percent -- with little evidence of effective controls on this piracy to date. Piracy of other cutting-edge U.S. copyrighted products, particularly computer software, runs at about 94 percent -- and 100 percent in CD-ROMs, where no major U.S. computer software manufacturer has issued licenses for legal production in China. The administrative apparatus in China for policing copyright piracy is extremely weak. The National Copyright Administration offices are located in fewer than half of China's provinces, and have few qualified personnel and no real authority to take effective action against offenders. The courts, which do have real authority, have yet to issue substantial judgments in civil cases against Chinese defendants. To date, there have been no criminal convictions for major copyright infringers.

Piracy of trademarks is also rampant, especially in south China. Enforcement, while effective in some locales, is sporadic at best. China currently fails to protect well-known marks or to offer adequate and effective protection for service marks and other U.S. trademarks.

Negotiations

Negotiations with China have been underway for 20 months, including eight months under the Special 301 investigation. The President, members of the Cabinet, and very senior U.S. government officials have expressed concern at the highest levels of the Chinese government about the prevalence of piracy and the damage it causes U.S. economic interests. Eight rounds of negotiations have been held in 1994, including five since the Special 301 investigation was initiated. A nine-day round of negotiations on IPR enforcement concluded on January 28 without agreement.

While agreement has not yet been reached, the Chinese have begun to take action -- both on the ground and in terms of preliminary commitments that will improve IPR enforcement over time. In particular, China has launched a special enforcement period and has begun systematic raids in some regions against retailers, closing shops and levying tough fines. China has yet to take action, however, against manufacturers, including those involved in CD production.

What is Intellectual Property?

Intellectual property refers to a broad collection of rights relating to the products of human inventiveness and creativity. It comprises two main branches: first, industrial property, covering inventions, trademarks, and industrial designs; and, second, copyright.

Patent. A patent is a governmental grant of a property right to the inventor of a product or process which is new and has utility -- that is, it has industrial application. A patent provides the inventor, or the inventor's successor in title, the exclusive right to the invention for a limited period of time. This right generally enables the patentee to exclude others from making, using or selling the invention. As a consequence, the patentee can also grant licenses to third parties, letting them exploit the invention on such terms as the patent may prescribe. The Uruguay Round TRIPS agreement requires that a patent must be valid for a minimum of 20 years from the filing date of the application. The patent term in the U.S. is 20 years from filing.

Trademark. A trademark is any word, symbol, design or device used to identify a product. Service marks involve similar descriptors to identify a service. The purpose of a trademark or service mark is to identify goods put on the market, thereby distinguishing them from other goods and services, and to indicate their source or origin. These marks enable consumers to recognize products they have previously purchased so that they can exercise their preference purchase them again. Accordingly, trademark owners usually make every effort to maintain or improve the quality of their goods. To a large extent, therefore, trademarks have become a guarantee of quality.

Protection of a trademark means that no person or enterprise other than its owner may use it -- or any other trademark so similar to it that its use would lead to confusion in the minds of the public. The Trips agreement, for example, provides that initial registration of a trademark must be valid for a period of at least seven years, and that registration is renewable indefinitely.

Copyright. Copyright usually refers to "literary and artistic works". U.S. copyright law enumerates eight broad categories of protectible subject matter: literary works (which include computer software), musical works, including accompanying words, dramatic works, including accompanying music, pantomimes and choreographic works, pictorial, graphic and sculptural works, motion pictures and other audiovisual works, sound recordings and architectural works. Works that do not fall into these categories may be protected as well.

Copyright protection means that certain uses of a work are lawful only if made with the authorization of the owner of the copyright. The owner of a right may generally transfer a right, or license certain uses of the work. U.S. copyright law grants the owner exclusive rights to reproduce a work, to prepare derivative works based on it (e.g., to base a film on a book or play), and to distribute copies to the public by sale or other transfer of ownership, or by rental, lease or lending, to perform the work publicly (with the exception of sound recordings), and to display certain categories of works publicly. U.S. law, consistent with the Berne Convention and the TRIPS agreement, protects a copyrighted work for the term of author's life, plus 50 years.

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CONCLUDING STATEMENT OF AMBASSADOR MICHAEL KANTOR
QUADRILATERAL MINISTERIAL MEETING
Sunday, September 11
Los Angeles, California

Ministers from the United States, Canada, Japan and the European Commission held their 25th informal "Quadrilateral" meeting in Los Angeles. This was our first meeting of Ministers since the Uruguay Round was completed in Marrakech.

Our agenda this weekend was wide-ranging. We all accorded the highest priority to the rapid and effective implementation of the Uruguay Round and bringing the World Trade Organization into operation on January 1, 1995. We are all committed to achieving this result.

In addition to discussing the status of our respective ratification efforts, we discussed many of the issues involving implementation of the WTO. We hope that our discussions will facilitate the very important work that will resume in Geneva next week under the auspices of the Preparatory Committee.

The candor and frank dialogue from these Quad meetings is invaluable in moving trade issues forward. One only need recall the constructive role the Quad played last year in moving the Uruguay Round talks forward, keeping the ball rolling, until together with all our partners, we reached our momentous agreement.

We had the first opportunity since completion of the Uruguay Round to talk informally about the issues confronting the Quad and the multilateral trading system as we face the reality of globalization and the challenge of economic interdependence. We had a very valuable and free-ranging discussion, much of it building on our talks in Marrakech and in Naples, and looking forward to next year's meetings in Halifax. We discussed some sectors where further work between us would yield benefits for our respective economies and strengthen the global economy. Areas discussed included: completing the on-going negotiations on services as required by the Uruguay Round, telecommunications and high technology areas, regulatory reform, mutual recognition of standards, investment and other access issues.

We agreed that our officials would remain in contact on these issues in order to continue the Quad's constructive role in maintaining the momentum for trade liberalization around the world. We will review their discussions at our next ministerial meeting.

We also discussed the very important work on-going in Geneva to bring new members into the world trading system through the GATT/WTO accession negotiations, including China, Russia and Taiwan. We agreed that such negotiations should strengthen the multilateral system and agreed that our officials would work to achieve such results. In this regard, we agreed that the on-going negotiations relating to China should be completed as soon as possible on the basis of a mutually acceptable balance of rights and obligations. We also had a discussion of the recent accession bid by Russia that was endorsed by G-7 leaders. There is substantial work ahead in completing these and the many other important accession negotiations.

Finally, we discussed possible efforts to strengthen the trading system and enhance the credibility of the WTO. We will work together to identify ways to make more transparent the workings of this critical institution.

Minister MacLaren has invited Quad Ministers to meet in Canada in the spring of 1995 to continue our discussions. In the interim, however, our officials will remain in close contact.

CC: BD
JES

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

AUG 19 1994

MEMORANDUM FOR LAURA TYSON

FROM: **MICKEY KANTOR**

SUBJECT: **The CEA's GSP Reform Proposal**

In an August 10 memorandum, you express concern about alleged problematic GSP decisions and suggest that a so-called "early warning system" be established to identify potentially controversial GSP cases.

After careful consideration of your proposal, I do not believe that an additional layer of review for GSP decisions is warranted. GSP decisions are made in the same interagency process that is used for all trade policy decisions. Each GSP case gets thorough and careful consideration during the course of a year-long review process. During the review, we solicit public comments, hold hearings and seek economic advice from the International Trade Commission. All recommendations of the GSP Subcommittee are subject to approval by the Trade Policy Staff Committee, and agencies may choose to raise an issue to the TPRG or NEC/NSC.

The interagency consensus, which is not always unanimous, is based on guidance from senior-level policy-makers in all relevant agencies because GSP decisions are based both on economic analysis and trade policy objectives.

I believe that the existing interagency decision-making process has worked well. Nevertheless, I would welcome fuller participation by the CEA in the GSP review process.

Alice -
Give copy to JES
for his information and
file
L.

cc: W. Bowman Cutter, NEC
Sandy Berger, NSC

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

THE CHAIRMAN

August 25, 1994

MEMORANDUM FOR MICKEY KANTOR

FROM: LAURA TYSON

SUBJECT: U. S.-Japan Free Trade Proposals--Origins and Outcome

Attached you will find a memorandum prepared by my staff on the history and outcome of the U. S. Japan Free Trade proposals.

I will be back in the office on Monday, August 29, 1994.

Attachment:a/s

Memorandum

COUNCIL OF ECONOMIC ADVISERS

TO: Laura Tyson — August 25, 1994

FROM: Robert Dohner
Kim Clausing

SUBJECT: US-Japan Free Trade Proposals -- Origins and Outcome

In the mid-1980s, and particularly in 1987, US Ambassador to Japan Mike Mansfield advocated the negotiation of a free trade agreement with Japan as a way of dealing more effectively with US-Japan trade issues. He argued that pursuing a free trade area would overcome the piecemeal nature of US negotiations with Japan, allowing more progress on a comprehensive basis where the importance of the entire trading relationship would be evident to both parties.

In January 1988, Senator Byrd proposed to Prime Minister Takeshita that both countries begin studies on the advantages and disadvantages of free trade area negotiations. In June, Secretary Bentsen (then Chairman of the Senate Finance Committee) requested the ITC to conduct an investigation of the pros and cons of a free trade arrangement with Japan, which was completed in September.[1] A bill to authorize a free trade area with Japan (HR 5502) was introduced in October by Rep. Philip Crane (R-IL). In the Senate, Max Baucus introduced legislation calling for "a comprehensive agreement with Japan."

Proponents of an FT negotiation with Japan argued that this approach would be more effective than the one-sided, challenge and response mode that US-Japan trade negotiations had settled into. Dealing in a comprehensive fashion would bring home the enormous stakes both countries had in the trading relationship, improve the negotiating climate by holding out real benefits to the Japanese from agreement, and might mobilize forces within Japan in favor of liberalization. There was also the suggestion that initiating free trade area talks with Japan would increase the pressure on others (notably the Europeans) to move forward in the Uruguay Round. Proponents recognized that negotiations would have to go well beyond the elimination of tariffs and quotas.

Opponents argued that, outside of agriculture, there were few visible trade barriers in Japan that would normally be addressed in a free trade area negotiation, while the US would give up existing protection in several sensitive sectors. Opponents also argued that a free trade area negotiation was unlikely to eliminate the largely invisible, ingrained domestic business and government practices that restricted Japanese imports. There was also worry that negotiations, once started, might not be successfully concluded, and would in the interim

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[1]Pros and Cons of Initiating Negotiations with Japan to Explore the Possibility of a U.S.-Japan Free Trade Area Agreement (USITC Publication 2120, September 1988).

force the US to suspend use of its current forms of trade leverage over Japan. In addition, the domestic political gain from a free trade area was not evident. Japan's economic system was viewed as sufficiently different, and existing trade sufficiently unbalanced, that it was hard to argue convincingly why a free trade area with Japan was a good idea for the United States.

The free trade proposal never got going. The ITC report, while cautious, was viewed as generally negative. The Reagan administration, speaking through Secretary of Commerce William Verity and USTR Clayton Yeutter, was unenthusiastic, and (then) former Fed Chairman Paul Volcker termed the plan a "non-starter." Both the Japanese government and the Japanese business organization Keidanren expressed reservations about the proposal, apparently reflecting uncertainty about what a pact with the US would mean, and about its possible effect on Japan's trade relations with other Asian countries. Envoys from the third man out, the EC, expressed their strong opposition to the proposal. Editorials and news coverage at the time were mixed, but in general very cautious on the prospects.[2]

Despite the initial failure, Representative Crane re-introduced his bill to authorize an FTA in February 1989 (HR 1051). (In 1991, and again in 1993, Crane introduced legislation to authorize a Pacific Rim free trade area, including Japan.) In January 1992, Rep. David Dryer (R-Calif) introduced a bill "to encourage the negotiation of a free trade area with Japan (HR 4140), and later that year tried unsuccessfully to amend the House's Trade Expansion Act (HR 5100) to require the President to begin negotiation of an FTA with Japan. None of these attempts elicited the discussion or support of that of the 1988 proposal, and each died quietly.

CC: JStiglitz, TO'Donnell

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[2]See Ernest Preeg, "Next, a Free-Trade Pact with Japan?" Wall Street Journal August 12, 1988; "Centimeters, Bubbles, Trade: Is a US-Japanese Free Trade Pact an Idea Whose Time has Come?" (editorial) Christian Science Monitor September 23, 1988; and "Care Advised in Seeking Trade Pact with Japan" Los Angeles Times November 21, 1988. On the Japanese side, see "Zone of Confusion" Far Eastern Economic Review October 13, 1988.

USTR

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

OFFICE OF PUBLIC AFFAIRS
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

(202) 395-3230 phone
(202) 395-7226 fax

FACSIMILE COVER SHEET

DATE: 8/1/95

TO: NAME	OFFICE	FAX #
Alice Williams	Chairman of the Council of Economic Advisors	395-6958

FROM: Sean Herdman

NUMBER OF PAGES (EXCLUDING COVER): 2

SUBJECT: Japan and Title VII

PLEASE CALL (202) 395-3230 IF THERE ARE ANY PROBLEMS WITH FAX TRANSMISSION.

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20506

94-42

FOR IMMEDIATE RELEASE
Sunday, July 31, 1994

Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

AMBASSADOR KANTOR IDENTIFIES JAPAN UNDER TITLE VII FOR DISCRIMINATION IN GOVERNMENT PROCUREMENT OF TELECOMMUNICATIONS AND MEDICAL TECHNOLOGY GOODS AND SERVICES

Ambassador Kantor today announced that a 60 day consultation and negotiation period would commence as a result of the identification of Japan under Title VII of the 1988 Trade Act for discrimination in government procurement of telecommunications and medical technology products and services. Ambassador Kantor stated, "I am taking this action as a result of Japan's failure to address longstanding discrimination against United States suppliers. We have spent nearly a full year negotiating with the Government of Japan on these issues, twice postponing action under Title VII in an effort to reach agreement," said Ambassador Kantor. "The time has come to use our trade laws to, first, proceed with the period of consultation and negotiation, and then, if necessary, to address the question of continued discrimination against U.S. companies."

The Government of Japan has recognized that there are market access problems in these two sectors. Telecommunications and medical technology were named as priority sectors for negotiation in the July 1993 U.S.-Japan Framework Agreement. In addition, in March 1994 the Government of Japan initiated certain unilateral measures to improve the procedures under which foreign firms compete for telecommunications and medical technology procurement contracts. But as Ambassador Kantor noted, "The March 29 Action Plan on Government Procurement, issued by the Government of Japan is not sufficient to address the persistent pattern of discrimination in the telecommunications and medical technology sectors faced by American firms, which are global leaders in their industries."

Ambassador Kantor noted that foreign suppliers are impeded from competing fairly for Japanese government procurement contracts due to a number of factors, including, for example: (1) limited access to early information on upcoming procurements; (2) the government agencies' reliance on an informal network of domestic suppliers in Japan that leads to pre-determined and noncompetitive procurements; (3) insufficient consideration of the technical merits of a tender; and (4) in the telecommunications sector, development of technical specifications that favor domestic suppliers, and a lack of transparency and procedures to allow foreign firms to compete for subcontracts.

Ambassador Kantor emphasized that the agreements to be concluded in the two sectors with the Government of Japan must include meaningful qualitative and quantitative criteria to assess their implementation. Both the Framework Agreement and the May 24, 1994, agreement on resumption of the Framework talks included commitments to negotiate such criteria.

Under Title VII, Ambassador Kantor's action will result in a 60-day period of consultation with Japan to resolve the discrimination. Sanctions can be imposed at the end of that 60-day period if there is no satisfactory resolution.

Background

Since the late 1970's, U.S. - Japan bilateral trade relations have been plagued with serious and continuing disputes concerning Japanese Government procurement practices. This has resulted in the need to negotiate no less than 12 bilateral agreements on government procurement. Although five of these agreements deal with procurements by the largely government-owned Nippon Telephone and Telegraph (NTT), foreign penetration of the Japanese Government telecommunications market remains minimal. The average market share of the public and private telecommunications market in the industrialized world is 25 percent. The foreign share of the same market in Japan is only five percent. In the area of medical technology, our manufacturers account for nearly 40 percent of the public and private market in the European Union, but less than half that in the comparable Japanese market. These disparities in the Japanese market, as a result of discriminatory procurement practices, adversely affect the competitiveness of our industries and deny the United States the high technology exports and jobs that an open and non-discriminatory procurement market would allow.

USTR

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

cc: LDT
RW
MN
EM

JUL 20 1994

Prof. Joseph E. Stiglitz
Member of Council of Economic Advisers
Executive Office of the President
Washington, D.C. 20500

Dear Joe:

Thank you for your recent letter, in which you asked about possible technical assistance for the Gaidar Institute as it advises the Russian Government on its GATT/WTO accession.

As I mentioned during our meeting with the Vice President last month, members of my staff are working with State, Commerce and AID to design a program of technical assistance to help Russia with its GATT/WTO accession. We expect to send an American advisor to the Russian Ministry of Foreign Economic Relations this autumn. This advisor will be available on a daily basis to explain specific GATT/WTO accession procedures to the Russian Government. The advisor will also assist various Russian ministries in the formulation of GATT/WTO-consistent trade and investment policies, laws, and regulations. As part of this process, the advisor will coordinate with other U.S. Government agencies to provide the Russian Government with short-term technical advisors in specific areas, such as customs valuation and standards.

As another component of this technical assistance program, we also expect to fund Russian participation in GATT Secretariat seminars. These seminars will offer instruction on specific GATT/WTO requirements and accession procedures.

It should be possible for the Russian Government to work with the U.S. GATT advisor to include the Gaidar Institute in this technical assistance program. Please let me know if you need any more information or have any other concerns about this program.

Sincerely,

Michael Kantor

XO7
cc JES
MN
RW
TPO'D

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

July 13, 1994

MEMORANDUM FOR SECRETARIES CHRISTOPHER,
BENTSEN, BROWN & DR. TYSON

FROM: DEMETRI BOUTRIS DJAB
EXECUTIVE DIRECTOR TO THE USTR

SUBJECT: MEMO TO THE PRESIDENT ON JAPAN TRADE ISSUES

Transmitted is a cc of Amb. Kantor's memo to the President on Japan trade issues as forwarded through Mssrs. Rubin and Lake.

Thank you.

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

July 13, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: AMBASSADOR MICHAEL KANTOR

THROUGH: ROBERT RUBIN AND ANTHONY LAKE

SUBJECT: Tactical Approach to Japan Trade Issues

Given Japan's lack of movement immediately before the Naples Summit on our bilateral trade agenda, the following five-pronged tactical approach is intended to demonstrate consistency in our position and a resolute stance from now to September 30, the deadline for Super 301 designation. This approach involves both continued cooperation, as well as possible action under our trade laws. This short-run tactical approach is designed to:

(a) Be compatible with our policy that we will seek to open Japanese markets either by a successful series of agreements under the Framework or through the use of our trade laws.

(b) Satisfy the Congress, American people, business community in the United States and press that we will not wait forever for Japan to decide that they have a responsibility to stimulate their economy and to open their markets.

(c) Build credibility for U.S. trade resolve as we try to make APEC viable and ratify the Uruguay Round.

(d) Create support for the President at a time when he has critical issues being considered by Congress.

In following this approach, we must recognize that the current Japanese government is unlikely to be in a position for some time to make the bold decisions that are necessary to deliver the types of agreements we are seeking. In addition, we should keep in mind the Japanese business community which may prove to be a useful ally in pressing our case to the Japanese government as it becomes increasingly uncomfortable with the current situation.

The five action items that we intend to put into place are:

1. Identification of Japan under Title VII of our trade law for its discriminatory government procurement practices in the telecommunications and medical technology sectors. You may recall that this decision has already been postponed twice, once on April 30 and again on June 30. Of course, if we are able to conclude results-oriented agreements in both sectors prior to July 31 such an announcement would be unnecessary. Barring such progress, we would plan to low key the announcement through a USTR press release on August 1. No press conference would be held. Identification of a country under Title VII is followed by a sixty-day consultation period, which would take us to the end of September before imposing sanctions.

2. Initiation of a staff-level interagency process to review the status, assess prospects for progress, and develop recommendations for next steps in the following five sectors: (1) auto parts; (2) glass; (3) supercomputers; (4) computers; and (5) paper. We may want to add other issues to this list as we consult with U.S. industry and Congress. This process should help us decide on appropriate actions to take in these areas as September 30 approaches.

3. Continuation of Framework talks to the extent necessary, appropriate or potentially helpful. This applies both to the priority sectors (government procurement, automotive, and insurance), as well as some of the non-priority areas, such as deregulation and competition policy, intellectual property, glass, and financial services.

4. Cooperation with Japan on the Uruguay Round ratification process and our Open Markets 2000 initiative through the Quad. As agreed among G-7 Trade Ministers, we will pursue the Open Market 2000 initiative at the upcoming Quadrilateral trade ministers meeting, which we expect to host in early fall.

5. Continued cooperation with Japan to build APEC into a viable regional organization.

Bob Rubin has suggested that we hold a Principals meeting to discuss the above approach. I agree.

cc:
Secretary Christopher
Secretary Bentsen
Secretary Brown
Laura Tyson

~~CONFIDENTIAL~~

File: USTR ✓
Japan
Commerce

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

March 26, 1993

The Honorable Yoshiro Mori
Minister of International Trade and Industry
1-3-1 Kasumigaseki
Chiyoda-ku, Tokyo 100
Japan

Dear Minister Mori:

Continued close cooperation with the government of Japan in all areas is of the utmost importance to the United States Government. We are especially committed to strong and mutually beneficial relations between our two countries in the area of international trade.

We would like to raise with you the particularly critical issue of automotive trade. We have both recently held discussions with leaders of the automotive industry on a range of topics. During these conversations questions were raised by the industry representatives regarding the status of the implementation of announcements made in January 1992 under the "Global Partnership Plan of Action."

Under that Plan of Action, pledges were made that the annual purchases of U.S.-made auto parts would grow to the level of $19 billion in Japanese Fiscal Year 1994. Further, Japan pledged that 70 percent of parts used in transplant auto production would be American products, and that "in making the purchases, special consideration will be given to the U.S. parts industry." Nevertheless, indications have been received from the U.S. industry that, while there have been considerable contacts initiated by Japanese manufacturers, actual purchases have not increased as rapidly as might be expected. American content of Japanese cars built in the United States appears to be lagging behind forecast levels. When also taking into consideration negative public comments made in Japan, the pace of new business would suggest that the commitments are not likely to be met. We ask that you inform us of the steps Japan intends to take to meet its pledge to expand U.S. auto parts sourcing.

Japan also made commitments to improve market access for U.S.-made autos in Japan. These commitments included opening the distribution system, resolving standards and certification issues, and providing marketing assistance. We believe that much still needs to be done and we look forward to rapid advancement of these issues.

Given the importance that both our governments have assigned to reducing the bilateral trade imbalance, and the critical role played by auto-related products in that process, we believe that we must accelerate the progress that has been made to date. We look forward to receiving your response.

Sincerely,

Ronald H. Brown

Ronald Brown
Secretary of Commerce

Michael Kantor
United States Trade
Representative

USTR
cc: LDT
JES
AB
MN
PO

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

May 4, 1994

TO : Members of the Trade Policy Staff Committee

FROM : Frederick L. Montgomery
Chairman

SUBJECT: Final Section 108 Report

Attached is a copy of the final "Report on Significant Market Opening" required by Section 108 of the NAFTA implementing legislation.

Attachment

REPORT TO THE PRESIDENT AND THE CONGRESS ON SIGNIFICANT MARKET OPENING

Office of the United States Trade Representative

Executive Office of the President

Washington, D.C. 20506

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

MAY 3 1994

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Section 108 of the NAFTA implementing legislation directs the U.S. Trade Representative to submit, by May 1, 1994, to the President and to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives, a "report on significant market opening." The report is enclosed.

As noted in the legislation, this report is intended to be a list of those foreign countries that currently provide fair and equitable market access beyond what is required by existing multilateral trade agreements, or that have made significant progress in opening their markets to U.S. exports, and the further opening of whose markets has the greatest potential for U.S. exports.

This report covers all regions of the world. However, additional country-specific detail is provided on two regions in particular--Latin America and Asia/Pacific--because they are experiencing the strongest economic growth and have been the major focus of recent U.S. regional trade policy efforts.

The legislation also requires, on the basis of this report, that you "determine with which foreign country or countries, if any, the United States should seek to negotiate a free trade area agreement or agreements." Accordingly, the present report should not be interpreted as an indication of which countries might ultimately be selected.

I believe that the information in this report provides a basis for continuing to work with the Congress to identify opportunities for negotiating greater market access for U.S. exports.

Sincerely,

Michael Kantor

Enclosure

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

MAY 3 1994

The Honorable Dan Rostenkowski
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

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I trust that the information in this report provides a basis for continuing to work with the Congress to identify opportunities for negotiating greater market access for U.S. exports.

Sincerely,

Michael Kantor

Enclosure

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

MAY 3 1994

The Honorable Daniel Patrick Moynihan
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

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Sincerely,

Michael Kantor

Enclosure

REPORT TO THE PRESIDENT AND THE CONGRESS

ON SIGNIFICANT MARKET OPENING

As required by Section 108 of the NAFTA implementing legislation (PL 103-182, 107 STAT 2057), the U.S. Trade Representative must submit to the President and appropriate Congressional committees. no later than May 1, 1994, a "report on significant market opening." More specifically, the report is aimed at identifying foreign countries (a) that currently provide fair and equitable market access for U.S. exports of goods and services and opportunities for U.S. export-related investments beyond what is required by existing multilateral trade agreements or obligations, or have made significant progress in opening their markets to such U.S. exports and investment; and (b) the further opening of whose markets has the greatest potential to increase such U.S. exports and investment either directly or through establishment of a beneficial precedent. This document fulfills this requirement.

While this report covers all regions of the world and selected countries, additional detail is provided on two regions, Latin America and Asia/Pacific, that are experiencing the strongest economic growth and have been the major focus of recent U.S. trade policy efforts on a regional basis.

Part I of this report provides a review of major developments that affect U.S. trade with countries and regions that meet the criteria set out in Section 108. Part II of the report provides economic data on U.S. trading partners, ranked by U.S. exports for 1993 and GDP for 1991, and showing their share of exports to the United States in 1992.

PART I. MAJOR DEVELOPMENT REGION AND COUNTRIES WITH EXPORT MARKET OPPORTUNITIES

A. Latin America and the Carribbean

OVERVIEW

Economic Reforms and Growth

The economies of most countries in Latin America and the Caribbean have been growing after experiencing problems in much of the 1980s. By the early 1990s, growth resumed as adjustment programs took hold. This economic revival was brought about by these nations' initiation of ambitious economic reforms and shift away from restrictive and protectionist economic policies that had stifled growth and economic competitiveness. All Latin American and Caribbean countries now have either acceded to the General Agreement on Tariffs and Trade (GATT) or are in the process of applying for GATT membership.

U.S. Trade

The pattern of U.S. trade in goods with the region also reflects the post-1989 economic recovery in Latin America and the Caribbean. A U.S. trade deficit of $6.2 billion in 1989 shifted to a surplus of $2.3 billion in 1993, as U.S. exports to the region increased by 53 percent during that period. The United States is the first or second export market for almost all countries in Latin America and the Caribbean.

In most sectors, U.S. exports to Latin American and the Caribbean have been in high value-added products. U.S. imports have been largely in raw materials or complementary goods. U.S. services are in a strong position to expand in the region. Almost all countries enjoy preferential access to the U.S. market (see below).

This combination of factors provides U.S. exporters an excellent opportunity to continue to expand trade with the region. Economic growth in Latin America and the Caribbean is expected to continue. Relatively open markets allow improved access. A strong U.S. presence creates a base for further expansion.

CHILE

Chile is the 6th largest economy in Latin America, with a GDP of $31.5 billion, and annual imports from the United States of $2.6 billion. The U.S. share of their imports is 20.4%. Chile has a population of 14 million, a GDP of over $30 billion, and an average per capita GDP of approximately $2,143 to the Southern sub-regional market.

The United States is committed to a free trade arrangement with Chile. The Administration intends to work with the Congress toward this goal.

Chile is the regional leader in long term macroeconomic stabililization. Its outstanding record of sustained economic growth and recent successful efforts to alleviate poverty are also unsurpassed. Furthermore, Chile has, as part of a comprehensive market-based economic reform program, one of the most transparent and nondiscriminatory trade regimes in Latin America and the Caribbean. Its trade is globally diversified and expanding rapidly, suggesting that trade is a key component in a high growth policy designed to expand incomes across the broadest possible spectrum of society. The uniform tariff for most imports was reduced from 15 percent to 11 percent in May 1991. However, Chile maintains some tariff, nontariff and investment barriers, including a price band system on imports of several agricultural goods. Also, Chile's intellectual property rights regime contains certain inadequacies.

REGIONAL TRADING BLOCS

Many countries also strengthened their trading ties with other nations in the region by forming free trade areas. Intra-regional trade has expanded significantly since 1989 with the revival of regional trade organizations. The regional trading blocs are the Andean Pact, the Caribbean Community (CARICOM), the Central American Common Market (CACM), and the Southern Region Common Market (MERCOSUR). Intra-regional, two-way trade (exports plus imports) among the Andean countries nearly doubled from $1.9 billion in 1989 to $3.5 billion in 1992. Trade among the MERCOSUR countries increased from nearly $1.9 billion in 1990 to over $3 billion in 1991.

These four subregional blocs represent significant potential markets for U.S. exports. In 1993, U.S. exports to each of the subregional blocs placed the members of these blocs well into the top 50 of U.S. trading partners.

Southern Region

Summary: MERCOSUR, which was formed on the basis of the 1991 Treaty of Asuncion as an outgrowth of longstanding Argentine-Brazilian economic integration plans, includes Argentina, Brazil, Paraguay, and Uruguay. MERCOSUR, once fully implemented, will create an internal market of over 193 million people, with a combined GDP of nearly $445 billion, and an average per capita GDP of approximately $2,300. U.S. exports to MECOSUR in 1993 totalled $10.6 billion.

The MERCOSUR member states are negotiating a common external tariff. The maximum rate is expected to be 20 percent, but there may be exceptions on some products (with duty rates up to 35 percent), and the duty reductions on some products may be phased-in over many years. The MERCOSUR countries are also developing a common MERCOSUR policy on a range of integration measures, including the eventual free movement of factors of production between member countries, the coordination of macroeconomic and sectoral policies, and the harmonization of legislation in relevant areas. To deal with various elements of the negotiating process leading to a common market, MERCOSUR has established working groups on commercial issues, customs issues, technical standards, industrial and technological policy, agricultural policy, fiscal and monetary policies relating to trade, inland transport, energy policy, and coordination of macroeconomic policies. The following briefly describes the situation in each of the markets in this subregion.

Argentina: After Brazil, Argentina is the 2nd largest economy in Latin America, with a GDP of $114.3 billion, and annual imports from the United States of $3.8 billion. The U.S. share of their imports is 22.8%.

Reforms have brought significantly increased economic growth, opened the Argentine economy to foreign trade and investment, and dramatically renewed public and international confidence in Argentina's prospects. Since 1989, Argentina, a country characterized for years by inward looking policies, has curtailed industrial production subsidies, abolished most price controls, outlawed restrictive practices and regulations impeding access to the Argentine market, and launched a fast-moving and largely successful privatization program. Argentine tariffs were reduced from an average of 22 percent to just over 10 percent by 1993, and the maximum tariff was lowered from 40 percent to 20 percent during the same period. The government abolished import-licensing requirements and most quantitative restrictions on imports. Argentina signed a bilateral investment treaty with the United States and joined the GATT Subsidies Code in 1991. Inadequate protection of intellectual property rights remains a serious problem.

Brazil: Brazil is the largest economy in Latin America, with a GDP of $414 billion, and annual imports from the United States of $6 billion. The U.S. share of their imports is 25.1%.

Brazil, the largest economy in Latin America, has undertaken significant reforms to open its previously tightly closed economy since 1990. The weighted average ad valorem tariff fell to 14.3 percent in 1993, down from 45 percent in 1986. Furthermore, nearly all quantitative restrictions have been eliminated. However, Brazil's inflation rate greatly exceeds those of its neighbors and its structural reforms also remain nascent.

Brazil is traditionally the largest trading partner of the United States in South America and the largest recipient of U.S. foreign direct investment in Latin America, including Mexico. U.S. firms, therefore, have a significant interest in Brazil's economy. Trade reform, specifically border measure changes (i.e., tariffs, quantitative restrictions), since mid-1990 have provided additional opportunities for U.S. firms. However, tariff rates, even with the significant reductions since the late 1980s, continue to be relatively high compared to Brazil's neighbors. In addition, aspects of Brazil's trade and investment-related regime continues to present significant obstacles for U.S. firms, particularly in the areas of telecommunications, computers and digital electronics.

The United States has made improved protection for IPR in Brazil its highest bilateral trade and investment policy priority. Bilateral talks, which concluded successfully this year, have focused on seeking improvements in the Brazilian IPR regime to ensure that adequate and effective protection for IPR is provided.

Paraguay: Paraguay is the 12th largest economy in Latin America, with a GDP of $6.3 billion, and annual imports from the United States of $521 million. The U.S. share of their imports is 11.5%.

In 1989, Paraguay embarked on an economic liberalization program to decontrol interest rates and to implement a market-determined exchange rate. An investment law enacted in January 1992 granted nondiscriminatory treatment to foreign investors. In June 1992, Paraguay reduced duties and eliminated a number of administrative nontariff barriers. Paraguay's average tariff of seven percent is the lowest among the MERCOSUR countries and one of the lowest in Latin America and the Caribbean. The government of Paraguay subsequently raised tariffs on certain agricultural imports that compete with domestic production. Paraguay become a GATT member in 1993. Intellectual property rights continues as a source of some concern.

Uruguay: Uruguay is the 8th largest economy in Latin America, with a GDP of $9.5 billion, and annual imports from the United States of $253 million. The U.S. share of their imports is 9.3%.

Uruguay's small, open, and trade-based economy generally maintains few restrictions on trade and investment, although the state retains a significant presence. Uruguay has no foreign exchange controls and limits price controls to a small number of products and public services. Nondiscriminatory treatment is provided for foreign investors, although investment in certain sectors (including hydrocarbons, banking, railroads, strategic minerals, and telecommunications) is restricted. Uruguay's tariffs range from zero to 20 percent. The top tariff rate was lowered from 30 to 24 percent in April 1992, and to 20 percent effective January 1, 1993, in line with the MERCOSUR tariff regime. Intellectual property rights reform remains on the agenda.

Andean Region

Summary: The Andean Pact, created in 1969, currently includes Bolivia, Colombia, Ecuador, Peru and Venezuela. This group has an internal market of over 94 million people, a 1991 combined GDP of over $160 billion, and an average per capita GDP of approximately $1,800. U.S. exports in 1993 to the members of the Andean Pact were $10.2 billion.

The Andean countries have significantly liberalized their trade and investment regimes, largely through coordinated efforts under the auspices of the Andean Pact. Free trade in a limited number of products has been in effect among the Andean countries since the early 1980s. Colombia and Venezuela implemented a bilateral free trade area (FTA) effective January 1, 1992. Exempt from this arrangement are motor vehicles and some agricultural products. Bolivia and Ecuador acceded to the Andean Pact FTA in early 1993. In April, the Andean Pact approved the terms of Peru's reintegration into the trade regime, a process that is to be completed by June 1995. Venezuela and Colombia are concluding negotiations with Mexico for a trilateral free-trade area. Intra-regional trade among the Andean countries increased from $1.8

billion dollars in 1991 to $2.2 billion in 1992.

The Andean Pact is negotiating a common external tariff (CET), which has not yet been implemented, which currently proposes to subject non-Andean products to ad valorem duties of 5 percent for raw materials, 10 to 15 percent for intermediate goods, and 20 percent for finished goods. Colombia, Ecuador, and Venezuela have national tariff rates consistent with the CET range, but these rates are not harmonized. Bolivia retains a lower, two-tier tariff structure of 5 percent for capital goods and 10 percent for all other goods; Peru retains a two-tier tariff structure of 15 and 25 percent. With Peru's decision to re-join the Andean Pact's trade regime, the CET is expected to be implemented by January 1, 1995. Each Andean country maintains some exceptions to its tariff schedule.

While the Andean Pact countries have made improvements in their intellectual property rights protection, they do not yet provide adequate and effective protection. In late 1991 the Andean Pact passed Decision 313 to replace Decision 85 on the protection of intellectual property rights. However, Decision 313 maintained some serious deficiencies, including limited patent and trademark terms, compulsory licensing provisions, working requirements and lack of transitional ("pipeline") protection. The Andean Pact recently passed Decisions 344, 345 and 351, which address some of these problems but fail to provide adequate and effective protection in certain areas.

On December 4, 1991 President Bush signed the Andean Trade Preference Act (ATPA). By providing duty-free treatment to certain imports, it is intended to help the four beneficiary countries (Bolivia, Colombia, Ecuador, Peru) expand economic alternatives in their fight against drug production and trafficking. After designation, the ATPA provides beneficiary countries tariff benefits comparable to those of the Caribbean Basin Initiative. In 1992, Bolivia and Colombia were designated as beneficiaries. Ecuador and Peru were designated in April and August 1993, respectively.

The following briefly describes the trade and investment regime of the Andean Pact members. The development of a free trade area with a common external tariff including all five members would improve terms of access for U.S. exporters by facilitating commercial transactions and could significantly expand sales opportunities.

Bolivia: Bolivia is the 16th largest economy in Latin America, with a GNP of $5 billion, and annual imports from the United States of $215.8 million. The U.S. share of their imports is 23%. Bolivia has made remarkable economic advances since 1985, becoming a country with some enviable macroeconomic conditions (including an inflation rate of under 10 percent and growth rate of about 4 percent). In addition, Bolivia has instituted trade reforms, lowering its maximum tariff to 10 percent and removing almost all nontariff barriers. However, Bolivia maintains additional import fees which significantly raise the cost of importing some products. Bolivia also has removed restrictions on foreign investment in most sectors and has launched a privatization program.

Colombia: Colombia is the 5th largest economy in Latin America, with a GDP of $41.7 billion, and annual imports from the United States of $3.2 billion. The U.S. share of their imports is 43.8%.

Trade and investment barriers have been reduced under an economic liberalization plan known as "apertura" (opening). Under "apertura," Colombia has substantially reduced tariffs, eliminated almost all import license requirements, simplified import and export procedures, established a free-market exchange regime (with some conditions). Colombia's trade-weighted average tariff is 12 percent, including duty-free entry for about 40 percent of tariff items. Most non-agricultural products are also subject to a 14 percent value added tax. Colombia also created transparent and more liberal foreign investment rules, and opened up nearly all sectors of the economy for foreign investment.

Ecuador: Ecuador is the 7th largest economy in Latin America, with a GDP of $11.6, and annual imports from the United States of $1.1 billion. The U.S. share of their imports is 33.8%.

Beginning in the late 1980's, Ecuador initiated a number of investment reforms and reduced trade barriers. In June 1992, Ecuador implemented a new tariff regime on most products, consistent with the Andean Pact's proposed CET (5-20 percent). Ecuador is in the process of acceding to the GATT. Last year, Ecuador signed a bilateral investment treaty and an intellectual property rights agreement with the United States.

Peru: Peru is the 4th largest economy in Latin America, with a GDP of $48.4 billion, and annual imports from the United States of $1.1 billion. The U.S. share of their imports is 27.2%.

Peru has substantially lowered tariffs, introducing a two-tier tariff structure with rates of 25 percent and 15 percent. The average tariff is 17 percent, down from 80 percent in 1990. Peru, which withdrew from the Andean Pact's trade regime in 1993, plans to phase-in the common external tariff rates during 1994 and reenter fully by June 1995. Surcharges are applied to some agricultural products. Peru has also established a non-discriminatory investment regime.

Venezuela: Venezuela is the 3rd largest economy in Latin America, with a GDP of $53.4 billion, and annual imports from the United States of $4.6 billion. The U.S. share of their imports is 44.4%.

Venezuela began deregulating its economy in 1989. It unified the exchange rate, lifted exchange restrictions, launched a privatization program, eliminated most export subsidies, abolished restrictive import licenses, significantly lowered tariffs, and established nondiscriminatory treatment of foreign investors in most previously restricted sectors. Venezuela is the second largest destination of U.S. exports in Latin America.

Caribbean Region

Summary: CARICOM, formed in 1973 to supersede the Caribbean Free Trade Area, includes the following English-speaking countries in the sub-region: Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St Vincent & the Grenadines, and Trinidad & Tobago. CARICOM has an internal market of about seven million people, a combined GDP of over $13 billion, and an average per capita GDP of approximately $1,800. The Dominican Republic, which is not a member of CARICOM but is within close geographic proximity to this association, adds another 7.3 million people, a GDP of about $7 billion and an average per capita GDP of approximately $959 to the Caribbean subregion. U.S. exports in 1993 to the CARICOM were $2.48 billion. The Dominican Republic adds an additional $2.35 billion to the value of U.S. exports in 1993. Suriname, which is planning to join CARICOM, would add another 416,000 people and exports of over $115 million.

The Caribbean Basin Initiative (CBI), made permanent in 1990, is intended to promote the economic revitalization of the Caribbean Basin through tariff preferences. Beneficiary countries include virtually all those mentioned in the Caribbean and Central American sections of this paper. U.S. duties are eliminated on all products from the 24 CBI beneficiaries, except for textile and apparel products subject to textile agreements; petroleum; canned tuna; footwear; certain leather goods (which are eligible for reduced duties); and certain watches and watch parts. Sugar imports are duty free up to the level of individual country quotas. Two-way trade between the United States and CBI countries has expanded considerably since the program began in 1984, exceeding $20 billion in 1992.

The CARICOM common external tariff, first proposed in 1973, has never been implemented by all member countries. However, in 1992, member states agreed to reform and implement the CET, including a reduction over a six-year period of maximum rates on nonagricultural tariffs to 20 percent, with the maximum rate on agricultural products set at 40 percent. Member states are allowed to maintain their own import surcharges, licenses, quotas, and prohibitions, which substantially increase the level of protection for many goods.

A fully implemented common market would significantly enhance the market potential of countries in the CARICOM. The description of the following countries is intended to illustrate the diverse situations U.S. exporters face in the Caribbean region.

Barbados: Barbados is the 22nd largest economy in Latin America, with a GDP of $1.7 billion, and annual imports from the United States of $145 million. The U.S. share of their imports is 31%. Barbados uses an import-licensing system to restrict imports, and also imposes a 20 percent surcharge and a 20 percent stamp tax on many goods. Barbados has improved its investment regime but still subjects foreign investment to government approval and imposes performance requirements.

Jamaica: Jamaica is the 18th largest economy in Latin America, with a GDP of $3.5 billion, and annual imports from the United States of $1.1 billion. The U.S. share of their imports is 74.1%.

Beginning in 1991, in an effort to promote more rapid growth, Jamaica launched several initiatives to accelerate deregulation and liberalization of the economy. Most price controls and capital restrictions were lifted, and in July 1992, exchange controls were abolished. Jamaica signed a bilateral investment treaty and an intellectual property rights agreement with the United States in 1994.

Trinidad and Tobago: Trinidad and Tobago is the 17th largest economy in Latin America, with a GDP of $4.9 billion, and annual imports from the United States of $529 million. The U.S. share of their imports is 41.6%.

In May 1992, the government of Trinidad and Tobago began dismantling foreign exchange controls and import-licensing measures used to protect local industries and agriculture. While the government of Trinidad and Tobago welcomes foreign investors, Trinidad's foreign investment law still discriminates against non-CARICOM investors. Officials from Trinidad and Tobago recently expressed interest in negotiating a bilateral investment treaty and an intellectual property rights agreement.

Dominican Republic: Dominican Republic is the 10th largest economy in Latin America, with a GDP of $7.2 billion, and annual imports from the United States of $2.3 billion. The U.S. share of their imports is 40.2%.

Since 1990, the government of the Dominican Republic has moved to a market-determined exchange rate for most transactions. However, the government has taken no concrete steps to streamline the approval process for foreign investment or to lift restrictions on profit repatriation. In 1990 quantitative import restrictions were replaced with tariffs; the tariff schedule was simplified to six categories with seven tariff rates between five percent and 35 percent. The lack of adequate protection of intellectual property rights has been an on-going problem in the Dominican Republic.

Central American Region

Summary: The Central American Common Market (CACM), created in 1961, includes Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. Panama, which has observer status in the CACM, is included in this subregion because of its geographic proximity and its interest in the CACM process. The CACM, including Panama, would create an internal market of over 29 million people, combined GDP of over $30 billion, and average per capita GDP of about $1,000. U.S. exports in 1993 to the CACM plus Panama were $5.96 billion. Several of the Central American nations have jointly implemented measures to liberalize and harmonize their trade regime under the CACM. The common external tariffs range from five percent to 20 percent on products of non-CACM origin. CACM members are also seeking to develop a free trade association with Mexico.

Adequate protection and enforcement of intellectual property rights remain a top priority in all of the Central American countries. However, substantial progress has been made in this area. Four of the five Central American countries, except Costa Rica, have passed or introduced intellectual property legislation in 1992 and 1993, and several countries have improved enforcement.

The eventual creation of a common market in Central America would allow a U.S. exporter to treat countries in the region as a single market. This situation would substantial enhance the region's attractiveness as a U.S. trading partner. The following presents brief descriptions of each of the members of the CACM, plus Panama.

Costa Rica: Costa Rica is the 14th largest economy in Latin America, with A GDP of $5.6 billion, and annual imports from the United States of $1.5 billion. The U.S. share of their imports is 53.6%.

Since 1991, Costa Rica has abolished most price controls, lifted most foreign exchange restrictions, and lowered or eliminated tariffs, tariff surcharges, and nontariff barriers. Costa Rica has abolished most quantitative import restrictions and adopted the CACM's common external tariff of five to 20 percent, with certain exceptions such as automobiles. However, large sectors such as insurance, telecommunications, and most services remain closed to foreign investment. Several long-standing expropriation disputes are still pending with the government.

El Salvador: El Salvador is the 13th largest economy in Latin America, with a GDP of $5.9 billion, and annual imports from the United States of $868 million. The U.S. share of their imports is 44%.

Since June 1989, El Salvador has lifted most controls on foreign exchange, liberalized the exchange rate, removed price controls on most basic consumer goods, launched a privatization program, and begun to eliminate export taxes. Tariffs have also been reduced to a range of five percent to 20 percent in conformity with the CACM common external tariff. Automobiles, alcoholic beverages. textiles, and certain luxury items are subject to higher duties, and price bands are used for certain agricultural products. El Salvador has been a major source of pirated cassette tapes sold throughout the region. New intellectual property legislation passed in 1993 and is expected to fully enter into force in June 1994.

Guatemala: Guatemala is the 9th largest economy in Latin America, with a GDP of $9.4 billion, and annual imports from the United States of $1.3 billion. The U.S. share of their imports is 46.4%.

Guatemala has an open and trade-oriented economy with nondiscriminatory treatment for foreign investors. Price bands restrict imports of grains, oilseed products, and certain other bulk agricultural items. Guatemala formally implemented the CACM common external tariff effective November 1, 1992. The major bilateral issues are intellectual property rights and worker rights. Piracy of satellite signals has been the main commercial issue, but this problem has been significantly reduced since the passage of legislation regulating cable companies in 1992.

Honduras: Honduras is the 19th largest economy in Latin America, with a GDP of $2.7 billion, and annual imports from the United States of $897 million. The U.S. share of their imports is 54.2%.

The Honduran Government approved a new investment law in May 1992 that provides transparent investment regulations, significant reduction in discretionary government intervention, and nondiscriminatory treatment for foreign investors. Foreign exchange controls were lifted in June 1992. The Honduran tariff structure was compressed from a range of two to 40 percent to a range of four to 20 percent effective January 1, 1992. Price bands are used for certain agricultural products.

Nicaragua: Nicaragua is the 11th largest economy in Latin America, with a GNP of $7 billion, and annual imports from the United States of $149.8 million. The U.S. share of their imports is 24.4%.

In 1991, Nicaragua liberalized the foreign investment regime, opening most sectors of the economy to investment and establishing rules for profit repatriation. Nicaragua lowered the maximum tariff from 100 percent to the CACM common external tariff range for most items. Inadequate protection of intellectual property and investment restrictions (including expropriation disputes) are the most significant current issues.

Panama: Panama is the 15th largest economy in Latin America, with a GDP of $5.5 billion, and annual imports from the United States of $1.2 billion. The U.S. share of their imports is 37%.

Panama is in the process of joining the GATT and already has begun to lower its tariffs from a maximum rate for industrial products of 60 percent to 40 percent, and for agricultural products from 90 percent to 50 percent. Inadequate protection of intellectual property rights, particularly copyright materials, is a problem in Panama. A U.S.-Panama bilateral investment treaty was brought into force in 1991.

B. Asia-Pacific Region

APEC

The Asia-Pacific region encompasses the most dynamic economies in the world. It also is characterized by significant diversity in levels of development, size, language and cultures. Nevertheless, this region collectively, and countries in the region individually, have already had a significant impact on global growth. Pacific Rim countries will continue to serve as a key element in fueling growth for the foreseeable future. These trends have been fostered by important unilateral, bilateral and multilateral efforts by APEC members to deregulate their economies and integrate them more fully into the global trading system.

The group of 17 countries of the Asia Pacific Economic Cooperation (APEC)[1] forum plus Chile (its next member) has consistently grown faster than other regions of the world. During the period 1985-92, the economies of APEC, including the six countries of ASEAN, Korea, Mexico, Taiwan (Chinese Taipei), the People's Republic of China (PRC) and Hong Kong grew at an average 6.8 percent growth rate -- almost three times the rate of the APEC's industrial economies, which grew only at an average 2.9 percent rate. This growth also is reflected in income levels and output. Just three decades ago, Asia had only 8 percent of the world's GDP. Today, Asia commands 25 percent of global GDP.

Within the Asia Pacific region, the concept of "open regionalism" has served as a guiding principle. Several regional trading arrangements -- the NAFTA, the Australia-New Zealand Closer Economic Relations Agreement (CER) and the recent ASEAN initiative to form an ASEAN Free Trade Agreement (AFTA) -- coexist with APEC. Some possibilities exist in the future for exploring the relationship between these arrangements.

Over the past five years, U.S. exports to APEC nations have increased by at least 50 percent. Much of what Asia needs to

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[1] Australia, Brunei Darussalam, Canada, Peoples Republic of China (PRC), Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, Chinese Taipei (Taiwan), Thailand and the United States.

continue its growth patterns are goods and services in which the U.S. is a dominant global producer: aircraft, financial services, telecommunications, infrastructure. Therefore, we anticipate continued growth in U.S. exports, particularly as income levels and markets develop further. Trade and investment between APEC members within Asia and with other trading partners across the Pacific also is increasing. Nevertheless, the U.S. continues to serve as an important market, if not the dominant market, for many APEC products.

All APEC members are either members of the GATT or are currently acceding to the GATT/WTO disciplines. Brunei, a former protectorate of Great Britain, has joined GATT in that capacity. The People's Republic of China (PRC) and Taiwan (Chinese Taipei) currently are engaged in negotiations toward their membership. All APEC GATT members played an active role in Uruguay Round negotiations.

APEC serves as a forum for trade and investment cooperation and facilitation. While it has only been in existence for five years, it already has provided significant benefits to all participants: growing cohesion in economic activities and problem solving, extensive cooperation among trade and investment officials, integration of regional economic activity beyond that already achieved by the private sector and expanded trade and investment.

APEC's promise lies ahead. It will evolve through consensus, based upon a model of development agreed that reflects the diversity of the region. While members have articulated a vision of "free trade in the Pacific" as a long term goal, there is no agreed time frame for achievement of that goal. Nevertheless, significant potential exists for APEC members to work together to advance toward this objective in the near to medium term.

ASEAN

The Association of Southeast Asian Nations (ASEAN) was founded in 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand to promote regional cooperation. Brunei joined in 1984, soon after attaining full independence. Approximately 330 million people live in the six ASEAN countries, which had a combined GDP of $345 billion in 1991.

The ASEAN countries have grown dramatically in past decade, due in part to a drive to increase exports. In 1991, the combined annual growth rate for ASEAN was seven percent. Assisted by the high growth rates, U.S. exports to ASEAN have also risen rapidly; in the last five years they were up by 119 percent. In 1993, U.S. exports to ASEAN were $28 billion, while U.S. imports from the six countries were $42 billion. ASEAN, collectively, was the fourth largest trading partner for the United States in 1993.

In January 1992, ASEAN took its most important step to date toward increasing economic integration when its members agreed to establish the ASEAN Free Trade Area (AFTA). Under AFTA, tariff rates on imports of some manufactured goods and agricultural products from other ASEAN countries will be reduced to five percent or less over 15 years. Some products covered by AFTA are scheduled for accelerated tariff reduction, including textiles, electronics, and pharmaceuticals.

AFTA is intended to strengthen regional economic cooperation through trade. ASEAN's implementation of AFTA, however, has been slower than originally anticipated. AFTA was scheduled to begin on January 1, 1993, but was not fully implemented as intended. ASEAN relaunched AFTA a year later on January 1, 1994.

Brunei: Brunei is the 21st largest economy in Asia, with a GDP of $3.5 billion, and annual U.S. exports of $478 million. The U.S. share of Brunei's imports in 1992 was 21.9 percent. In 1993, Brunei joined the General Agreement on Tariffs and Trade. Oil and gas production account directly for over 75 percent of Brunei's GDP and 99 percent of export revenues. Brunei is the only country in ASEAN with which the United States is currently running a trade surplus.

Indonesia: Indonesia is the seventh largest economy in Asia, with a GDP of $116 billion, and annual U.S. exports of $5.4 billion. The U.S. share of Indonesia's imports in 1992 was 11.1 percent.

Indonesia is expected to maintain steady growth of six percent throughout the decade. Since 1986, Indonesia has issued several deregulation packages which have reduced overall tariff levels, simplified the tariff structure, removed import restrictions for export-oriented manufacturing, and replaced non-tariff barriers with more transparent tariffs. Nonetheless, overall Indonesian tariffs remain high (average of approximately 20 percent) and some items (e.g., automobiles) are subject to import surcharges. Indonesia also retains significant barriers to trade in services and investment.

Malaysia: Malaysia is the tenth largest economy in Asia, with a GDP of $47 billion, and annual U.S. exports of $10.6 billion. The U.S. share of Malaysia's imports in 1992 was 15.9 percent. Malaysia grew by 8.6 percent in 1992 and excellent economic growth is likely to continue over the next several years. In recent years Malaysia has unilaterally reduced import barriers, particularly tariffs. In October 1993, the Malaysian Minister of Finance tabled a federal budget which either reduced or eliminated tariffs on over 500 items. Products scheduled for cuts include machines and machinery parts, construction equipment, and medical equipment. Duties on some products remain relatively high, however. Prospects for continued growth in U.S. exports are outstanding as Malaysia continues to develop its infrastructure and diversify its economic base.

Philippines: The Philippines is the 11th largest economy in Asia, with a GDP of $45 billion, and annual U.S. exports of $4.9 billion. The U.S. share of the Philippine's imports in 1992 was 18.7 percent.

Reforms instituted in the last several years by the Philippine Government are expected to increase economic growth from the lowest levels in the region (close to zero in 1992) to about 5.5 percent in the latter half of the decade. The Philippines is also undertaking a broad tariff reduction and rationalization program intended to further open the economy to competition and to stimulate economic growth. Tariffs, however, remain high (over 23 percent in mid-1993) and non-tariff barriers are in place in many sectors. In 1993, the Philippines signed an intellectual property rights agreement with the United States that it is in the process of implementing.

Singapore: Singapore is the 14th largest economy in Asia, with a GDP of $40 billion, and annual U.S. exports of $11.7 billion. The U.S. share of Singapore's imports in 1992 was 13.9 percent.

In 1992, Singapore, with ASEAN's most open economy, grew at 5.8 percent. Although its growth rate will decline, the economy is still projected to expand at a respectable 6 percent rate for the first half of the 1990s. Singapore has one of the most open economies and the lowest tariffs in the region; 96 percent of imports enter duty-free. In the just-completed Uruguay Round, Singapore agreed to bind 70 percent of its tariff lines. Singapore does, however, retain barriers to trade in some sectors, for example, financial services. While Singapore has significantly improved intellectual property protection in recent years, concerns remain.

Thailand: Thailand is the eighth largest economy in Asia, with a GDP of $93 billion, and annual U.S. exports of $8.5 billion. The U.S. share of Thailand's imports in 1992 was 11.7 percent. Thailand grew by 8 percent in 1992 and strong growth is expected to continue.

Thailand has undertaken a systematic overhaul of its import regime in recent years. When completed, the system will have fewer rates, and overall tariffs will be significantly lower. In March 1994, the Thai government announced the latest round of tariff reductions, which covered machinery and electrical and optical goods. Tariffs remain high, however, on some goods, for example, value-added agricultural products. U.S. investment in Thailand is covered by our 1966 Treaty of Amity and Economic Relations, which provides for the better of national or MFN treatment in most sectors. Thailand has substantially improved intellectual property rights enforcement in the last year and has submitted copyright legislation intended to bring its laws up to Uruguay Round standards.

Closer Economic Relations Agreement (CER)

Australia and New Zealand, in an effort to expand trade between the two countries, established the Closer Economic Relations Trade Agreement (CER) in 1983. The CER Agreement, which was built upon a series of preferential bilateral agreements from the 1960's and expanded progressively over time, is comprehensive in both scope of trade as well as rules. After the 1988 review, trade in services was brought into the agreement for the first time. By 1990, the CER abolished all border restrictions to trade in goods, including tariffs, quantitative restrictions, import and export prohibitions, and export incentives and export restrictions. Trans-Tasman anti-dumping provisions were removed, and the harmonization of business law and the application of trade practices legislation came into effect.

Since the CER Agreement was signed in 1983, total trans-Tasmian trade has grown at an annual average rate of about 14 percent. Total bilateral investment has also shown impressive growth, from about $A 1,500 million in 1983 to more than $A 10,000 million in 1991.

The economies of both countries have grown at rates lower than the average rate of 3.5 percent for other developed APEC countries -- 2.9 percent for Australia and 1.5 percent for New Zealand.

U.S. exports to Australia and New Zealand have grown less dramatically than to the rest of the Asia-Pacific region. Since 1985, exports grew annually at 5 percent for Australia and almost 7 percent for New Zealand. In 1993, the United States had a trade surplus with Australia of $5 billion.

Australia: Australia was the United States' 14th largest export market in 1993. It is the fourth largest economy in the Asia Pacific region, with a GDP of $293.5 billion, and annual US exports of $8.3 billion. The US share of imports is 23 percent.

Since 1988, Australia has introduced a comprehensive program of economic reforms which included reductions in tariffs and assistance for agricultural and manufacturing industries. The Australian government has pledged that, except for textiles, clothing and footwear and certain automotive products, all other tariffs will be reduced in stages to 5 percent by July 1, 1996. By July 2000, apparel and certain finished textile tariffs will be reduced to 25 percent; footwear, sheeting and certain other fabrics to 15 percent; and existing non-quota footwear products to 10 percent.

New Zealand: New Zealand is the twelfth largest economy in the Asia Pacific region, with a GDP of $50 billion and annual US exports of $1.2 billion. The US share of imports is 20 percent.

In July 1988, New Zealand instituted a four-year program to cut most industrial and agricultural tariff levels n half by 1992. The end result was substantial reduction in New Zealand's tariff rates and greater harmonization of tariff levels. A further tariff reduction program, covering the period 1992-96, was announced in September 1991 to cut 1992 tariffs by one-third so that by 1996, the tariffs on most products will fall within the range of 0 to 14 percent.

Other APEC

The market opening measures in the Asia-Pacific region have had a significant effect on U.S. exports. During 1985-93, U.S. exports to APEC economies have grown by 11 percent. The largest growing market for U.S. products has been Taiwan, individually our sixth largest trading partner, where U.S. exports have increased by almost a 17 percent annual rate. Much of the increase comes from Taiwan policies that have opened the domestic market and have encourage consumer spending. The increase in domestic demand has spurred increases in Taiwan imports, especially for products from the United States.

China: China is now the world's fastest growing major economy, with economic growth running at 13 percent in 1993 and continuing at a similar pace through the first several months of 1994. Building from a very low base in the late 1970s, China's economic reforms and typical Asian, export-oriented economic development strategy have created an important player in world trade. Last year, China's two-way trade stood at $196 billion, up from $165 billion in 1992. China's trade with the United States has grown exponentially since 1979, increasing from $2 billion that year to more than $40 billion in 1993.

While the U.S.-China bilateral trade relationship has grown rapidly, growth has been very uneven. Multiple overlapping barriers to imports, very high tariffs, state monopolies in key import sectors, restrictive trading rights overall, and a heavy role for state planning all have impeded U.S. exports to China over the years. In 1993, U.S. exports to China stood at $8.8 billion, while China's exports to the United States reached more than $33 billion.

Recognizing that the source of the bilateral trade deficit has many roots, the Administration has focused on long-term market access for U.S. companies -- especially in the goods and services sectors -- and on encouraging China to mould its trade practices on international norms and standards as defined by the GATT and WTO. Thus, the market access and intellectual property rights Agreements were based on the GATT, TRIPs, Paris, Geneva and Berne Conventions and other international rules.

China's trade regime will be the focus of USTR efforts for some time. China is making progress in some areas, and, through the market access Agreement, has committed to a major restructuring of its import regime. In this respect, implementation of the market access Agreement, for example, leading to the opening of China's markets for industrial goods has yielded greater transparency, the removal of more than 800 non-tariff barriers since December 31, 1993, and the elimination of other deleterious trade practices.

On IPR, China has changed some laws and regulations, and greatly improved its IPR legal structure. Unfortunately, China does not enforce effectively its new copyright regulations and only sporadically enforces the provisions of its trademark law and implementing regulations. U.S. industries estimate that they lose more than $800 million annually to IPR theft of copyrighted works alone. IPR enforcement will be a focus for trade policy activity in the near term.

China's services sector in many respects is just beginning to develop, although other areas -- such as insurance -- have long been the bastion of state enterprises. On an official basis, China is gradually opening its market to foreign services providers, primarily on an experimental basis, but many provinces and municipalities are opening more rapidly. Rules and regulations are largely non-transparent, ignored in the breech, or enforced irregularly. Some sectors are regulated, while others are not. Aimed at creating market access for U.S. services providers, bilateral negotiations are now underway.

Japan: Japan is the world's second largest economy and largest economy in Asia, with a GDP of $ 3.3 trillion. In 1993, Japan posted a trade surplus with the world of $ 141.4 billion, and a worldwide current account surplus of $ 131.4 billion. In 1993, U.S. exports to Japan totalled $43.8 billion. U.S. imports from Japan amounted to 107.3 billion, for a Japanese bilateral surplus of $59.3 billion. The U.S. share of Japan's total imports was 22.6 percent. The United States ran a surplus in services trade of roughly $12 billion.

U.S. trade policy towards Japan, currently embodied in the U.S. - Japan Framework Agreement of July 1993, is predicated on the judgment that fundamental changes are needed in the nature of Japan's economic interaction with the United States so that our economic relationship may be as harmonious and mutually beneficial as our strong partnership with Japan on security, political and global issues. Japan ranks perenially low compared to other industrialized economies in assessments of intra-industry trade, indicating that Japan has a propensity to import less in product categories in which it also exports. Japan also imports relatively fewer manufactured goods than do other industrialized countries.

Many of the market access problems in Japan today stem from a complex interaction of Japanese government policies and private business practices. Exclusionary private sector business practices, non-transparent government-business relations, and a high degree of economic regulations are key structural barriers blocking the penetration of the Japanese market by competitive foreign goods and services. Elimination of these sectoral and structural barriers, which will increase Japanese growth and imports, remains a key U.S. economic priority with Japan.

For over 15 years, the United States has attempted to reduce or eliminate Japan's trade barriers through negotiations. Due to the fact that many of Japan's structural barriers may not be covered by the rules of the General Agreement on Tariffs and Trade (GATT), the United States has relied heavily on bilateral approaches to deal with Japan's widespread structural and sectoral barriers. Despite the conclusion of over 30 bilateral agreements and undertakings since 1980, in many sectors, the Japanese market has not realized the type of systemic change necessary to allow the full entry and participation of foreign firms, and the Japanese economy remains the most closed of the G-7 economies.

Korea: Korea is the fourth largest economy in the Asia-Pacific region, with a GNP of $ 290.7 billion in 1993. U.S. exports to Korea in 1993 were $14.8 billion; the U.S. share of Korea's imports was 20.6 percent.

Korea has removed a wide range of quantitative restrictions, although other import restrictions often have remained in place. Korea has made some progress in liberalizing policy and regulatory barriers to investment.

Korea's economy has benefitted from outward-oriented growth strategies, including a reduction in trade barriers. Under Korea's Five-Year Plan ending in 1992, average tariffs have been reduced from 12.7 percent to 7.9 percent. In addition, the Administration of President Kim Young Sam has been introducing much-needed deregulation of the Korean investment regime. While much remains to be accomplished to improve regulatory and administrative transparency, Korea's economy grew by 8.9 percent during that period and, assuming progress in deregulation, projections for the remainder of the decade are for growth rates exceeding 6 percent.

Taiwan: Taiwan is the sixth largest economy in Asia, with a GDP of $ 158.6 billion, and annual exports to the United States of $23.5 billion. The U.S. share of Taiwan's imports is 22 percent, as a result of exports valued at $ 16.7 billion. Taiwan, the sixth largest trading partner of the United States, has been absorbing increases in U.S. exports at an annual rate of almost 17 percent. These increases in demand for U.S. products, prominently electric/electronic goods, transportation equipment and processed agricultural goods, have been fueled by market opening measures and policies encouraging consumer spending and public investment. In 1993, Taiwan grew at a rate of 6.1 percent. Although this is below the 7.8 percent growth in the economy achieved from 1985-92, growth is projected at a healthy 6 percent rate for the rest of the decade.

Although not a participant in the Uruguay Round, Taiwan has in the past five years taken steps to provide greater market access. Taiwan is actively engaged with the

United States in negotiations for GATT/WTO accession that will further open Taiwan's goods and services markets to a significant degree. Taiwan's Trade Action Plan, self-initiated in 1989, reduced industrial tariffs to an average of 8.6 percent. In January 1994 Taiwan agreed to reduce tariffs of prime U.S. export interest valued at $890 million. These unilateral tariff reductions averaged a 20 percent depth of cut on 483 items. After many years of bilateral work with the United States, Taiwan has brought its IPR protection up to TRIPs standards in almost all areas. Taiwan is expected to complete the process upon accession to the WTO.

SOUTH ASIA

The countries of South Asia (India, Pakistan, Bangladesh, Sri Lanka, Nepal, the Maldives, and Bhutan) have a combined GDP of $297 billion and annual imports from the United States of $4 billion. India and Pakistan are the dominant U.S. trading partners in the region.

The seven countries discuss economic and trade issues periodically in an arrangement known as the South Asia Association for Regional Cooperation (SAARC). At its seventh summit in April 1993, the SAARC agreed to negotiate a South Asia Preferential Trade Agreement. Under the proposed agreement, India, Pakistan, and Sri Lanka would exchange reciprocal concessions while other members would liberalize trade on a non-reciprocal basis.

India: India is the largest economy in South Asia, with a GDP of $222 billion and annual US exports of $2.8 billion. The US share of imports is 11 percent.

Until recently, India's complex web of market access barriers was a serious and longstanding impediment to most US exports and investment. However, faced with a severe balance-of-payments crisis, the newly-elected government in June 1991 introduced a number of economic reforms which has already produced a significant increase in Indo-US trade and investment.

Still, significant access barriers remain, especially for goods that can be produced domestically such as agricultural and consumer items. Nearly all apparel and fabric imports are banned. While India has committed to further tariff reductions in its 1994/95 budget, the average tariff rate is exceptionally high at 92 percent. Many items are subject to licensing and quantitative restrictions. In addition, India has been identified since 1991 as a "priority foreign country" under the Special 301 provision of the 1988 Trade Act for lack of adequate intellectual property rights protection.

Pakistan: Pakistan is the second largest economy in South Asia, with a GDP of $40 billion and annual US exports of $810 million. The US share of imports is 11 percent.

Pakistan has made progress in recent years in liberalizing import restrictions, but tariffs remain high -- up to 80 percent -- on many products, and many items still are subject to bans or quantitative restrictions. Pakistan has eliminated the requirement for prior government approval for most foreign investment, although limits are widespread on repatriation of capital, profits, and dividends.

Copyright piracy remains a serious problem in Pakistan, as does ineffective protection for certain patented products and for well-known and service marks. Pakistan is on the Special 301 "watch list."

C. Sub-Saharan Africa

Sub-Saharan Africa[2] has a GDP of $269.3 billion, and annual imports over the past several years have averaged nearly $5 billion. The U.S. share of its imports is 8.3%. Among U.S. sub-Saharan trading partners, South Africa's economy is the foremost, with a GDP in 1991 of $91.2 billion. South Africa takes $2.2 billion worth of U.S. goods, or 13.1% of its total imports.

There has been a dramatic shift in U.S. policy toward South Africa mirroring the rapid democratization process that began with the release from prison of Nelson Mandela and culminating in the free elections of April 27, 1994. We believe that our policies, most notably the U.S. sanctions with South Africa helped effect this change. Our trade policies in the future will help South Africa succeed in its dramatic transformation.

We have already begun the process of assistance in ways that are consistent with our budgetary constraints. In 1993, we have lifted the remaining CAAA sanctions and in April 1994, we extended the Generalized System of Preferences status to South Africa to improve its access to U.S. markets. We hope to move forward with renegotiation of a bilateral tax treaty. The European Union has already put forth its list of beneficial actions, including extension of GSP, it intends to undertake in the months and years ahead. The cumulative impact of U.S. and EU programs may make both of them more effective.

A stable, prospering South Africa may have some stabilizing influence on the neighboring countries of southern Africa. The example of a stable democratic

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[2] Sub-Saharan Africa is comprised of Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Djibouti, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, Zaire, and Zimbabwe.

multiracial government functioning in South Africa and improved trade relations between South Africa and the Sub-Saharan countries is likely to have a beneficial effect in the decade ahead.

D. Middle East

While significant obstacles to increased trade and investment exist throughout the Middle East, many countries in the region are taking steps to integrate their economies into the world trading system.

Inadequate protection of intellectual property rights remains a serious problem throughout the region, causing hundreds of millions of dollars in lost sales of U.S. videocassettes, software and pharmaceuticals. The Arab League boycott of Israel hinders U.S. trade and investment by penalizing firms that wish to deal with both Israel and the boycotting states. Some countries in the region maintain high tariff and non-tariff barriers in order to protect their domestic markets.

Numerous Arab states have recently expressed interest in joining the General Agreement on Tariffs and Trade, or have already joined and are preparing for accession to the new World Trade Organization. The U.A.E., Morocco, Tunisia, Bahrain and Kuwait are current GATT members, while Saudi Arabia and Jordan recently applied for membership.

Egypt, also a member of the GATT, is an important market for U.S. products, especially agricultural products. Egypt does not adhere to the Arab League boycott of Israel, and is making progress protecting intellectual property rights. In 1991, Egypt began a program of trade liberalization, eliminating many non-tariff barriers and significantly reducing tariffs. Continuing liberalization promises new opportunities for U.S. exporters. The U.S. maintains a substantial trade surplus with Egypt.

The U.S. negotiated a free trade agreement with Israel in 1985. The tariff reductions in the agreement will be fully phased in by January 1, 1995. Israel remains a key U.S. trading partner in the region.

E. European Union

The European Union (EU), composed of 12 industrialized western countries, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, and the United Kingdom, is the world's largest trading entity. The EU is also our largest trading partner, with two-way merchandise trade totaling about $200 billion. The U.S. has had a goods and services trade surplus with the EU since 1989. This surplus totaled $24.9 billion in 1992 (most recently-available data). For the past several years, the EU has been receiving about 25 percent of the total U.S. exports of goods and services. In 1993, U.S. exports of merchandise to the EU declined and there was a merchandise trade deficit for the first time since 1988. This deficit was primarily attributable to macroeconomic factors and not to structural trade barriers.

The U.S. and the EU are the world's largest zones of prosperity and both have mature, highly-diversified economies. There is a rough equivalence in merchandise trade in almost every large sector and the EU is an important consumer of high-value-added U.S. products. The EU is a large purchaser of goods and services from U.S. growth industries, including telecommunications, financial services, aerospace, pharmaceuticals, audiovisual, and computers.

The U.S. and EU economies have also become increasingly interdependent through direct investment and joint ventures. Direct investment in the EU amounted to $200 billion in 1992, representing about 43 percent of total U.S. direct foreign investment. The growing interdependence of the two economies has created pressure for closer harmonization of the two trading regimes and regulatory structures, resulting in far greater attention to such items as mutual recognition of standards, protection of intellectual property rights, and coordination of approaches to labor standards and environmental concerns.

In most sectors, U.S. producers have good access to EU markets and can compete on a fair basis. The EU's implementation of the Single Market program (EC-92) has been beneficial to U.S. investors and exporters by breaking down internal barriers to trade, thereby creating a more cohesive market. It is fostering more efficient allocation of U.S. firms' facilities among EU member states, thereby improving the competitiveness of such facilties.

Because of the similarity in the economies of the U.S. and EU, our ability to compete is often strongly affected by EU sectoral policies. Fortunately, many of the EU's most restrictive trade practices are being eliminated by the GATT Uruguay Round agreement, which achieves trade liberalization through tariff cuts and extension of GATT disciplines to services, intellectual property and investment.

While the EU does have a largely open trading regime, there are still a number of sectors, which tend to be politically or symbolically powerful and heavily reliant on government subsidies, which are not sufficiently open to U.S. producers. The EU Utilities Procurement Directive limits access to the enormous public telecommunications network and market for telecommunications equipment (eg. central switches) and services. The EU Broadcast Directive limits access to the lucrative audio-visual market by reserving 50 percent of broadcast programming for European works. The EU also heavily subsidizes certain industries, to the competitive detriment of U.S. producers; these sectors include civil aircraft, steel, shipbuilding and coal.

F. European Free Trade Area

All the states of the European Free Trade Area (EFTA) are experiencing significant economic change. The European Economic Area (EEA) entered into effect in January 1994, bringing over 70% of EFTA's trade regulations into conformity with those of the European Union (EU). In addition, Austria, Finland, Norway and Sweden have negotiated respective terms of accession to the EU and may join as early as January 1995. These developments will provide, on balance, opportunities to U.S. businesses. Regulations will conform to EU norms, making investment easier. Barriers to U.S. trade will fall in many areas as the former EFTA states adopt EU regulations and as the Uruguay Round enters into effect. Acceding states will adopt the EU's Common Agricultural Policy (CAP) which will in general lower barriers to trade with these states, and the implementation of the Uruguay Round of the GATT will further lower barriers to agricultural trade. The CAP itself will remain discriminatory, however, against non-EU agricultural trade. Only Iceland, Switzerland and the micro-state Liechtenstein will remain as the EEA.

Iceland and Switzerland have decided not to apply for membership in the EU. In consequence, both states are now assessing their respective future trade policies. Switzerland's application of GATT norms provides excellent opportunities and guarantees for trade and investment. However, Switzerland does continue to maintain significant barriers to agricultural trade, however, and Switzerland's banking sector continues to lack adequate transparency. Switzerland also provides certain trade advantages to EU and EFTA firms through a series of bilateral treaties. Iceland has accepted the liberalizations to international trade of the Uruguay Round and will, in consequence, provide greater opportunities for trade and investment for U.S. firms than has been the case heretofore. Nonetheless, the country applies prohibitively high tariffs to agricultural imports. Iceland also provides preferential treatment to EU industries and firms, one of the consequences of the EEA.

G. Central and Eastern Europe and the Former Soviet Union

Most Central and East European countries (CEECs) have made significant progress in opening their markets to U.S. and other foreign trade and investment, as have the Republics of the Former Soviet Union.

The United States has trade agreements in force with most countries in the region. These agreements provide for reciprocal MFN treatment; business facilitation; increased transparency; non-discriminatory treatment for goods and services; a consultation mechanism for discussing bilateral trade issues; and fair trading rules for tourism. The agreements also require each country to provide strong intellectual property rights (IPR) protection. The United States currently has trade agreements in force with Albania, Bulgaria, the Czech Republic, Hungary, Romania, Slovakia, Armenia, Belarus, Georgia, Kazakhstan, Kyrgystan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. A trade agreement has been signed with Azerbaijan, but awaits ratification by that country's legislature. Trade agreements will soon be signed with Estonia and Lithuania.

The United States has also begun to conclude Bilateral Investment Treaties (BITs) with countries in the region. These treaties provide for the better of national or most-favored nation treatment for U.S. investments; adequate, prompt, and effective compensation in the event of an expropriation; guarantees of free transfers in convertible currency; mandatory access to third party arbitration for investment disputes; and freedom from performance requirements. The United States currently has BITs in force with the Czech Republic, Romania, Slovakia, Kazakhstan, and Kyrgystan. BITs have been signed, but not yet implemented, with Armenia, Belarus, Bulgaria, Georgia, Moldova, Poland, Russia, and Ukraine.

The United States is a major investor in many countries in the region, and is the principal foreign investor in Hungary, Poland and Russia. In trade of goods, however, the size of U.S. exports to and imports from the CEECs is dwarfed by trade between those countries and the countries of the EU. The EU has concluded Association Agreements with most of the countries in Central and Eastern Europe, which promise eventual membership in the EU.

Protection of intellectual property rights in the region has improved in recent years, due to extensive commitments under bilateral agreements on trade and investment with the United States. Pursuant to the conclusion of a bilateral IPR agreement with the United States, Hungary has implemented IPR legislation fully consistent with international standards, including laws on product patent protection. Poland recently implemented copyright legislation, completing its intellectual property legislation. Russia has implemented an intellectual property regime consistent with international standards, and is currently drafting legislation on enforcement of intellectual property rights. Other countries in the region have similarly implemented IPR legislation pursuant to trade agreements with the United States.

RUSSIA

Trade between the United States and Russia has increased significantly since the extension of reciprocal MFN in June 1992. U.S. merchandise exports to Russia in 1993 were double those in 1992, totalling $1.6 billion. (U.S. overall exports to Russia totalled $3 billion in 1993.) Russian exports to the U.S. more than doubled in 1993, totalling $1.7 billion. The United States is now the largest single foreign investor in Russia. Russia is undergoing a difficult period of economic transition, but legislation has already been implemented in many areas of trade and investment; additional legislation continues to be drafted. Russia has applied to join the GATT, and has already submitted its Foreign Trade Memorandum. GATT membership should ensure the continuation of economic reforms in Russia.

UKRAINE

After a period of backsliding on economic reforms, Ukraine has over the past year expressed a renewed commitment to liberalize its economy according to market principles. Ukraine has shown a strong interest in joining the GATT; the United States has agreed to chair the Working Party during the accession process. U.S. exports to Ukraine remained stable in 1993, totalling $311 million. Ukraine exports to the U.S. totalled $172 million, an increase of 92.5% over the previous year.

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
1	Canada	100,190,440	110,921,454	510.8	62.5
2	Japan	47,949,465	107,267,680	3362.3	22.6
3	Mexico	41,635,494	39,929,656	282.5	69.3
4	United Kingdom	26,375,936	21,736,417	876.8	11.0
5	Germany West	18,956,904	28,605,115	1574.3	6.6
6	Taiwan	16,249,919	25,104,567	158.6	21.1
7	Korea South	14,776,170	17,123,106	283.0	22.5
8	France	13,266,710	15,243,878	1199.3	8.4
9	Netherlands	12,839,330	5,451,252	290.7	7.6
10	Singapore	11,675,570	12,796,410	40.0	13.9
11	Hong Kong	9,873,058	9,558,131	67.6	7.4
12	Belgium	8,876,341	5,177,201	196.9	4.3
13	China	8,767,104	31,534,834	369.7	10.9

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
14	Australia	8,271,793	3,293,946	299.8	22.7
15	Switzerland	6,804,399	5,979,187	232.0	6.4
16	Saudi Arabia	6,665,618	7,709,524	108.6	20.8
17	Italy	6,458,361	13,222,794	1150.5	5.2
18	Malaysia	6,064,494	10,568,425	47.0	15.9
19	Brazil	6,045,448	7,465,568	414.1	25.1
20	Venezuela	4,599,093	8,140,279	53.4	44.4
21	Israel	4,420,242	4,426,174	62.7	17.0
22	Spain	4,180,929	2,996,699	527.1	7.5
23	Argentina	3,771,701	1,205,918	114.3	22.8
24	Thailand	3,768,475	8,541,778	93.3	11.7
25	Philippines	3,529,093	4,895,487	44.9	18.7
26	Turkey	3,433,612	1,195,788	95.8	11.3

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
27	Colombia	3,229,143	3,033,224	41.7	43.8
28	Russia	2,966,990	1,744,190	1722.9	8.6
29	Indonesia	2,770,002	5,439,340	116.5	11.1
30	Egypt	2,762,594	613,087	30.3	25.4
31	India	2,761,095	4,550,912	221.9	11.2
32	Ireland	2,730,757	2,519,489	39.0	14.1
33	Chile	2,605,347	1,462,201	31.3	20.4
34	Sweden	2,353,480	4,531,523	206.4	8.8
35	Dominican Republic	2,349,537	2,671,495	7.2	40.2
36	South Africa	2,196,766	1,846,958	91.2	13.1
37	United Arab Emirates	1,811,387	726,689	33.9	8.4
38	Costa Rica	1,547,291	1,541,518	5.6	53.6
39	Austria	1,325,659	1,411,111	164.0	4.0

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
40	Guatemala	1,310,272	1,194,485	9.4	46.4
41	New Zealand	1,247,273	1,207,995	42.9	19.6
42	Norway	1,211,579	1,937,950	105.9	8.6
43	Panama	1,190,688	281,017	5.5	37.0
44	Jamaica	1,112,820	719,670	3.5	74.1
45	Ecuador	1,098,182	1,398,976	11.6	33.8
46	Denmark	1,091,939	1,663,666	112.1	5.7
47	Peru	1,069,154	754,038	48.4	27.2
48	Kuwait	1,008,953	1,819,403	3.2	25.0
49	Poland	916,467	453,992	78.0	3.4
50	Algeria	897,977	1,582,961	32.7	8.9
51	Honduras	897,665	914,521	2.7	54.2
52	Nigeria	890,992	5,301,038	8.0	12.0

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
53	Greece	883,917	347,922	57.9	3.7
54	El Salvador	868,907	487,851	5.9	44.0
55	Finland	847,106	1,608,741	110.0	6.1
56	Pakistan	810,270	897,616	40.2	10.5
57	Portugal	734,790	789,972	65.1	3.0
58	Bahamas	704,094	348,203	2.5	29.3
59	Bahrain	653,142	97,219	4.2	12.5
60	Iran	616,177	182	97.0	3.5
61	Morocco	602,144	184,965	27.7	6.4
62	Luxembourg	560,786	252,929	9.4	NA
63	Trinidad and Tobago	529,274	802,741	4.9	41.6
64	Neth Antilles	522,799	396,543	1.4	18.0
65	Paraguay	520,926	49,620	6.3	11.5

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
66	Brunei	478,196	30,167	3.5	21.9
67	Hungary	433,889	400,516	30.8	2.9
68	Lebanon	376,476	26,961	4.8	8.1
69	Jordan	362,660	18,771	3.5	11.1
70	Romania	323,555	69,148	27.6	3.8
71	French Guiana	323,198	2,708	0.2	5.0
72	Yemen (Sana)	318,319	98,071	7.5	12.4
73	Ukraine	311,206	171,776	458.3	5.1
74	Czech Republic	266,162	276,939	23.0	NA
75	Aruba	265,698	456,738	0.9	NA
76	Bermuda	264,862	14,583	1.4	65.8
77	Uruguay	253,121	265,831	9.5	9.3
78	Oman	251,599	277,236	10.2	6.8

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
79	Bangladesh	245,222	886,404	23.4	6.9
80	Tunisia	232,268	40,656	11.6	4.9
81	Haiti	221,265	154,256	2.6	56.3
82	Bolivia	215,898	191,024	5.0	23.3
83	Ghana	214,471	208,556	6.4	8.1
84	Sri Lanka (Ceylon)	203,174	1,001,954	8.2	5.3
85	Syria	185,797	130,346	17.2	6.1
86	Cayman Islands	179,411	34,677	0.4	NA
87	Malta and Gozo	171,622	103,655	2.5	2.3
88	Angola	168,660	2,090,152	8.3	7.0
89	Qatar	166,348	65,274	6.7	11.1
90	Nicaragua	149,836	125,932	7.0	24.4
91	Iceland	146,824	232,539	6.5	8.3

TABLE 1: US TRADING PARTNERS					
RANKED BY US MERCHANDISE EXPORTS, 1993					
		US Exports[1]	US Imports[1]	GDP[2]	US Share of 1992
		1993	1993	1991	Country Imports[3]
		(Thousand US $)	(Thousand US $)	(Billion US $)	(%)
92	Barbados	145,457	34,057	1.7	31.0
93	Cyprus	137,891	15,698	5.8	8.4
94	Ethiopia	136,621	22,063	6.0	19.7
95	Belize	135,504	53,615	0.4	57.0
96	Guyana	122,547	90,663	0.4	36.7
97	Suriname	117,905	58,349	1.4	34.0
98	Kenya	116,476	92,331	7.1	6.6
99	Bulgaria	115,265	158,676	7.9	3.2
100	Croatia	102,714	106,007	26.3	NA
101	French Polynesia	102,439	8,496	1.2	NA
102	St. Lucia	98,635	31,336	0.25	NA
103	Slovenia	92,173	229,547	21.0	NA
104	Byelarus	92,131	34,010	113.2	3.3

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
105	Latvia	89,533	22,607	31.1	NA
106	Ivory Coast	88,131	177,711	7.3	3.9
107	Nauru	86,572	164	0.1	NA
108	Zimbabwe (Rhodesia)	83,602	110,721	4.0	8.1
109	Armenia	77,755	752	25.5	NA
110	Uzbekistan	73,022	7,297	96.2	5.7
111	Antigua	73,008	14,799	0.4	NA
112	Senegal	69,175	7,497	3.7	6.4
113	Kazakhstan	67,560	38,890	127.3	3.0
114	Seychelles	64,503	4,406	0.4	1.7
115	Guinea	59,360	118,171	2.9	8.6
116	Lithuania	56,857	16,156	39.6	8.4
117	Estonia	54,255	20,132	19.8	12.9

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
118	Sudan	52,622	11,705	35.4	5.4
119	Papua New Guinea	50,424	97,865	3.7	6.4
120	Guadeloupe	49,140	4,821	1.1	4.1
121	Cameroon	48,352	100,923	11.7	5.9
122	Gabon	48,239	940,673	4.8	5.6
123	Georgia	47,446	21,117	48.1	NA
124	British Virgin Is.	46,121	14,143	0.1	NA
125	Turkmenistan	45,617	1,954	19.8	35.0
126	Zambia	42,084	40,813	3.8	6.7
127	St. Kitts and Nevis	41,666	23,768	0.14	NA
128	Mozambique	39,490	8,698	1.2	18.7
129	St. Vincent & Grenadines	37,657	4,855	0.17	NA
130	Azerbaijan	36,646	231	48.1	0.0

TABLE 1: US TRADING PARTNERS					
	RANKED BY US MERCHANDISE EXPORTS, 1993				
		US Exports[1]	US Imports[1]	GDP[2]	US Share of 1992
		1993	1993	1991	Country Imports[3]
		(Thousand US $)	(Thousand US $)	(Billion US $)	(%)
131	Marshall Islands	35,616	11,484	0.1	NA
132	Zaire	35,277	238,092	24.0	4.9
133	Albania	34,311	7,539	2.7	NA
134	Slovakia	33,878	64,574	10.2	NA
135	Tanzania	32,834	11,427	2.2	2.7
136	Mali	32,631	1,241	2.5	1.9
137	Martinique	32,325	1,085	2.0	2.3
138	Moldova	31,173	421	33.9	9.0
139	Kiribati (Gilbert Isl)	30,746	1,549	0.0	NA
140	Somalia	30,594	212	1.6	10.9
141	Macao	28,124	668,594	3.1	5.1
142	Dominica	27,398	5,841	0.2	29.5
143	Congo	27,385	500,044	2.9	8.5

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
144	Fiji	26,883	68,672	1.2	10.3
145	Micronesia	25,271	13,911	0.2	NA
146	Botswana	24,635	8,527	3.6	NA
147	Grenada	23,938	8,128	0.2	26.6
148	New Caledonia	22,479	23,247	1.0	5.3
149	Turks & Caicos Is.	21,941	4,120	0.07	NA
150	Benin	21,729	15,750	1.9	4.0
151	Uganda	20,775	10,194	2.5	4.1
152	Sierra Leone	20,604	47,322	0.7	11.1
153	Liberia	20,032	3,089	1.0	0.6
154	Namibia	19,710	22,028	2.0	NA
155	Mauritania	19,219	6,451	1.0	11.6
156	Kyrgyzstan	18,372	2,018	22.6	2.0

		US Exports[1]	US Imports[1]	GDP[2]	US Share of 1992
		1993	1993	1991	Country Imports[3]
		(Thousand US $)	(Thousand US $)	(Billion US $)	(%)
157	Mauritius	17,948	196,861	2.3	1.5
158	Burkina (Upper Volta)	17,717	427	2.6	2.8
159	Mongolia	16,579	33,595	2.1	NA
160	Malawi	15,939	59,622	2.0	2.0
161	Niger	15,861	5,623	2.3	3.0
162	Cambodia (Kampuchea)	15,650	655	0.9	NA
163	Bosnia-Hercegovina	15,141	7,172	14.0	NA
164	Andorra	14,603	144	0.7	NA
165	Anguilla	14,265	323	0.0	NA
166	Djibouti	13,180	28	0.3	2.4
167	Togo	12,567	3,392	1.6	2.3
168	Burma	12,386	46,311	22.2	0.4
169	Tajikistan	11,652	17,724	22.6	9.0

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
170	Macedonia (Skopje)	11,356	110,672	7.1	NA
171	Liechtenstein	10,934	100,266	0.6	NA
172	Madagascar	10,883	42,711	2.5	1.1
173	W. Samoa	10,408	1,205	0.1	70.9
174	Gambia	10,080	8,594	0.3	2.9
175	Afghanistan	9,458	2,814	3.0	0.2
176	Palau Is.	9,324	1,123	0.03	NA
177	Gibraltar	8,682	3,790	0.2	NA
178	Chad	7,741	319	1.2	3.8
179	Rwanda	7,061	4,094	1.6	1.7
180	St. Helena	6,929	808	NA	NA
181	Vietnam	6,926	0	15	0.1
182	Monaco	5,893	16,122	0.5	NA

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
183	Montserrat	5,511	1,486	0.1	NA
184	Nepal	5,433	91,273	3.1	1.1
185	Laos	5,422	8,576	1.0	0.4
186	Tonga	5,226	4,152	0.09	NA
187	Cape Verde	4,953	32	0.3	2.5
188	Central African Republic	4,921	884	1.2	0.3
189	Lesotho	4,034	55,614	0.6	NA
190	Iraq	4,016	0	42.4	0.0
191	Equatorial Guinea	3,438	3,680	0.2	13.0
192	Greenland	2,704	13,095	0.6	2.5
193	Cuba	2,565	0	17.0	0.1
194	Solomon Islands	2,536	3,367	0.2	35.6
195	Sao Tome and Principe	2,512	607	0.1	8.6

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
196	Swaziland	2,487	21,378	0.6	NA
197	Burundi	2,315	2,733	1.0	4.3
198	Cook Is.	2,043	511	0.04	NA
199	Korea North	1,979	0	23.3	0.0
200	San Marino	1,947	239	0.4	NA
201	Reunion	1,908	31	4.8	0.3
202	Christmas Is.	1,705	245	NA	NA
203	Guinea-Bissau	1,680	209	0.2	1.1
204	Serbia/Monte	1,330	2	44.0	NA
205	Norfolk Is.	1,246	232	NA	NA
206	Vanuatu	1,125	3,680	0.14	NA
207	Maldive Islands	1,091	23,653	0.2	1.0
208	Eritrea	928	0	0.4	NA

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
209	Tokelau Is.	881	5,729	0.001	NA
210	Cocos (Keeling) Is.	481	242	NA	NA
211	St. Pierre and Miquelon	465	9	0.06	NA
212	Faroe Islands	418	8,657	0.7	1.1
213	Comoros	309	9,573	0.3	0.6
214	Niue	263	215	0.002	NA
215	Br. Indian Ocean Territory	250	68	NA	NA
216	Libya	241	0	31.5	0.0
217	Bhutan	160	85	0.2	NA
218	Heard Is. & McDonald Is.	155	39	NA	NA
219	Svalbard Jan Mahen Is.	146	17	NA	NA
220	Vatican City	112	457	NA	NA
221	Pitcairn Is.	73	30	NA	NA

TABLE 1: US TRADING PARTNERS

RANKED BY US MERCHANDISE EXPORTS, 1993

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
222	Fr. S. & Antarctic Terr.	69	11	NA	NA
223	Falkland Is.	61	49	NA	NA
224	West Bank	38	17	1.2	NA
225	Western Sahara	21	14	0.1	NA
226	Wallis and Futuna	8	4	0.025	NA
227	Gaza Strip	0	0	0.4	NA
228	Tuvalu	0	5	0.005	NA

[1]Merchandise exports and imports from US Census data.

[2]Conversion to US dollars based on official and market exchange rates, not purchasing power parity exchange rates. From the World Bank Development Report, 1993, and other sources.

[3]IMF Direction of Trade Yearbook, 1986-1992.

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
1	Japan	47,949,465	107,267,680	3362.3	22.6
2	Russia	2,966,990	1,744,190	1722.9	8.6
3	Germany West	18,956,904	28,605,115	1574.3	6.6
4	France	13,266,710	15,243,878	1199.3	8.4
5	Italy	6,458,361	13,222,794	1150.5	5.2
6	United Kingdom	26,375,936	21,736,417	876.8	11.0
7	Spain	4,180,929	2,996,699	527.1	7.5
8	Canada	100,190,440	110,921,454	510.8	62.5
9	Ukraine	311,206	171,776	458.3	5.1
10	Brazil	6,045,448	7,465,568	414.1	25.1
11	China	8,767,104	31,534,834	369.7	10.9
12	Australia	8,271,793	3,293,946	299.8	22.7
13	Netherlands	12,839,330	5,451,252	290.7	7.6

TABLE 2: US TRADING PARTNERS					
RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991					
		US Exports[1]	US Imports[1]	GDP[2]	US Share of 1992
		1993	1993	1991	Country Imports[3]
		(Thousand US $)	(Thousand US $)	(Billion US $)	(%)
14	Korea South	14,776,170	17,123,106	283.0	22.5
15	Mexico	41,635,494	39,929,656	282.5	69.3
16	Switzerland	6,804,399	5,979,187	232.0	6.4
17	India	2,761,095	4,550,912	221.9	11.2
18	Sweden	2,353,480	4,531,523	206.4	8.8
19	Belgium	8,876,341	5,177,201	196.9	4.3
20	Austria	1,325,659	1,411,111	164.0	4.0
21	Taiwan	16,249,919	25,104,567	158.6	21.1
22	Kazakhstan	67,560	38,890	127.3	3.0
23	Indonesia	2,770,002	5,439,340	116.5	11.1
24	Argentina	3,771,701	1,205,918	114.3	22.8
25	Byelarus	92,131	34,010	113.2	3.3
26	Denmark	1,091,939	1,663,666	112.1	5.7

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1]	US Imports[1]	GDP[2]	US Share of 1992
		1993	1993	1991	Country Imports[3]
		(Thousand US $)	(Thousand US $)	(Billion US $)	(%)
27	Finland	847,106	1,608,741	110.0	6.1
28	Saudi Arabia	6,665,618	7,709,524	108.6	20.8
29	Norway	1,211,579	1,937,950	105.9	8.6
30	Iran	616,177	182	97.0	3.5
31	Uzbekistan	73,022	7,297	96.2	5.7
32	Turkey	3,433,612	1,195,788	95.8	11.3
33	Thailand	3,768,475	8,541,778	93.3	11.7
34	South Africa	2,196,766	1,846,958	91.2	13.1
35	Poland	916,467	453,992	78.0	3.4
36	Hong Kong	9,873,058	9,558,131	67.6	7.4
37	Portugal	734,790	789,972	65.1	3.0
38	Israel	4,420,242	4,426,174	62.7	17.0
39	Greece	883,917	347,922	57.9	3.7

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
40	Venezuela	4,599,093	8,140,279	53.4	44.4
41	Peru	1,069,154	754,038	48.4	27.2
42	Azerbaijan	36,646	231	48.1	0.0
43	Georgia	47,446	21,117	48.1	NA
44	Malaysia	6,064,494	10,568,425	47.0	15.9
45	Philippines	3,529,093	4,895,487	44.9	18.7
46	Serbia/Monte	1,330	2	44.0	NA
47	New Zealand	1,247,273	1,207,995	42.9	19.6
48	Iraq	4,016	0	42.4	0.0
49	Colombia	3,229,143	3,033,224	41.7	43.8
50	Pakistan	810,270	897,616	40.2	10.5
51	Singapore	11,675,570	12,796,410	40.0	13.9
52	Lithuania	56,857	16,156	39.6	8.4

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
53	Ireland	2,730,757	2,519,489	39.0	14.1
54	Sudan	52,622	11,705	35.4	5.4
55	Moldova	31,173	421	33.9	9.0
56	United Arab Emirates	1,811,387	726,689	33.9	8.4
57	Algeria	897,977	1,582,961	32.7	8.9
58	Libya	241	0	31.5	0.0
59	Chile	2,605,347	1,462,201	31.3	20.4
60	Latvia	89,533	22,607	31.1	NA
61	Hungary	433,889	400,516	30.8	2.9
62	Egypt	2,762,594	613,087	30.3	25.4
63	Morocco	602,144	184,965	27.7	6.4
64	Romania	323,555	69,148	27.6	3.8
65	Croatia	102,714	106,007	26.3	NA

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
66	Armenia	77,755	752	25.5	NA
67	Zaire	35,277	238,092	24.0	4.9
68	Bangladesh	245,222	886,404	23.4	6.9
69	Korea North	1,979	0	23.3	0.0
70	Czech Republic	266,162	276,939	23.0	NA
71	Kyrgyzstan	18,372	2,018	22.6	2.0
72	Tajikistan	11,652	17,724	22.6	9.0
73	Burma	12,386	46,311	22.2	0.4
74	Slovenia	92,173	229,547	21.0	NA
75	Estonia	54,255	20,132	19.8	12.9
76	Turkmenistan	45,617	1,954	19.8	35.0
77	Syria	185,797	130,346	17.2	6.1
78	Cuba	2,565	0	17.0	0.1

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
79	Vietnam	6,926	0	15	0.1
80	Bosnia-Hercegovina	15,141	7,172	14.0	NA
81	Cameroon	48,352	100,923	11.7	5.9
82	Ecuador	1,098,182	1,398,976	11.6	33.8
83	Tunisia	232,268	40,656	11.6	4.9
84	Oman	251,599	277,236	10.2	6.8
85	Slovakia	33,878	64,574	10.2	NA
86	Uruguay	253,121	265,831	9.5	9.3
87	Luxembourg	560,786	252,929	9.4	NA
88	Guatemala	1,310,272	1,194,485	9.4	46.4
89	Angola	168,660	2,090,152	8.3	7.0
90	Sri Lanka (Ceylon)	203,174	1,001,954	8.2	5.3
91	Nigeria	890,992	5,301,038	8.0	12.0

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
92	Bulgaria	115,265	158,676	7.9	3.2
93	Yemen (Sana)	318,319	98,071	7.5	12.4
94	Ivory Coast	88,131	177,711	7.3	3.9
95	Dominican Republic	2,349,537	2,671,495	7.2	40.2
96	Kenya	116,476	92,331	7.1	6.6
97	Macedonia (Skopje)	11,356	110,672	7.1	NA
98	Nicaragua	149,836	125,932	7.0	24.4
99	Qatar	166,348	65,274	6.7	11.1
100	Iceland	146,824	232,539	6.5	8.3
101	Ghana	214,471	208,556	6.4	8.1
102	Paraguay	520,926	49,620	6.3	11.5
103	Ethiopia	136,621	22,063	6.0	19.7
104	El Salvador	868,907	487,851	5.9	44.0

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
105	Cyprus	137,891	15,698	5.8	8.4
106	Costa Rica	1,547,291	1,541,518	5.6	53.6
107	Panama	1,190,688	281,017	5.5	37.0
108	Bolivia	215,898	191,024	5.0	23.3
109	Trinidad and Tobago	529,274	802,741	4.9	41.6
110	Lebanon	376,476	26,961	4.8	8.1
111	Gabon	48,239	940,673	4.8	5.6
112	Reunion	1,908	31	4.8	0.3
113	Bahrain	653,142	97,219	4.2	12.5
114	Zimbabwe (Rhodesia)	83,602	110,721	4.0	8.1
115	Zambia	42,084	40,813	3.8	6.7
116	Papua New Guinea	50,424	97,865	3.7	6.4
117	Senegal	69,175	7,497	3.7	6.4

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
118	Botswana	24,635	8,527	3.6	NA
119	Brunei	478,196	30,167	3.5	21.9
120	Jordan	362,660	18,771	3.5	11.1
121	Jamaica	1,112,820	719,670	3.5	74.1
122	Kuwait	1,008,953	1,819,403	3.2	25.0
123	Nepal	5,433	91,273	3.1	1.1
124	Macao	28,124	668,594	3.1	5.1
125	Afghanistan	9,458	2,814	3.0	0.2
126	Guinea	59,360	118,171	2.9	8.6
127	Congo	27,385	500,044	2.9	8.5
128	Albania	34,311	7,539	2.7	NA
129	Honduras	897,665	914,521	2.7	54.2
130	Haiti	221,265	154,256	2.6	56.3

TABLE 2: US TRADING PARTNERS					
RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991					
		US Exports[1]	US Imports[1]	GDP[2]	US Share of 1992
		1993	1993	1991	Country Imports[3]
		(Thousand US $)	(Thousand US $)	(Billion US $)	(%)
131	Burkina (Upper Volta)	17,717	427	2.6	2.8
132	Bahamas	704,094	348,203	2.5	29.3
133	Madagascar	10,883	42,711	2.5	1.1
134	Mali	32,631	1,241	2.5	1.9
135	Malta and Gozo	171,622	103,655	2.5	2.3
136	Uganda	20,775	10,194	2.5	4.1
137	Niger	15,861	5,623	2.3	3.0
138	Mauritius	17,948	196,861	2.3	1.5
139	Tanzania	32,834	11,427	2.2	2.7
140	Mongolia	16,579	33,595	2.1	NA
141	Malawi	15,939	59,622	2.0	2.0
142	Martinique	32,325	1,085	2.0	2.3
143	Namibia	19,710	22,028	2.0	NA

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
144	Benin	21,729	15,750	1.9	4.0
145	Barbados	145,457	34,057	1.7	31.0
146	Somalia	30,594	212	1.6	10.9
147	Togo	12,567	3,392	1.6	2.3
148	Rwanda	7,061	4,094	1.6	1.7
149	Neth Antilles	522,799	396,543	1.4	18.0
150	Suriname	117,905	58,349	1.4	34.0
151	Bermuda	264,862	14,583	1.4	65.8
152	Fiji	26,883	68,672	1.2	10.3
153	Mozambique	39,490	8,698	1.2	18.7
154	Chad	7,741	319	1.2	3.8
155	French Polynesia	102,439	8,496	1.2	NA
156	Central African Republic	4,921	884	1.2	0.3

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
157	West Bank	38	17	1.2	NA
158	Guadeloupe	49,140	4,821	1.1	4.1
159	Liberia	20,032	3,089	1.0	0.6
160	New Caledonia	22,479	23,247	1.0	5.3
161	Burundi	2,315	2,733	1.0	4.3
162	Mauritania	19,219	6,451	1.0	11.6
163	Laos	5,422	8,576	1.0	0.4
164	Aruba	265,698	456,738	0.9	NA
165	Cambodia (Kampuchea)	15,650	655	0.9	NA
166	Faroe Islands	418	8,657	0.7	1.1
167	Sierra Leone	20,604	47,322	0.7	11.1
168	Andorra	14,603	144	0.7	NA
169	Liechtenstein	10,934	100,266	0.6	NA

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
170	Lesotho	4,034	55,614	0.6	NA
171	Swaziland	2,487	21,378	0.6	NA
172	Greenland	2,704	13,095	0.6	2.5
173	Monaco	5,893	16,122	0.5	NA
174	Antigua	73,008	14,799	0.4	NA
175	Cayman Islands	179,411	34,677	0.4	NA
176	Eritrea	928	0	0.4	NA
177	Belize	135,504	53,615	0.4	57.0
178	Guyana	122,547	90,663	0.4	36.7
179	San Marino	1,947	239	0.4	NA
180	Gaza Strip	0	0	0.4	NA
181	Seychelles	64,503	4,406	0.4	1.7
182	Djibouti	13,180	28	0.3	2.4

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
183	Cape Verde	4,953	32	0.3	2.5
184	Comoros	309	9,573	0.3	0.6
185	Gambia	10,080	8,594	0.3	2.9
186	St. Lucia	98,635	31,336	0.25	NA
187	Solomon Islands	2,536	3,367	0.2	35.6
188	Dominica	27,398	5,841	0.2	29.5
189	Grenada	23,938	8,128	0.2	26.6
190	Bhutan	160	85	0.2	NA
191	Gibraltar	8,682	3,790	0.2	NA
192	Guinea-Bissau	1,680	209	0.2	1.1
193	Maldive Islands	1,091	23,653	0.2	1.0
194	French Guiana	323,198	2,708	0.2	5.0
195	St. Vincent & Grenadines	37,657	4,855	0.17	NA

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
196	Equatorial Guinea	3,438	3,680	0.2	13.0
197	Micronesia	25,271	13,911	0.2	NA
198	Vanuatu	1,125	3,680	0.14	NA
199	St. Kitts and Nevis	41,666	23,768	0.14	NA
200	British Virgin Is.	46,121	14,143	0.1	NA
201	W. Samoa	10,408	1,205	0.1	70.9
202	Tonga	5,226	4,152	0.09	NA
203	Nauru	86,572	164	0.1	NA
204	Turks & Caicos Is.	21,941	4,120	0.07	NA
205	Montserrat	5,511	1,486	0.1	NA
206	Marshall Islands	35,616	11,484	0.1	NA
207	W. Sahara	21	14	0.1	NA
208	St. Pierre and Miquelon	465	9	0.06	NA

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
209	Sao Tome and Principe	2,512	607	0.1	8.6
210	Cook Is.	2,043	511	0.04	NA
211	Kiribati (Gilbert Is.)	30,746	1,549	0.0	NA
212	Palau Is.	9,324	1,123	0.03	NA
213	Anguilla	14,265	323	0.0	NA
214	Wallis and Futuna	8	4	0.025	NA
215	Tuvalu	0	5	0.005	NA
216	Niue	263	215	0.002	NA
217	Tokelau Is.	881	5,729	0.001	NA
218	Cocos (Keeling) Is.	481	242	NA	NA
219	Falkland Is.	61	49	NA	NA
220	Christmas Is.	1,705	245	NA	NA
221	St. Helena	6,929	808	NA	NA

TABLE 2: US TRADING PARTNERS

RANKED BY GROSS DOMESTIC PRODUCT (GDP), 1991

		US Exports[1] 1993 (Thousand US $)	US Imports[1] 1993 (Thousand US $)	GDP[2] 1991 (Billion US $)	US Share of 1992 Country Imports[3] (%)
222	Norfolk Is.	1,246	232	NA	NA
223	Svalbard Jan Mahen Is.	146	17	NA	NA
224	Heard Is. & McDonald Is.	155	39	NA	NA
225	Br. Indian Ocean Terr.	250	68	NA	NA
226	Fr. S. & Antarctic Terr.	69	11	NA	NA
227	Pitcairn Is.	73	30	NA	NA
228	Vatican City	112	457	NA	NA

[1]Merchandise exports and imports from US Census data.

[2]Conversion to US dollars based on official and market exchange rates, not purchasing power parity exchange rates. From the World Bank Development Report, 1993, and other sources.

[3]IMF Direction of Trade Yearbook, 1986-1992.

TABLE 3: UNITED STATES AS MERCHANDISE EXPORT MARKET FOR FOREIGN COUNTRIES

1992 RANKINGS

	US Rank as Market for Foreign Exports	% of Total Exports to United States	#1 Export Market	% of Total Exports to #1 Market
CANADA	1	77.83%	UNITED STATES	77.83%
MEXICO	1	76.95%	UNITED STATES	76.95%
HAITI	1	75.76%	UNITED STATES	75.76%
BERMUDA	1	65.00%	UNITED STATES	65.00%
DOMINICAN REPUBLIC	1	62.66%	UNITED STATES	62.66%
VENEZUELA	1	58.55%	UNITED STATES	58.55%
BAHAMAS	1	55.98%	UNITED STATES	55.98%
COSTA RICA	1	55.16%	UNITED STATES	55.16%
GUATEMALA	1	53.70%	UNITED STATES	53.70%
HONDURAS	1	53.29%	UNITED STATES	53.29%
TRINIDAD AND TOBAGO	1	53.02%	UNITED STATES	53.02%
EL SALVADOR	1	50.76%	UNITED STATES	50.76%
BELIZE	1	48.12%	UNITED STATES	48.12%
ECUADOR	1	48.02%	UNITED STATES	48.02%
JAMAICA	1	43.64%	UNITED STATES	43.64%
NIGERIA	1	41.23%	UNITED STATES	41.23%
PHILIPPINES	1	40.22%	UNITED STATES	40.22%
NETHERLANDS ANTILLES	1	39.97%	UNITED STATES	39.97%
COLOMBIA	1	39.59%	UNITED STATES	39.59%
SIERRA LEONE	1	39.13%	UNITED STATES	39.13%
GABON	1	38.15%	UNITED STATES	38.15%

Source: IMF Direction of Trade
Rankings based on trade between 155 countries.

TABLE 3: UNITED STATES AS MERCHANDISE EXPORT MARKET FOR FOREIGN COUNTRIES

1992 RANKINGS

	US Rank as Market for Foreign Exports	% of Total Exports to United States	#1 Export Market	% of Total Exports to #1 Market
CONGO	1	36.77%	UNITED STATES	36.77%
BANGLADESH	1	36.55%	UNITED STATES	36.55%
MACAO	1	35.13%	UNITED STATES	35.13%
PANAMA	1	33.48%	UNITED STATES	33.48%
ISRAEL	1	33.15%	UNITED STATES	33.15%
SRI LANKA	1	31.59%	UNITED STATES	31.59%
JAPAN	1	28.57%	UNITED STATES	28.57%
TAIWAN	1	25.37%	UNITED STATES	25.37%
SOUTH KOREA	1	24.58%	UNITED STATES	24.58%
THAILAND	1	23.02%	UNITED STATES	23.02%
SINGAPORE	1	22.05%	UNITED STATES	22.05%
PERU	1	21.40%	UNITED STATES	21.40%
BRAZIL	1	20.06%	UNITED STATES	20.06%
SAUDI ARABIA	1	19.89%	UNITED STATES	19.89%
NICARAGUA	1	19.46%	UNITED STATES	19.46%
INDIA	1	18.38%	UNITED STATES	18.38%
CHILE	1	16.69%	UNITED STATES	16.69%
PAKISTAN	1	13.55%	UNITED STATES	13.55%
COMOROS	2	34.62%	FRANCE	42.31%
GUYANA	2	30.75%	UNITED KINGDOM	33.24%
BARBADOS	2	26.96%	UNITED KINGDOM	33.04%

Source: IMF Direction of Trade
Rankings based on trade between 155 countries.

TABLE 3: UNITED STATES AS MERCHANDISE EXPORT MARKET FOR FOREIGN COUNTRIES

1992 RANKINGS

	US Rank as Market for Foreign Exports	% of Total Exports to United States	#1 Export Market	% of Total Exports to #1 Market
HONG KONG	2	23.39%	CHINA	30.03%
FIJI	2	19.84%	UNITED KINGDOM	33.51%
MALAYSIA	2	18.76%	SINGAPORE	23.20%
ZAIRE	2	15.53%	BELGIUM-LUXEMBOURG	38.27%
INDONESIA	2	13.82%	JAPAN	34.56%
MALAGASY REPUBLIC	2	13.30%	FRANCE	30.85%
UNITED KINGDOM	2	11.60%	GERMANY	14.10%
ARGENTINA	2	10.26%	BRAZIL	13.17%
AUSTRALIA	2	9.33%	JAPAN	26.86%
EGYPT	2	8.33%	ITALY	20.98%
BOLIVIA	3	16.16%	ARGENTINA	21.65%
ALGERIA	3	14.72%	ITALY	21.43%
VANUATU	3	14.29%	GERMANY	22.86%
MALAWI	3	13.27%	GERMANY	20.82%
NEW ZEALAND	3	13.19%	AUSTRALIA	19.17%
SURINAME	3	12.20%	NORWAY	22.76%
ICELAND	3	11.50%	UNITED KINGDOM	25.20%
URUGUAY	3	10.84%	BRAZIL	17.88%
CHINA	3	10.18%	HONG KONG	44.40%
KUWAIT	3	9.33%	JAPAN	35.96%
GHANA	3	9.02%	GERMANY	20.29%

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Rankings based on trade between 155 countries.

TABLE 3: UNITED STATES AS MERCHANDISE EXPORT MARKET FOR FOREIGN COUNTRIES

1992 RANKINGS

	US Rank as Market for Foreign Exports	% of Total Exports to United States	#1 Export Market	% of Total Exports to #1 Market
BURUNDI	3	7.92%	BELGIUM-LUXEMBOURG	34.65%
ITALY	3	6.94%	GERMANY	20.28%
TURKEY	3	6.45%	GERMANY	27.35%
MONGOLIA	3	5.74%	CHINA	36.07%
GREENLAND	3	2.47%	DENMARK	89.81%
SOUTH AFRICA	4	11.00%	ITALY	15.50%
MAURITIUS	4	9.85%	UNITED KINGDOM	34.98%
BENIN	4	9.57%	PORTUGAL	18.09%
SWITZERLAND	4	8.56%	GERMANY	23.53%
SWEDEN	4	8.32%	GERMANY	14.98%
IRELAND	4	8.30%	UNITED KINGDOM	31.78%
MALTA	4	6.29%	ITALY	41.20%
SOMALIA	4	2.70%	UNITED ARAB EMIRATES	36.49%
ZIMBABWE	5	7.35%	GERMANY	12.13%
PARAGUAY	5	7.31%	BRAZIL	35.70%
MOZAMBIQUE	5	6.44%	SINGAPORE	25.08%
IVORY COAST	5	6.09%	FRANCE	15.52%
FINLAND	5	5.96%	GERMANY	15.67%
SPAIN	5	5.82%	FRANCE	24.59%
KENYA	5	5.34%	UNITED KINGDOM	16.78%
GREECE	5	4.09%	GERMANY	23.41%

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WESTERN SAMOA	5	4.00%	AUSTRALIA	56.00%
YUGOSLAVIA	5	3.22%	GERMANY	23.83%
NIGER	5	1.64%	FRANCE	80.87%
UGANDA	6	7.02%	NETHERLANDS	16.37%
BURMA	6	6.62%	CHINA	21.11%
FRANCE	6	6.58%	GERMANY	17.73%
GERMANY	6	6.39%	FRANCE	13.03%
ZAMBIA	6	5.65%	JAPAN	19.43%
DENMARK	6	4.88%	GERMANY	23.72%
RWANDA	6	4.82%	GERMANY	27.71%
CAMEROON	6	4.70%	FRANCE	26.64%
NETHERLANDS	6	4.00%	GERMANY	29.23%
BELGIUM-LUXEMBOURG	6	3.92%	GERMANY	23.11%
HUNGARY	6	3.26%	GERMANY	28.23%
GUADELOUPE	6	0.66%	FRANCE	73.51%
NORWAY	7	5.43%	UNITED KINGDOM	24.29%
LEBANON	7	4.82%	SAUDI ARABIA	22.63%
FRENCH GUIANA	7	3.95%	FRANCE	46.05%
UNITED ARAB EMIRATES	7	3.93%	JAPAN	43.89%
NEW CALEDONIA	7	3.81%	FRANCE	32.99%
PORTUGAL	7	3.63%	GERMANY	19.94%

Source: IMF Direction of Trade
Rankings based on trade between 155 countries.

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	US Rank as Market for Foreign Exports	% of Total Exports to United States	#1 Export Market	% of Total Exports to #1 Market
ALBANIA	7	2.66%	SOUTH KOREA	32.45%
MARTINIQUE	7	0.47%	FRANCE	78.60%
ETHIOPIA	8	4.15%	JAPAN	20.73%
PAPUA NEW GUINEA	8	3.46%	AUSTRALIA	33.95%
SUDAN	8	3.23%	FORMER USSR	13.55%
MOROCCO	8	3.17%	FRANCE	32.47%
SEYCHELLES	8	1.08%	CHILE	39.78%
AUSTRIA	9	2.64%	GERMANY	39.91%
OMAN	9	2.40%	UNITED ARAB EMIRATES	30.51%
QATAR	9	2.04%	JAPAN	58.60%
BRUNEI	9	1.18%	JAPAN	52.09%
CENTRAL AFRICAN REPUBLIC	9	0.90%	BELGIUM-LUXEMBOURG	62.16%
BAHRAIN	10	2.96%	UNITED ARAB EMIRATES	19.91%
LIBERIA	10	1.64%	BELGIUM-LUXEMBOURG	39.02%
GAMBIA	10	0.46%	BELGIUM-LUXEMBOURG	54.13%
POLAND	11	2.62%	GERMANY	31.52%
SENEGAL	11	1.74%	FRANCE	28.00%
BULGARIA	12	2.96%	GERMANY	13.77%
JORDAN	12	2.04%	INDIA	15.24%
CZECHOSLOVAKIA	12	1.67%	GERMANY	30.43%
AFGHANISTAN	13	0.22%	FORMER USSR	79.48%

Source: IMF Direction of Trade
Rankings based on trade between 155 countries.

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	US Rank as Market for Foreign Exports	% of Total Exports to United States	#1 Export Market	% of Total Exports to #1 Market
SYRIA	14	1.08%	ITALY	29.34%
TUNISIA	15	0.80%	FRANCE	26.43%
TOGO	16	2.29%	FORMER USSR	11.45%
FORMER USSR	16	1.72%	GERMANY	15.49%
ROMANIA	17	2.06%	FORMER USSR	13.52%
CYPRUS	17	1.69%	UNITED KINGDOM	21.60%
MALI	26	0.34%	USSR	14.14%
IRAN	60	0.01%	JAPAN	14.90%
UNITED STATES	NA	0.00%	CANADA	20.25%
CHAD	NA	0.00%	PORTUGAL	32.86%
GUINEA-BISSAU	NA	0.00%	INDIA	68.97%
LIBYA	NA	0.00%	ITALY	35.95%
IRAQ	NA	0.00%	JORDAN	84.04%
CAMBODIA	NA	0.00%	THAILAND	57.43%
CAPE VERDE ISLANDS	NA	0.00%	ALGERIA	40.00%
CUBA	NA	0.00%	CANADA	17.45%
BURKINA FASO	NA	0.00%	FRANCE	20.44%
SAO TOME & PRINCIPE	NA	0.00%	INDIA	90.48%
NORTH KOREA	NA	0.00%	JAPAN	29.20%
REUNION	NA	0.00%	FRANCE	80.20%

Source: IMF Direction of Trade
Rankings based on trade between 155 countries.