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Trade Legislation in the 107th Congress: An Overview

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Summary

Since the beginning of the 107th Congress, congressional leaders and the Bush Administration have placed international trade issues high on the legislative agenda. Legislation was introduced during the first session to provide trade promotion ("fast-track") authority to the President, to rewrite export control provisions, and to revise trade remedy laws. Congress approved a free trade agreement with Jordan and a bilateral agreement with Vietnam. Legislation has also been introduced to reauthorize the Generalized System of Preferences and the Andean Trade Preference.

This report provides an overview of major trade bills considered by Congress in 2001 and discusses the background and recent legislative developments for each issue. An appendix listing significant trade legislation and the status of each bill is also provided.

The Bush Administration has requested that the President be provided trade promotion authority as soon as possible so that U.S. trade officials might have increased credibility when engaging in future international trade negotiations—including talks on the free trade area of the Americas and an imminent new round of World Trade Organization negotiations. A bill providing this authority was passed by the House on December 6, 2001.

Other legislation passed by the House during the first session of the 107th Congress included an amended extension of the Andean Trade Preference Act and a measure to extend the Trade Adjustment Assistance Program for firms and workers. The Senate has passed a reauthorization of the Export Administration Act.

On November 10, 2001, the WTO Ministerial Conference approved the text of the agreement for China's entry into the WTO, and China formally acceded to the WTO a month later. Legislation has recently been introduced to provide permanent normal trade relations to Russia pursuant to its desire to accede to the WTO.

Specific domestic industries, including lumber and steel, have also been subjects of congressional interest. The U.S. lumber industry is seeking relief from Canadian softwood lumber imports following the expiration of an agreement with Canada. The steel industry is seeking relief from increased import competition, and has requested that the President provide the industry with "Section 201" protection. Trade remedy reform may also be addressed, especially with regard to Section 201.

Many Members have expressed the hope that Congress and the Administration will be able to come together to reach consensus on a broad trade agenda. Some believe, however, that failure to reach at least a partial consensus on trade could put at risk the leadership role the United States has held in global trade negotiations.

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Trade Legislation in the 107th Congress: An Overview

Introduction

Congressional leadership in both houses of Congress placed trade issues high on the legislative agenda at the beginning of the 107th Congress. Legislation has been introduced, and in many cases acted on, to provide trade promotion ("fast-track") authority for the President, to approve several previously negotiated trade agreements, to reauthorize certain trade preferences, to rewrite export control statutes, and to revise trade remedy laws. President Bush has presented a comprehensive trade agenda highlighting trade expansion and liberalization, and has requested that he be provided with trade promotion authority as soon as possible. The possibility has been raised that an omnibus bill may be introduced to address trade legislation still pending in 2002.

This report provides an overview of major trade bills considered by Congress in 2001-2002 and discusses the background and recent legislative developments for each issue. The first section deals with legislation introduced to provide trade promotion ("fast track") authority to the President. The second section discusses the recently enacted trade agreements with Jordan and Vietnam, the status of the U.S. grant of permanent normal trade relations treatment for China and Russia, and the pending reauthorization of certain trade preferences. The third section mentions legislation affecting exports, including reauthorization of the Export Administration Act and the Export-Import Bank. The fourth section discusses congressional and administrative action with respect to specific industry sectors, including softwood lumber and steel. The last section mentions legislation introduced to reform trade remedy laws, pending dispute resolution settlements in the WTO and NAFTA that involve potential legislative action, and reauthorization of Trade Adjustment Assistance for firms and workers. An appendix listing significant trade legislation, the status of each bill, and CRS products on the issues is also provided.

Current Status of Legislation

In the first session of the 107th Congress, congressional action has been completed on a free trade agreement with Jordan (September 28, 2001, P.L. 107-43) and a bilateral agreement with Vietnam (October 16, 2001, P.L. 107-152). A legislative compromise was also worked out between both houses of Congress and the White House on conditions under which Mexican trucking firms may be allowed to operate in the United States (included in P.L. 107-87, December 18, 2001).

Legislation still pending in the second session includes Presidential Trade Promotion Authority, extending the Andean Trade Preference and the Generalized

System of Preferences, reauthorizing the Export Administration Act and the Export Import Bank, and extending Trade Adjustment Assistance for firms and workers. Other legislation which might receive congressional attention includes extending permanent normal trade relations status to Russia and efforts to reform trade remedies including Section 201.

A measure granting Trade Promotion Authority to the President (**H.R. 3005**) was passed by the House of Representatives on December 6. The Senate Finance Committee marked up H.R. 3005 on December 12 and subsequently approved an amended version of the bill on December 18.

Trade preferences awaiting congressional reauthorization include the Andean Trade Preference (ATPA) and the Generalized System of Preferences (GSP). On November 16, the House passed an amended extension of the ATPA (**H.R. 3009**) which would extend the program through December 31, 2006. The Senate Finance Committee approved an amended version of H.R. 3009 on November 29. A bill to extend the GSP (**H.R. 3010**) until December 31, 2002 (and retroactively to September 30, 2001) was reported by the House Ways and Means Committee on October 16.

In legislation affecting exports, the Senate passed **S. 149**, the Export Administration Act of 2001 on September 6, 2001. A House version of the bill (**H.R. 2581**) was approved by the House International Relations Committee on August 1, and by the House Armed Services Committee on March 8, but awaits committee action in several other committees to which it has been referred. The Export-Import Bank's charter was temporarily extended until March 31, 2002, in **H.R. 2506**, the Foreign Operations appropriations bill (P.L. 107-115), and an additional extension until April 30, 2002 (**S. 2019**) has also been passed by the Congress to allow for more time to reach agreement on a longer-term reauthorization. A four-year reauthorization bill (**H.R. 2871**) of the Bank is pending in the House, and the Senate passed a five-year reauthorization bill (**S. 1372**) on March 14.

In import-related legislation, a measure to extend the Trade Adjustment Assistance program for firms and workers (**H.R. 3008**) was passed by the House on December 6. On February 4, the Senate Finance Committee reported an amended version of **S. 1209**, a bill seeking to consolidate and improve TAA.

Trade Promotion ("Fast-Track") Authority

One of the most significant issues facing the 107th Congress is whether or not to authorize expedited enactment of trade agreements negotiated by the President. Trade promotion authority (TPA), if granted by the Congress, means that under certain conditions, the Congress would consent to address trade agreements negotiated by the President without amendment and would agree to move the measures through congressional committees and both houses of Congress within a specific deadline.

Background. Article I, Section 8 of the United States Constitution gives the Congress authority to "regulate commerce with foreign nations" and to "collect . . . duties." However, at certain times and for certain purposes, the Congress has authorized the President to negotiate and proclaim reciprocal tariff reductions with U.S. trading partners without congressional involvement. In the Trade Act of 1974 (P.L. 93-618), Congress continued to authorize the President to negotiate reciprocal tariff reductions, and in addition, provided specific negotiating objectives, required greater consultation between the Congress and the President during the negotiations process, and provided certain "fast-track" procedures (mandatory deadlines, limited debate, no amendments) for Congressional approval of non-tariff concessions. The Trade Agreements Act of 1979 (P. L. 96-39) extended the authority another 8 years. Executive "fast-track" was last authorized by the Omnibus Trade and Competitiveness Act of 1988 (P.L. 100-418), which renewed the President's fast-track authority for agreements reached through May 1993 (the latter 2 years of the renewal process depended on the President's request for extension and Congress not passing a disapproval resolution). The 1988 Act was amended by P.L. 103-49 to extend fast-track authority for Uruguay Round agreements reached before April 16, 1994. After that, the President's trade negotiating authority expired and, to date, has not been renewed.[1]

The Bush Administration has made renewal of trade promotion authority a top priority in its overall trade policy, and in particular had requested that Presidential authority be granted prior to the WTO Ministerial Conference meeting held on November 9, 2001, in Doha, Qatar.[2] Because WTO trade ministers have signed a Declaration agreeing to consider new multilateral negotiations, the Administration believes that presidential TPA is all the more important. In a recent interview, United States Trade Representative (USTR) Robert B. Zoellick said that TPA was a tool the administration could not do without: "If I'm pressing my counterpart to go to his or her bottom line, he or she is going to balk if they feel that Congress has the ability to reopen the deal. My counterparts fear negotiating once with the administration and then a second time with Congress."[3]

In the 107th Congress, however, trade promotion authority (or fast-track) has proven to be a divisive issue. Some members favor giving the White House the authority it seeks, while others believe that it "preclude(s) Congress from fulfilling its Constitutional obligations to debate, and, if necessary, to amend trade bills."[4] A second issue concerns how labor and the environment should be treated in trade agreements—whether strong, enforceable labor and environmental provisions should be included, whether the President should be given discretion in enforcement of these provisions, or whether labor and environmental considerations should be present in

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[1] CRS Report RS20039, *Fast Track Implementation of Trade Agreements: Issues for the 107th Congress*, by Lenore Sek.

[2]The WTO Ministerial Conference, a body consisting of the trade ministers or other political representatives of each member country, is the highest level policymaking body in the WTO.

[3]National Public Radio, "All Things Considered," November 23, 2001.

[4]Byrd, Robert C. "Fast Track: A Track to Tinkering with Constitutional Authority," press release, November 9, 2001.

trade agreements at all. Third, some Members of Congress and industry groups have expressed concern over certain concessions made by U.S. negotiators during the Doha Ministerial Conference, in particular, the willingness to negotiate changes in WTO rules that cover antidumping laws. A fourth issue, brought up most recently by Senate Democrats, concerns whether or not an expansion of Trade Adjustment Assistance (TAA) programs to aid workers hurt by trade liberalization should be packaged together with TPA legislation. Some Senate Republicans are open to compromise on a TAA expansion provision, but are opposed to granting affected workers extended health care benefits, as proposed by some Democrats, due to the high costs involved.

Recent Developments. On October 3, House Ways and Means Committee Chairman Bill Thomas introduced **H.R. 3005**, the Bipartisan Trade Promotion Authority Act of 2001, which was subsequently approved by the Committee on October 9. The bill would authorize the President to negotiate tariff and non-tariff trade agreements through June 30, 2005, with a 2-year extension possible under certain conditions. On December 6, 2001, the House of Representatives ordered reported H.R. 3005, as amended under House Rules Committee Resolution H.Res. 306 (H.Rept. 107-323) by a vote of 215-214. On February 28, the Senate Finance Committee reported legislation in the nature of a substitute to the House-passed bill.

On October 4, Representative Rangel, the Ranking Member on the Ways and Means Committee, and Representative Levin, the Ranking Member on the Ways and Means Trade Subcommittee, released their own proposal, **H.R. 3019**, the Comprehensive Trade Negotiating Authority Act of 2001. Ways and Means disapproved this proposal during the October 9 markup.

On May 1, 2002, the Senate began consideration of **H.R. 3009**, the Andean Trade Preference Act. **S. Amdt. 3386** (Daschle), an amendment in the nature of a substitute to H.R. 3009, is an omnibus trade package including Presidential trade promotion authority, along with Trade Adjustment Assistance for firms and workers, the Andean Trade Preference, Customs reauthorization, amendments to the Arms Export Control Act, and other miscellaneous provisions.

Trade Agreements and Trade Preferences

United States—Jordan Free Trade Agreement

Jordan and the United States completed negotiations on a free trade agreement (FTA) in October 2000, subject to implementation by legislation in order to take effect. On September 28, 2001, **H.R. 2603**, the text of the agreement as passed by the House and Senate, became P.L. 107-43.

Background. The failure of Jordan to participate in the Gulf War coalition against Iraq caused some U.S. concern. However, Jordan demonstrated its desire for stability in the Middle East by signing a peace agreement with Israel in October 1994. Since that time, Congress and the Clinton Administration had desired to provide Jordan with a "peace dividend" by providing Jordan with greater access to the U.S.

market. Trade negotiations were begun by the Clinton Administration and King Abdullah II of Jordan on June 6, 2000, and signed on October 24, 2000. The agreement was presented to the 107th Congress for implementation on January 6, 2001 by then President Clinton.

The free trade agreement (FTA) with Jordan provides that over a 10-year period the duties on almost all goods will be phased out, leading to duty-free trade between the United States and Jordan. Certain controversial provisions in the agreement involved non-tariff issues, including language on labor rights and environmental protection that appear as an integral part of the FTA, rather than as side agreements. The U.S.-Jordan FTA has led some Members of Congress to address the issue of whether or not environmental and labor provisions should be included in this agreement or any future FTA that the United States may negotiate. Some Members of Congress have argued that the environmental and labor provisions in the U.S.-Jordan FTA should be viewed uniquely and not as a model for future trade agreements. Other Members have expressed pleasure at the inclusion of environmental and labor provisions in the U.S.-Jordan FTA and view them as a precedent for future FTA's.[5]

The economic effects of the Jordan FTA on the U.S. market are not expected to be dramatic because the level of trade (imports $73 million, exports $313 million) is relatively small. In addition, many top exports from Jordan already enter duty-free under normal tariff treatment or the Generalized System of Preferences. However, U.S. imports of textiles and apparel from Jordan are expected to expand, as are U.S. exports to Jordan.[6]

Legislative Developments. On July 26, 2001, the House Ways and Means Committee reported **H.R. 2603** (H.Rept. 107-176, Part I) by voice vote. The full House subsequently passed the measure on July 31. The Senate Finance Committee reported a related measure, **S. 643** (S.Rept. 107-59) on September 4, also by voice vote. On September 24, Senate Finance discharged H.R. 2603 by unanimous consent. The Senate approved H.R. 2603 by voice vote on the same date. President Bush signed the measure on September 28 (P.L. 107-43).

Vietnam Bilateral Trade Agreement

The United States and Vietnam signed a bilateral trade agreement (BTA) in July 2000. The Bush Administration expressed support for the measure and transmitted it to the Congress for approval on June 8, 2001. Because Vietnam is a "nonmarket economy country" (NME), the BTA requires congressional approval by joint resolution, in accordance with a specific expedited procedure as required by Title IV of the Trade Act of 1974. In addition, a Presidential waiver must be granted in compliance with freedom-of-emigration requirements of the so-called Jackson-Vanik amendment.

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[5]CRS Trade Electronic Briefing Book, "Jordan-U.S. Free Trade Agreement," by Lenore Sek [http://www.congress.gov/brbk/html/ebtra117.html].

[6]CRS Report RL30652, *U.S.-Jordan Free Trade Agreement*, by Mary Jane Bolle.

Background. The United States has restricted trade to Vietnam in some form since 1951, when the U.S. denied most-favored nation status (MFN, also known as normal trade relations [NTR]) to communist-controlled areas of North Vietnam. After communist North Vietnam defeated U.S.-backed South Vietnamese forces in 1975, the U.S. suspended NTR status for the entire country and imposed a trade embargo that was not lifted until 1994. A presidential waiver of Jackson-Vanik requirements was first granted in April 1998 and since then has been extended annually. Although such extensions may be disapproved by the enactment of a joint resolution of Congress, all past attempts at disapproval have failed. A joint resolution to disapprove the latest extension (June 1, 2001) was defeated in the House on July 26, 2001.

A Jackson-Vanik waiver (Section 402 of the Trade Act of 1974, 19 U.S.C. 2432) with regard to Vietnam, at present, permits U.S. businesses to receive U.S. government financial support from the U.S. Overseas Private Investment Corporation (OPIC) and the Export-Import Bank for their transactions with Vietnam. However, despite the waiver currently in effect, Vietnam cannot receive temporary normal trade relations (NTR) status until the bilateral trade agreement is approved by a joint resolution of Congress. Therefore, even with a waiver, Vietnam's non-NTR status with regard to import tariffs cannot change unless the BTA is approved by law.

The United States and Vietnam concluded negotiations and signed the BTA on July 13, 2000. President Clinton did not submit the agreement to the 106th Congress, however, citing the crowded congressional schedule. As with most trade agreements with nonmarket economies, the BTA would remain in effect for a three-year period and would be extended automatically unless renounced by either party. The agreement would reduce average U.S. tariffs on imports from Vietnam from 40% to less than 3% overall. In return, Hanoi has agreed under the BTA to initiate a wide range of market-liberalization measures, including extending NTR treatment to U.S. exports, reducing tariffs on U.S. goods, easing barriers to U.S. services (such as banking and telecommunications), protecting certain intellectual property rights, and providing additional inducements and protections for inward foreign direct investment.[7]

Under the provisions outlined in Title IV of the Trade Act of 1974 and Section 151(c)(2) of the Act, once the BTA is transmitted to the Congress, an approval resolution (in mandatory language) must be introduced and considered under a specific expedited procedure, under which amendments are not permitted in either chamber. An overall maximum 75-day deadline is imposed for consideration, including 45 session-days for committee work in both houses and 15 session-days in each chamber for floor debate.[8]

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[7]CRS Report RL30416, *The Vietnam-U.S. Bilateral Trade Agreement*, by Mark E. Manyin and CRS Report RS20717, *Vietnam Trade Agreement: Approval and Implementing Procedure*, by Vladimir N. Pregelj.

[8]Ibid., and CRS Report 98-545 E, *The Jackson-Vanik Amendment: A Survey*, by Vladimir N. Pregelj.

Legislative Developments. **H.J. Res 51** was passed by voice vote in the House on September 6, and in the Senate on October 3 (yeas 88, nays 12, Record Vote Number 291). The President signed the measure on October 16, 2001 (P.L. 107-152). The BTA entered into force on December 10, 2001, when the two countries formally exchanged letters implementing the agreement. Vietnam's National Assembly had ratified the BTA on November 28, 2001, by a vote of 278-85, and Vietnamese President Tran Duc Luong signed the agreement into law on December 7.

Trade Relations with China

On June 1, 2001, President Bush issued a determination to extend China's Jackson-Vanik waiver for an additional year. The waiver was challenged by a disapproval resolution in the House of Representatives. Other measures with respect to China have included proposals to revoke China's NTR status.

Background. On November 15, 1999, the United States and China reached a comprehensive bilateral trade agreement providing China with permanent normal trade relations (NTR) status and normalizing broad economic relations between the two countries. This grant of NTR status to China was subsequently authorized by P.L. 106-286, enacted on October 10, 2000. The trade agreement with China also constituted an essential component of China's accession to the WTO [9]

Although the Congress has no direct role to play in China's accession to the WTO, the status of accession negotiations is of interest because the provisions of P.L. 106-286 may not take effect before China becomes a WTO member. In addition, opponents of permanent NTR for China have introduced legislation to withdraw the NTR treatment of China by the United States.

In order to join the WTO, China must change many laws, institutions, and policies to bring them into conformity with international trading rules. U.S. trade officials insisted that China's entry be based only on "commercially meaningful terms" that would require it to lower trade and investment barriers within a relatively short period of time. American companies have often had difficulty doing business in China, mainly because of Chinese government policies designed to protect domestic industries. Many analysts have questioned the ability and willingness of the Chinese to fully implement its WTO commitments. If the USTR's annual report finds serious deficiencies in Chinese compliance or if U.S. exports fail to increase significantly, Congress may press the Administration to file WTO dispute resolution cases against China.[10]

On November 11, 2001, the WTO Ministerial Conference in Doha, Qatar formally adopted the text of China's WTO agreement. China has notified the WTO

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[9]CRS Report RL30225, *Most-Favored Nation Status of the People's Republic of China*, by Vladimir N. Pregelj.

[10]CRS Report RS20139, *China and the World Trade Organization*, by Wayne Morrison.

that the agreement has been ratified in its national parliament, and China officially acceded to the WTO on December 11.[11]

Legislation. H.J.Res. 50 (Rohrabacher, introduced June 5, 2001), sought to disapprove the extension of waiver authority to China. The Ways and Means Committee reported the bill adversely by voice vote (H.Rept. 107-145) on July 12. On July 19, the measure failed in the House (169 yeas, 259 nays, Roll no. 255).

Normal Trade Relations

The United States currently extends normal trade relations (NTR) status to Russia on a temporary, periodically renewable basis in accordance with the provisions of Section 402 of the Trade Act of 1974, commonly known as the Jackson-Vanik amendment. The Bush Administration is supporting the extension of permanent NTR status to Russia.

Background. The Jackson-Vanik amendment was a direct U.S. reaction to the severe restrictions the Soviet Union had placed in 1972 on the emigration of its citizens, but was expanded in scope to apply to all "non-market economy" (NME) countries. The amendment requires compliance with specific free-emigration criteria as a key condition for the restoration of certain economic benefits in their economic relations with the United States.[12]

The United States extended temporary NTR (or MFN) to Russia under the presidential waiver authority beginning in June 1992. Since September 1994, Russia has received NTR status under the full compliance provision of the Jackson-Vanik amendment. Presidential grants of NTR status to Russia have not met with strong congressional opposition.[13]

Recent Developments. During the November summit meeting with Russian President Putin in Washington and Crawford, Texas, President Bush stated that he would work with the Congress to obtain permanent normal trade relations status for Russia. On December 20, just before the close of the first session of the 107th Congress, House Ways and Means Committee Chairman Bill Thomas introduced a bill to provide nondiscriminatory treatment to products from Russia. A similar bill was introduced in the Senate by Senator Richard Lugar.

Legislation. H.R. 3553 (Thomas, introduced December 20, 2001) would provide for the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of the Russian Federation. The bill has been referred to the Ways and Means Committee. **S. 1861** (Lugar) introduced a similar measure in the Senate on the same date. This bill has been referred to the Senate Finance Committee.

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[11]Ibid.

[12]CRS Report 98-545 E, *The Jackson-Vanik Amendment: A Survey*, by Vladimir Pregelj.

[13]CRS Report 96-463 E, *Country Applicability of the U.S. Normal Trade Relations (Most-Favored-Nation) Status*, by Vladimir Pregelj.

Bills have also been introduced to provide permanent NTR status to Afghanistan (**H.R. 3440**), Cuba (**H.R. 796**, **S. 401**), Kazakhstan (**H.R. 1318**, **S. 168**), Ukraine (**H.R. 3939**), and Uzbekistan (**H.R. 3979**). All of these bills are currently in committee.

Andean Trade Preference Act Extension

The Andean Trade Preference Act (ATPA) extends trade privileges to four South American countries. The preference, which expired on December 4, 2001, is designed to redirect economic development away from illicit coca cultivation and cocaine production. In the 107th Congress, legislation to expand and extend the preference has been passed by the House of Representatives. Similar, but less expansive legislation has been approved by the Committee on Finance, but has not as yet been considered by the full Senate.

Background. Following passage by the 102nd Congress, President George Bush signed into law the Andean Trade Preference Act on December 4, 1991 (Title II of P.L. 102-182). The ATPA provides reduced-rate or duty-free treatment for imports from Bolivia, Colombia, Ecuador, and Peru. It is intended to improve access to the U.S. market for farmers and businesses in an effort to diminish the illegal production of drugs in these countries. Extension of the Act is expected to depend largely on (1) whether there have been any adverse affects to the U.S. economy as a result of the measure, and (2) an assessment of the preference's effectiveness as a tool for economic diversification and growth.[14] The Bush Administration favors reauthorization and expansion of the Act to provide broad-ranging benefits, at least equivalent to the trade preferences given to Caribbean Basin Trade Partnership countries. Opponents of the legislation, however, have cited the adverse impact of imports on U.S. industries and negligible benefits to U.S. consumers as reasons not to extend the preference.

Recent Developments. On October 5, 2001, the House Ways and Means Committee reported an amended extension of the ATPA entitled the Andean Trade Promotion and Drug Eradication Act (**H.R. 3009**, H.Rept. 107-290). The House passed this bill on November 16. The bill would extend the ATPA through December 31, 2006, and would provide more expansive benefits to Andean exports. Apparel items assembled in beneficiary countries from U.S.-made fabrics using U.S.-made yarn would get unlimited duty-free access, as would processed tuna. Apparel items assembled from regional fabrics using U.S.-made yarn would get quantity-limited duty-free access. Other product groups previously excluded from duty-free treatment, including footwear, petroleum, watches and watch parts, handbags, and other leather goods, would be eligible for duty-free treatment provided the President determines that they are not "import sensitive." The bill would also expand the conditions countries need to meet to qualify for these benefits.

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[14]CRS Report RL30790, *The Andean Trade Preference Act: Background and Issues for Reauthorization*, by J. F. Hornbeck, and CRS Issue Brief IB95017, *Trade and the Americas*, by Raymond J. Ahearn. United States Trade Representative, *Third Report to the Congress on the Operation of the Andean Trade Preference Act*, January 4, 2001.

On November 9, 2001, the Senate Finance Committee reported an amended version of **H.R. 3090**, the Economic Security and Recovery Act. Title V of the Senate bill sought to renew certain expiring trade legislation, including a 6-month extension of the ATPA through June 4, 2002. It would not amend the current program. The House version of this bill, which did not contain the Andean trade provision, passed on October 24 (yeas 216, nays 214) and was received in the Senate on the same day. The Senate Finance Committee amendment of H.R. 3090 was withdrawn during floor debate on November 14.

On November 29, the Senate Finance Committee ordered reported an amendment in the nature of a substitute to **H.R. 3009** (S.Rept. 107-126), containing the substance of **S. 525** (originally introduced by Senator Graham on March 13, 2001) with amendments to the original bill. The Senate Finance Committee version of H.R. 3009 would amend and extend the provision through February 28, 2006. The bill allows new unlimited duty-free access to non-knit-to-shape apparel assembled in a beneficiary country from entirely U.S.- made fabrics and yarns. Limited duty-free access would be provided to apparel articles knit-to-shape (except socks) from U.S.-yarns or from U.S.-made knit-to-shape components. Benefits to the non-knit-to-shape items would be similar to those provided eligible countries under the NAFTA and the Caribbean Basin Trade Partnership Act. Similarly, some products exempt from ATPA benefits, including footwear, petroleum, watches and watch parts, sugars, and rums would get NAFTA-equivalent treatment. For most commodities, this amounts to duty-free access. The committee also approved an amendment that would allow a more limited amount of canned tuna to be imported from the region duty free.[15]

On April 25, 2002, the Senate began consideration of a measure to limit debate on H.R. 3009. The Senate invoked cloture on the motion to proceed on April 29 (yeas 69, nays 21). The motion to proceed on the measure was agreed to on May 1 (yeas 77, nays 21). On May 1, Senate Finance Committee chairman Baucus withdrew the committee's amendment to H.R. 3009. Majority Leader Daschle subsequently offered an amendment in the nature of a substitute to the bill (**S.Amdt. 3386**). This bill includes the Senate ATPA language along with Presidential trade promotion authority, along with Trade Adjustment Assistance for firms and workers, Customs reauthorization, amendments to the Arms Export Control Act, and other miscellaneous provisions. The bill is currently being considered in the Senate.

Generalized System of Preferences Extension

The Generalized System of Preferences (GSP) expired at the end of September 2001, and has not yet been extended by the 107th Congress. Budgetary constraints have previously been the primary impediment to a long-term authorization for GSP, since the reduction of tariff revenues under the GSP must be offset by decreased spending or increased revenues elsewhere.

Background. The GSP is a broad, WTO-sanctioned program whereby individual industrialized countries unilaterally provide preferential trade treatment to

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[15]CRS Trade Electronic Briefing Book, The Andean Trade Preference Act, by J. F. Hornbeck. [http://www.congress.gov/brbk/html/ebtra127.html].

imports from less-developed countries (LDCs). The United States currently recognizes 142 countries as "beneficiary developing countries" (BDCs) of the GSP. Of these, 41 are considered "least-developed developing countries" (LDDCs).

The U.S. GSP allows duty-free importation of a large array of otherwise dutiable products from LDCs designated as "beneficiary developing countries" of the program. The law provides specific criteria for the designation of a country as a BDC and for the eligibility of individual products for the preferential treatment. The U.S. provision also contains rules for a country's (temporary) suspension or, once a BDC becomes a "high-income" country, (permanent) "graduation" from the program. Certain categories of products designated as "import-sensitive" are specifically exempted from the GSP. The overall eligibility of certain products can be suspended or terminated. In addition, under the so-called competitive need formula, an individual BDC's eligibility to with respect to specific articles can be suspended when such imports under the preference from that country exceed a certain ceiling.[16]

U.S. imports under the GSP amounted to $16,433.2 million in 2000, accounting for 9.5% of total imports from BDCs and 1.4% of all U.S. imports. U.S. GSP provisions were extended through September 30, 2001 by Section 508 of P. L. 106-170. The preference itself, with additional benefits (comparable to the CBTPA) has been extended, in addition, through 2008 to certain sub-Saharan African countries by the African Growth and Opportunity Act (AGOA, Title I of P.L. 106-200). Therefore, beneficiary countries designated under AGOA will continue to receive the enhanced trade benefits under GSP provisions until then, even if the GSP for other countries is not reauthorized.[17]

The Bush Administration strongly supports GSP reauthorization. On the other hand, opponents to the measure argue that the tariff preferences under the program may benefit some countries disproportionately, may encourage inefficient trade and production patterns in developing nations, and may lead to lax enforcement of U.S. trade laws such as preservation of intellectual property rights and observance of worker rights.

Recent Developments. On October 15, 2001, the House Ways and Means Committee reported, without amendment, **H.R. 3010**, which would extend the current GSP program to December 31, 2002, retroactively to September 30, 2001 (H.Rept 107-245).

Section 501 of the Senate Finance Committee's version of **H.R. 3090** (Thomas, introduced October 11, 2001), the Economic Security and Recovery Act, sought to extend the Generalized System of Preferences to December 31, 2002. The House version of this bill, which did not contain the GSP provision, passed on October 24 (yeas 216, nays 214) and was received in the Senate on the same day. The Senate

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[16]CRS Trade Electronic Briefing Book, "Generalized System of Preferences, by Vladimir M. Pregelj [http://www.congress.gov/brbk/html/ebtra29.html].

[17]CRS Report 96-389 E, *Generalized System of Preferences*, by William H. Cooper.

Finance Committee reported its version of H.R. 3090 on November 9, but the amendment was withdrawn during floor debate on November 14.

On November 9, Senate Finance Committee Chairman Baucus introduced **S. 1671**, a bill seeking to provide duty-free treatment under the GSP for certain hand-knotted or hand-woven carpets and leather gloves.

Legislation Affecting Exports

Export Administration Act

The United States controls certain exports to protect national security, to prevent domestic shortages and inflation, and to promote U.S. foreign policy objectives. Efforts are underway in the 107th Congress to rewrite and enact a permanent replacement for the Export Administration Act of 1979 (EAA). Past efforts to reauthorize the Act have been affected by the continuing tension between national security and commercial interests.[18]

Background. The Export Administration Act (P.L. 96-52, as amended, 50 U.S.C.2401, *et seq.*), is a law designed to place controls on the export of "dual-use commodities," or certain designated items that have both civilian and military application. The provision expired on August 20, 2001, after having been extended on November 13, 2000 (P.L. 106-508), and retroactively to August 20, 1994. On August 17, 2001, President Bush invoked the authorities granted by the International Emergency Economic Powers Act (IEEPA, 50 U.S.C. 1703(b)) as implemented under the authority of Executive Order No. 12924 of August 19, 1994, to effect the system of controls contained in the Export Administration regulations (15 C.F.R. Parts 730-799) as President Clinton had done between 1994 and 2000.

Substantial effort was given to rewrite the EAA in the 106th Congress (S. 1712) but the legislation faced strong opposition from some Senators concerned with national security aspects of the legislation. The EAA was extended temporarily with the expectation that legislation to rewrite the provision would be reintroduced in the 107th Congress.[19]

Recent Developments. On August 17, 2001, President Bush continued export control authority and the Export Administration Regulations (EAR) under the International Emergency Economic Powers Act (IEEPA).[20] On September 6, 2001, the Senate passed **S. 149** after three days of debate.

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[18]CRS Trade Electronic Briefing Book, "Export Controls," by Ian F. Fergusson. [http://www.congress.gov/brbk/html/ebtra26.html].

[19]CRS Report RL30689, *The Export Administration Act: Controversy and Prospects*, by Ian F. Fergusson.

[20]Executive Order 13222 of August 17, 2001 (66 FR 44025).

H.R. 2581 was reported, as amended, by the House International Relations Committee on November 16, and by the House Armed Services Committee, as amended, on March 8. Also on March 8, the bill was discharged by the various other committees to which it had been assigned.

The House Armed Services Committee version of H.R. 2581 contains a number of controversial amendments, including the restoration of statutory authority for the Military Critical Technology List (MCTL), a list of composed of items deemed by the Defense Department as "critical to the United States military maintaining or advancing its qualitative advantage and superiority relative to other countries or potential adversaries." This provision gives the Secretary of Defense sole authority to add or remove items from the MCTL, and the export of an item on the list must be approved by the Secretary of Defense.[21]

Many industry groups are concerned that the measures approved by both House committees to strengthen national security could endanger continued U.S. leadership in high technology industries subject to export controls. Others believe, however, that efforts to reform EAA should be concerned less with U.S. commercial interests and more with effective controls placed on high technology exports to prevent them from falling into the hands of terrorists, violators of human rights, and proliferators of weapons of mass destruction.

Legislation. **S. 149** (Enzi, introduced January 23, 2001), the Export Administration Act of 2001, seeks to provide new authority for control of exports. Hearings were held in the Committee on Banking, Finance, and Urban Affairs on February 7 and 14, 2001, and the bill was reported favorably on April 2 (S.Rept. 107-10). The bill was passed by the Senate on September 6, 2001 (yeas 85- nays 14, Record Vote No. 275). **H.R. 2581** (Gilman, as introduced on July 20) was identical to S. 149 except for the additions of provisions related to oversight of nuclear transfers to North Korea. At the August 1 markup session, the House International Relations Committee ordered the bill reported with 35 amendments (yeas and nays, 26 -7). The bill was subsequently reported on November 16.[22] The House Armed Services Committee reported an amended version of the bill on March 8, 2002.

In addition, bills seeking a three-month extension of EAA 1979 were passed by the House (**H.R. 2602** and **H.R. 3189**) and placed on the Senate calendar during the 2001 session.

Export-Import Bank Reauthorization

Authority for the Export-Import Bank (Eximbank), the chief Federal agency that helps finance and promote U.S. exports, expired on September 30, 2001, but its activities were extended by continuing resolution through January 10, 2002. The Foreign Operations Appropriations bill (**H.R. 2506**, P.L 107-115) provided a further

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[21]CRS Report RL30169, *Export Administration Act of 1979 Reauthorization*, coordinated by Ian F. Fergusson.

[22]For a detailed analysis and comparison of both bills, see CRS Report RL30169: *Export Administration Act of 1979 Reauthorization.*, Ian Fergusson, coordinator.

temporary extension of the Eximbank's charter until March 31, 2002, but additional legislative attention is required to reauthorize the bank for a longer period.

Background. The Export-Import Bank finances around 2% of exports per year with a budget of nearly $1 billion by providing loan guarantees and insurance to commercial banks so that they, in turn, can make trade credits available to American exporters. It also provides direct financing on a limited basis, primarily to counter subsidized trade credits offered to foreign exporters by their governments. The Eximbank uses its authority and resources to (1) assume commercial and political risks that exporters or commercial financial institutions are unwilling, or unable to undertake alone; (2) overcome maturity and other limitations in private sector export financing; (3) assist exporters to be more competitive when met with foreign officially sponsored export credit competition; and (4) provide guidance and advice to U.S. exporters and commercial banks and foreign borrowers.[23]

Eximbank's government-sponsored finance programs have long been controversial. In the 107th Congress, some Members have expressed their opposition to the Bank, in part because they believe that its function is no longer necessary and because it could unfairly favor some businesses over others. Others have indicated their willingness to support the Bank but believe the Eximbank's charter should be amended to focus its activities more narrowly. Other Members have expressed their support for the Bank and argue that it fills an important gap in the export credit market.

Recent Developments. On July 24, 2001, the House passed **H.R. 2506**, the Foreign Operations, Export Financing, and Related Programs appropriations bill for FY2002. During debate, the House voted in favor of an amendment by Representative Visclosky to reduce the funding of the Bank by $18 million in response to a controversial $18 million loan guarantee made by the Bank to the Deutsche Bank of North America, which, in turn, made a loan to the Industrial and Commercial Bank of China for modernization of the Benxi Iron and Steel Company's hot strip mill.[24]

On October 24, 2001, the Senate passed H.R. 2506. The Senate version of the bill restored the $18 million, appropriating $753 million in subsidy costs and $64 million in administrative expenses for the Bank. Both the House and Senate versions of the bill would appropriate approximately $120 million more than the President requested. The conference report accompanying H.R. 2506 (H.Rpt. 107-345) was passed by the House on December 19, and the Senate on December 20. The President signed the appropriations bill on January 10, 2002 (P.L. 107-115).

As enacted, H.R. 2506 provides $779 million, slightly below House and Senate-passed levels, but $92 million higher than the President's budget request.

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[23] CRS Report 98-568 E, *Export-Import Bank: Background and Legislative Issues*, by James K. Jackson.

[24] See 147 Cong. Rec. H4438, July 24, 2001. H. AMDT. 208 (Visclosky, introduced July 24, 2001) to reduce Export-Import Bank Subsidy Appropriations by $15 million and Administrative Expenses by $3 million and increase funding for Child Survival and Health Programs Fund by $5 million for vulnerable children programs and $13 million for HIV/AIDS programs. Agreed to by recorded vote (258-162) Roll no. 260.

Conferees noted that the appropriation would provide the Eximbank with an authorized operation level of $10.6 billion, about 15% higher than for FY2001. As an interim measure, the Foreign Operations Appropriations further extends the Bank's operating authority to March 31, 2002.[25] A second interim measure (**S. 2019**) passed by the Senate on March 14 and by the House on March 19 seeks to extend its authority through April 30. This bill was signed by President Bush on March 31, 2002 (P.L. 107-156).

On October 31, 2001, the House Committee on Financial Services marked up and approved **H.R. 2871**, the Export-Import Bank Reauthorization Act of 2001. The bill, and its companion bill **S. 1372** (Sarbanes) would extend the authority of the Eximbank through fiscal year 2005. H.R. 2871 was reported to the House on November 15. S. 1372, as amended, passed the Senate on March 14.

Congressional Action Affecting Specific Industries

U.S.—Canada Softwood Lumber Debate

A 5-year softwood lumber agreement[26] with Canada expired on March 31, 2001. Alternative measures are currently being negotiated. The U.S. lumber industry and its supporters argue that pricing policies used in Canada amount to government subsidization of the lumber industry, and have filed countervailing and antidumping petitions with the relevant U.S. federal agencies. On the other hand, U.S. homebuilders and other lumber consumers counter that Canadian lumber is essential to meeting U.S. domestic demand, and argue for unrestricted imports. Several bills have been introduced in the 107th Congress reflecting both sides of the softwood lumber debate.

Background. The Canadian share of the U.S. lumber market has amounted to 33-35% since 1995, a percentage that many U.S. lumber producers and industry supporters consider injurious to normal domestic growth. On the other hand, many U.S. homebuilders and other lumber consumers have protested that Canadian lumber is essential to meeting U.S. demand.

Canadian lumber imports have been of concern to U.S. lumber industry for decades, due largely to disparate pricing polices in Canada and the United States. In the United States, where 58% of all forests are privately owned, timber from both public and private sources is either auctioned off or sold at market prices. In Canada, however, approximately 90% of all Canadian forests are owned by the provinces and "stumpage fees" (fees paid for the right to harvest trees) are determined

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[25]CRS Report RL31011, *Appropriations for FY2002: Foreign Operations, Export Financing, and Related Programs*, by Larry Nowells.

[26]For additional historical information, a summary of U.S. AD and CVD rulings on softwood lumber, and further explanation of WTO proceedings, see CRS Issue Brief IB10081, *Lumber Imports from Canada: Issues and Events*, by Ross W. Gorte and Jeanne Grimmett, and "Softwood Lumber Imports from Canada" by Ross W. Gorte in the CRS *Trade* Electronic Briefing Book [http://www.congress.gov/brbk/html/ebtra119.html].

administratively. Because the lumber is being sold non-competitively by provincial governments, U.S. producers contend that the lower price of the lumber amounts to a government subsidy of the Canadian lumber industry.

Of additional concern to the U.S. lumber industry is the general prohibition of log exports by the Canadian province of British Columbia in order to ensure domestic production, job creation, and economic development. Some have alleged that this practice amounts to an additional government subsidy that further reduces the price of Canadian lumber to below world market prices, as the U.S. International Trade Administration determined in a 1992 countervailing duty (CVD) case.

Canadian industry and government officials insist that the stumpage systems used to price Canadian lumber do not subsidize exports and point out successive U.S. investigations of Canadian forestry practices have failed to prove illegal subsidy. They state further that Canada has compromised repeatedly with the United States to forestall a trade war over one of the country's most important export commodities.

The U.S. Coalition for Fair Lumber Imports has recently filed both CVD and antidumping (AD) petitions, charging that Canadian lumber, subsidized by the government and/or sold at less than fair market value, is being sold in the U.S. market, thus causing harm to the U.S. lumber industry. Commerce Secretary Donald Evans has indicated possible Bush Administration support for a "critical circumstances" determination that would allow the U.S. industry expedited provisional relief from the imports.

The Canada-U.S. softwood lumber debate has also been carried out in the WTO, where there are two cases currently pending.

Recent Developments. On May 17, 2001, the U.S. International Trade Commission (ITC) made an affirmative preliminary injury determination in both the AD and the CVD case, saying that "there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from Canada of softwood lumber."[27]

This ITC determination was followed by an August 17 affirmative preliminary determination in the CVD case by the International Trade Administration (ITA) of the Department of Commerce. ITA also issued a finding of "critical circumstances," citing a surge of imports of softwood lumber from April to June of 2001. As a result of its preliminary determination, ITA has (1) ordered that each entry of the subject merchandise from Canada must be secured by the posting of cash deposits or other security based on the estimated dumping margin or net countervailable subsidy (in this case, the net subsidy rate was calculated as 19.31 percent *ad valorem*), and (2) ordered the suspension of liquidation of all entries of the merchandise from the date its preliminary determination was published. Due to the critical circumstances finding, these conditions will be applied retroactively to as yet unliquidated imports 90 days

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[27] U.S. International Trade Commission Investigations Nos. 701-TA-414 and 731-TA-928 (Preliminary). Publication No. 3426, May 2001, [http://www.usitc.gov/7ops/7opsindex.htm].

prior to the publication of the preliminary determination. On November 6, 2001, ITA announced an affirmative preliminary determination in the AD case, and imposed additional antidumping duties on Canadian lumber ranging from 5.94% to 19.24%.

On March 22, 2002, ITA announced its final determinations in the Canadian softwood lumber investigation, finding that Canadian producers and exporters of softwood lumber have both benefitted from countervailable subsidies and have sold their products in the United States at below fair market value. The provinces of New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland were excluded from the countervailing duty investigation, as were certain Canadian companies. The final subsidies margin assessed was 19.34%, and an average antidumping margin of 9.67% was assessed.

Legislation. Measures introduced in the 107th Congress illustrate the divergence of opinion in the Congress regarding the Canadian lumber issue. **H.Con.Res 45** (Kolbe, introduced Feb. 28, 2001), and **S.Con.Res. 4** (Nickles, introduced January 29, 2001), would express the sense of Congress of the desirability of open trade in softwood lumber between the United States and Canada. Conversely, **H.Con.Res. 54** (Chambliss, introduced March 7, 2001), and **S.Con.Res. 8** (Snowe, introduced February 7, 2001) seek to express the sense of Congress that the Bush Administration should resolve problems of unfairly traded Canadian lumber and should make this issue the top trade priority. **H.R. 2181** (DeFazio, introduced June 14, 2001) seeks to impose certain restrictions on Canadian lumber imports.

U.S. Steel Industry Issues

Steel imports, especially from East Asia, Russia, Brazil, and Eastern Europe have been a cause of concern for domestic producers since July 1997. Congressional action to aid the U.S. steel industry is currently being discussed. The steel industry and the U.S. government have filed a large number of AD and CVD cases against steel imports, and a wide range of AD and CVD orders are in effect. Additionally, the Bush Administration has recently initiated a trade remedy action and sought to deal with worldwide steel industry concerns.

Background. Steel imports into the U.S. market reached record levels in 1998, dropped in 1999, but started rising again in 2000. Reasons for the rise in imports may have included the need for the countries involved to earn hard currency to deal with pressing financial issues such as the Asian financial crisis. Members of the Congressional Steel Caucus have urged President Bush to initiate a "Section 201" action against the imports as a means to give the domestic industry time to restructure so that it can remain competitive.[28]

Recent Developments. On June 5, 2001, President Bush launched a multi-pronged initiative to "respond to challenges facing the U.S. steel industry." The initiative directed the USTR to initiate negotiations with U.S. trading partners "seeking the near-term elimination of inefficient excess capacity in the steel industry worldwide" and to initiate trade rules that will regulate steel trade and eliminate subsidies to the

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[28]See CRS Report RL31107, *Steel Industry and Trade Issues*, by Stephen Cooney.

steel industry. The President also directed the USTR to request an ITC investigation of injury as provided by Section 201. On June 22, U.S. Trade Representative Robert Zoellick forwarded the formal Administration request to the ITC, and the ITC began its investigation. More than 500 steel mill products were covered in the request.

ITC Investigation. On July 26, 2001, the Senate Finance Committee passed a resolution independently calling for an ITC investigation, in addition to the presidential action. Because the final Committee resolution endorsed the Administration's action and product list and asked for the investigation to be consolidated with the USTR-initiated request, the ITC subsequently consolidated the Committee's request into the previously initiated investigation (TA-201-73).

On October 23, the ITC published its determinations concerning the impact of steel imports on the U.S. industry. For purposes of the investigation, steel imports were divided into 33 product categories. On October 22, the commissioners reached affirmative determinations on 12 of the categories, finding that the products are being imported in such quantities that they are a"substantial cause of serious injury or threat of serious injury to the U.S. industry." In four of the product categories, the ITC's vote was evenly divided, and negative determinations were reached in 17 categories. The imported products covered by the affirmative and evenly divided determinations accounted for 27 million tons of steel valued at $10.7 billion in 2000.[29] Hearings were held on the remedy phase of the investigation on November 6, 8, and 9. The ITC announced its views and remedy recommendations on December 7, 2001, and presented its determination to President Bush on December 19, finding that "certain steel products are being imported into the United States in such increased quantities as to be a substantial cause of serious injury or threat of serious industry to the domestic industry producing articles like or directly competitive with the imported articles." The ITC also determined that certain steel products from Canada and Mexico "account for a substantial share of the total imports and contribute importantly to the serious injury or threat thereof caused by imports."[30] The prevailing ITC recommendation to the President included the imposition of tariffs of 20% for most products.[31]

Presidential Determination. On March 5, 2002, President Bush announced trade remedies for all products on which the ITC had found substantial injury except two specialty categories (tool steel and stainless steel flanges and fittings). All remedies are for three years duration and will be imposed as of March 20, 2002. The President will also impose a general import licensing and monitoring system.

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[29]U.S. International Trade Commission, "ITC Details its Determinations Concerning Impact of Imports of Steel on U.S. Industry," October 23, 2001 news release 01-124.

[30]U.S. International Trade Commission, *Steel*, Investigation No. TA-201-73, Publication 3479, December 2001.

[31]U.S. International Trade Commission, "ITC Announces Recommendations and Views on Remedy in its Global Safeguard Investigation Involving Imports of Steel," December 7, 2001 news release 01-144.

- For the high-volume flat, bar and tin mill products, the President imposed a remedy tariff of 30% for the first year, reduced to 24% in the second year and 18% in the third year.
- For semi-finished steel slabs the President established the same levels of tariff remedy, with a quota of 5.4 million tons, on which no remedy tariffs will be applied.
- For other products, the President set the following levels of remedy tariff protection: for rebar, welded tubular steel, stainless rod and stainless bar, the remedy tariff is 15% for the first year, then declines by 3% per year; for carbon and alloy steel flanges and fittings the remedy relief is 13% in the first year, then declines by 3% per year; and for stainless steel wire the remedy relief is 8%, declining by 1% per year for the subsequent two years.[32]

Imports from the North American Free Trade Area (Canada and Mexico) are exempt from the Section 201 tariff remedies, as are any products from the other two U.S. free-trade partners, Israel and Jordan. Imports from developing countries (as determined by the country's eligibility for tariff-free imports under the Generalized System of Preferences) that are also WTO Member countries are also exempt, unless these developing country products represent a significant share of U.S. imports. The President reserves the right to impose safeguard measures on developing country imports should they surge during the relief period. China, Russia, and the Ukraine are generally excluded from this exemption, however. The President will also make determinations on specific product exemptions within the next 120 days (limited to cases already registered with the office of the USTR).

Legislation. **H.R. 808** (Visclosky, introduced March 1, 2001), the *Steel Revitalization Act of 2001,* and its companion bill **S. 957** (Wellstone, introduced May 25, 2001) would require the President to establish import quotas on steel products for five years, with monthly imports not to exceed the average of the three-year period leading up to the mid-1997 import surge. Other provisions would establish a 1.5% sales tax on U.S.-made steel products and imports to finance the health care benefits of certain steelworker retirees ("legacy costs"); modify and extend the Emergency Steel Loan Guarantee Act of 1999; and create a new environmental compliance grant program for merged steel companies worth up to $100 million per company. **S. 910** (Rockefeller, introduced May 17, 2001) is a separate bill proposing to enact the health care and environmental cost provisions of H.R. 808. **H.J. Res. 84** (Jefferson, introduced March 7, 2002) is a resolution disapproving the action taken by the President to establish remedies under section 203 of the Trade Act of 1974. On May 9, 2002, the House voted for a rule (H.Res. 414) that tabled H.J.Res. 84 (yeas 386, nays 30).

H.R. 3982 (Traficant, introduced March 14, 2002) seeks to apply the recently imposed tariffs on steel imports towards assistance for displaced steel workers.

Among other legislation aimed at helping the steel industry, **H.R. 1988** (English, introduced May 24, 2001) and its companion bill **S. 979** (Durbin, introduced May 26,

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[32] CRS Trade Electronic Briefing Book, "Trade

2001) would amend current U.S. trade remedy law. These bills are discussed in the next section of this report.

Trade Remedies Reform and Other Administrative Issues

Section 201 Reform

Pressure from domestic industries and workers for import relief is often directed at members of Congress and the Administration. When injury allegedly occurs as a result of imports of unfairly traded (i.e., subsidized or dumped goods) U.S. industries can avail themselves of the antidumping and countervailing statutes. Another form of trade remedy, sometimes known as Section 201 ("safeguard" or "escape clause"), is a provision in U.S. law that gives relief to U.S. industries that are found to be seriously injured or threatened by serious injury as a result of surges of fairly traded imports of a particular article. Proposals to reform these statutes to make it easier for domestic firms to get import relief were introduced in the 106th Congress, and may be considered in the 107th Congress as well.

Background. Sections 201 to 204 (safeguard provisions) of the Trade Act of 1974, as amended (19 U.S.C. 2251-2254), authorize temporary relief from import surges causing serious injury or a threat of serious injury to domestic industries. Trade associations, unions, firms, workers, the House Ways and Means Committee, the Senate Finance Committee, the USTR, or the President may request that the ITC initiate an investigation leading to temporary relief from imports of the designated commodity. A so-called Section 201 action refers to Section 201(d)(1) (U.S.C. 2251(d)(1)) of the Act, which authorizes the President to impose a duty, import restriction, or other type of adjustment with respect to an article being imported into the United States. A Presidential action may only follow a determination by the ITC that the article is being imported into the United States in such increased quantities that it constitutes a substantial cause of serious injury, or a threat of serious injury, to a domestic industry. If the ITC makes an affirmative determination, it recommends to the President action that will "facilitate positive adjustment by the industry to import competition." The President may decide to implement the Commission's recommendation, implement an alternative remedy, or take no action.[33]

Legislation. H.R. 518 (Regula, introduced February 7, 2001), the Trade Fairness Act of 2001, proposes striking the term "substantial" from the statutory causation provision of Section 201 and seeks to revise the factors the ITC must consider when determining serious injury. The measure also proposes a more specific list of factors to be considered when determining injury. The legislation resembles two bills (H.R. 412, S. 261) introduced in the 106th Congress. The bill is currently in committee.

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[33]CRS Report RL30461, *Trade Remedy Law Reform in the 107th Congress*, by William H. Cooper.

H.R. 1988 (English, introduced May 24, 2001) and its companion bill **S. 979** (Durbin, introduced May 26, 2001), each titled the Trade Law Reform Act of 2001, would make a variety of changes to Section 201 and other trade relief statutes. Each would remove the term "substantial" from the Section 201 causation provision; revise factors that the ITC is to take into account in determining serious injury, threat of serious injury, and causation; add new captive production provisions; amend provisions authorizing provisional relief; revise the factors that the President must take into account in making his relief determination; and shorten the period of time for enacting a joint resolution disapproving presidential action that varies from that recommended by the ITC. These bills are currently in committee.

WTO Rulings, and Amendments to U.S. Laws

WTO dispute resolution and appellate body panels have recommended that the United States repeal the Antidumping Act of 1916 and set aside a provision in U.S. copyright law. Another provision, the so-called "Byrd Amendment," enacted in the 106th Congress, is currently the subject of WTO consultations. In the first two cases, panel rulings had given the United States a deadline of the latter part of July 2001 to change U.S. law or risk trade retaliation. The third case is the subject of ongoing consultations.

Background. The Uruguay Round Understanding on Rules and Procedures Governing the Settlement of Disputes (January 1995), continues past GATT dispute resolution procedures, but also contains certain measures designed to strengthen the system. Disputes are administered by a Dispute Settlement Body (DSB), consisting of representatives of all WTO members. The first stage of the dispute process is a period of consultation between the governments involved. If resolution of the difficulties cannot be achieved, the complainant(s) may ask the DSB to establish a panel. The dispute panel hears the case and submits a report if its findings to the disputing parties and later circulates it to WTO members. Following the release of the report, either party may appeal the panel's findings on legal grounds. If the complaint is upheld, losing party must either change its practice or negotiate an agreeable resolution within a reasonable period of time. If the respondent does not comply, the complainant may request a suspension of WTO obligations toward the respondent, thus giving the complainant permission to retaliate.[34]

Copyright Dispute. A WTO dispute settlement panel concluded recently that Section 110(5)(B) of the U.S. Copyright Act of 1976, as amended by the Fairness in Music Licensing Act of 1998, violates the WTO "TRIPS Agreement" (Agreement on Trade-Related Aspects of Intellectual Property Rights).[35] The provision permits restaurants, bars, and many retail stores to play music and TV broadcasts without

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[34]CRS Report 98-928 E, *The World Trade Organization: Background and Issues*, by Lenore Sek. CRS Report RS20088, *Dispute Settlement in the World Trade Organization: An Overview*, by Jeanne Grimmett

[35]World Trade Organization, *United States —Section 110(5) Of the US Copyright Act* Dispute Panel Reports DS160/R, 15 June, 2000 and DS160/R, April 16, 1999. The texts of WTO panel reports are available on the WTO home page [http://www.wto.org].

paying royalties to the collecting agencies. The United States agreed to implement the finding, but asked for time to make the necessary legislative changes. A WTO arbitrator had subsequently recommended that the United States comply with the ruling by July 27, 2001. On July 24, the United States asked that the "reasonable period of time" be modified to December 31, 2001. The U.S. also told the WTO that it is preparing to offer compensation to the European Union until such time as U.S. law is brought into compliance, and has been working actively with the EU to resolve the dispute. To facilitate those negotiations, the United States and the European Union jointly requested arbitration under Article 25 of the WTO Dispute Settlement Understanding. Article 25 sets out a mechanism for resolving disputes through binding arbitration within the WTO, subject to mutual agreement of the parties, with the procedures set out by the parties themselves. On November 9, the arbitrators determined that the "level of EC benefits nullified or impaired" as a result the law was $1.4 million per year in lost royalties. The European Union called the arrangement a temporary solution until the U.S. changes the law, but U.S. trade officials have favored monetary compensation rather than legislative action. In late December, USTR Zoellick agreed that the Bush Administration would seek authorization and funding from Congress to contribute $3.3 million over 3 years to a European industry fund to benefit EU musicians.[36]

Antidumping Act of 1916. On August 28, 2000, a WTO Appellate Body upheld a dispute settlement panel finding in a complaint by the countries of the European Union and Japan against the United States, alleging that Antidumping Act of 1916 violated Article VI of the General Agreements on Tariffs and Trade of 1994 (GATT 1994) and the WTO Antidumping Agreement. The panel concluded that the United States was in violation of these agreements, and recommended that the United States "bring the 1916 Act into conformity with its obligations under the WTO Agreement."[37]

The 1916 Act allows the filing of criminal charges against an importer if there is evidence that the dumping was done with intent to destroy or injure a U.S. industry. Furthermore, under the statute, U.S. companies may sue foreign companies over dumping of imports and may collect damages if dumping is found. During the WTO proceedings, the United States argued that the complaint was moot because the law was never used due to the difficulty of proving criminal or malicious intent.

A WTO arbitrator subsequently found that a deadline of July 26, 2001 provided a "reasonable period of time" for the United States to comply with the dispute panel's findings. When this deadline was not reached, Japan and the EU agreed through further negotiations to grant the United States an extended deadline of December 31, 2001, or until the end of the current session of the U.S. Congress, whichever is earlier,

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[36]Inside U.S. Trade, "Zoellick, Lamy Agree to Settle Copyright Dispute, 1916 Act Remains," December 21, 2001.

[37]World Trade Organization, *United States —Anti-Dumping Act of 1916 — Complaint by the European Communities* (Reports DS136/R, DS136/AB/R , DS162/AB/R, DS136/11, and DS162/14); and *United States —Anti-Dumping Act of 1916 — Complaint by Japan* (Reports DS162/R, DS162/R/Add.1 and DS162/AB/R).

to ensure compliance. They maintained their right to seek compensation or retaliation against the United States if the 1916 Act were not repealed by the new deadline.

On December 20, 2001, Ways and Means Committee Chairman Thomas introduced **H.R. 3557**, a bill that seeks to repeal the antidumping provisions of the Act, and to end all cases brought under it in U. S. courts.

The "Byrd Amendment". The Continued Dumping and Subsidy Offset Act of 2000 (also known as the "Byrd Amendment"), a Title added to the Agriculture Appropriations for FY2001 conference report (Title X of P.L. 106-387, H.Rept. 106-948), became law on October 28, 2000. The measure amends existing antidumping and countervailing duty law to provide that duties assessed pursuant to a countervailing or antidumping duty order be distributed to "affected parties" instead of being transferred into the general fund of the United States Treasury. The U.S. Customs Service issued proposed regulations to implement the legislation on June 26, 2001.[38]

The new law is opposed by a dozen WTO member countries, including Japan, the European Union, South Korea, Mexico, Canada, and India, who charge that the measure violates the WTO antidumping and subsidy codes. Consultations on the matter began on February 6, 2001. On July 12, the EU, Japan, and seven other countries submitted a joint request for the establishment of a WTO dispute settlement panel. On September 10, 2001, the DSB agreed to establish a panel to examine the claims brought against the United States by Canada and Mexico, as well as those previously brought by Australia, Brazil, Chile, the European Communities, India, Indonesia, Japan, Korea, and Thailand. The panel was officially established on October 25.

Foreign Sales Corporation. The Foreign Sales Corporation (FSC) provision in the U.S. Internal Revenue Code provided a tax benefit to U.S. exporters designed to stimulate U.S. exports. The countries of the European Union initiated a complaint with the WTO against the FSC provisions in 1999, alleging that the provision amounted to an illegal export subsidy contravening the WTO Subsidies Agreement. A WTO panel issued a report in the EU's favor on October of 1999, and in February 2000, a WTO Appellate Body report essentially upheld the panel's conclusions. Under WTO rules, the FSC provisions were to be brought into WTO compliance by October 2000. If the United States had not complied, the EU could have requested compensation from the United States, or could have requested that the WTO authorize retaliatory measures.[39]

On July 27, 2000, the House Ways and Means Committee overwhelmingly approved H.R. 4986, the FSC Repeal and Extraterritorial Income Exclusion (ETI) Act (Archer), a measure repealing the FSC tax benefit in return for an export tax benefit that is the same general size of the FSC. The bill did not require a firm to sell its exports through a separately chartered foreign corporation (an FSC), and provided a blanket tax exemption on certain "extraterritorial" income—subsequently defined as

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[38]66 FR 33920.

[39]See CRS Report RS20746, *Export Tax Benefits and the WTO: Foreign Sales Corporations (FSCs) and the Extraterritorial (ET) Replacement Provisions*, by David Brumbaugh

a limited tax exemption for exports and a limited tax exemption for a limited range of income from other foreign operations. According to an estimate by the Joint Committee on Taxation, the bill would have reduced tax revenue by $1.5 billion over 5 years, in addition to the revenue loss resulting from the FSC provisions.

The full House approved the bill on September 13, 2000 (315-109). The Senate Finance Committee approved a slightly modified version of the bill on September 19. The House included a version of the FSC replacement provision (reflecting a compromise between the House and Senate Finance Committee versions) in a larger tax-cut bill, the Taxpayer Relief Act (H.R. 2614). Because it appeared that H.R. 2614 faced a veto threat from President Clinton for reasons not related to the FSC provisions, the Senate did not act on the bill, and instead passed the FSC-replacement measures as an amended, stand-alone measure. The bill passed the Senate by unanimous consent on November 1, and the amended bill was passed by the House on November 14. H.R. 4986 was signed by the President on November 15 (P.L. 106-519).

The European Union has stated that it does not believe that the ETI provision is in compliance with the conclusions of the dispute settlement panel, alleging that the Act "appears to replicate the violations of the WTO Agreement found in the original dispute rather than remove them.."[40] Subsequently, the EU asked to be allowed retaliatory tariffs of $4 billion—a request that was put on hold pending a WTO ruling on compliance. The United States position was that it had completely followed the WTO ruling.

Consultations were held between the United States and the EU on December 4, 2000. On December 7, the EU requested a panel, and on December 20, the Dispute Settlement Body decided to refer the matter to the original panel . An interim report was issued to both parties on June 22, 2001, and on July 2, the parties requested that the panel review certain aspects of the interim report. In the final report, officially released on August 20, 2001, the panel found that FSC replacement provision was not in compliance with the WTO subsidies agreement or the dispute settlement panel conclusion. On December 21, 2001, the WTO Appellate Body upheld all of the dispute settlement panel rulings under appeal and recommended that the United States bring its FSC replacement measure into conformity with its WTO obligations.

The United States Trade Representative expressed disappointment with the outcome, but said that the United States would continue to seek to cooperate with the European Union to resolve the dispute.[41] In order to seek resolution, the United States has several options, including some form of legislative action, negotiating new WTO rules on tax treatment, or accepting some form of European Union retaliation such as a fee imposed on U.S. companies.[42]

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[40]World Trade Organization, United States— Tax Treatment of Foreign Sales Corporations: Recourse to Article 21.5 of the DSU by the European Communities, August 20, 2001.

[41]United States Trade Representative, "WTO Upholds Adverse Ruling on Foreign Sales Corporation (FSC) Tax." USTR News Release, January 14, 2002.

[42]Inside U.S. Trade, "EU to Proceed with Retaliation Requests in Two Cases Involving U.S.," January 11, 2002.

NAFTA and the Mexican Trucking Dispute

On February 6, 2001, an international arbitration panel found that United States refusal to approve any applications from Mexican carriers for new authority to provide cross-border trucking services is a violation of the North American Free Trade Agreement (NAFTA). The panel determined that the inadequacies of the Mexican regulatory system provide an insufficient legal basis for the United States to maintain its moratorium. This decision, and the Bush Administration's support for opening up the border to Mexican carriers as specified in the NAFTA, have accelerated the process leading toward the granting of expanded operating authority to these carriers. Several Members of Congress have become concerned that the safety of U.S. highways will be compromised if the border is opened on the projected target date of January 2002. Others, however, state that the safety risks have been over exaggerated.[43]

Background. According to the NAFTA, Mexican commercial carriers are to be allowed full access to the United States to pick up and deliver cross-border shipments, and similar access is to be provided for U.S. carriers operating in Mexico. At present, almost all Mexican carriers are restricted from going any further into the United States than the defined commercial zones, which are typically located within three to twenty miles of the southern U.S. border. These zones are designated areas where Mexican trucking companies are permitted to transfer their cargo to U.S. carriers or unload their cargo, which is later picked up by U.S. carriers.

Citing safety concerns, the Clinton Administration placed a hold on certain provisions of the NAFTA that would have allowed Mexican carriers to operate beyond the commercial zones.[44] On December 18, 1995, Mexico requested formal consultations, as specified in the NAFTA, with the United States. After several attempts by both parties to resolve the issue, Mexico requested the formation of an arbitral panel, which was formed on February 2, 2000. The panel issued its final report on February 6, 2001.

The Bush Administration intends to allow vehicles and drivers of approved Mexican carriers to transport goods and passengers beyond commercial zones. Concerns on the part of some about the safety of Mexican-domiciled carriers have increased considerably as a result of this decision.

Recent Developments. On November 28, Senator Patty Murray announced a House-Senate compromise with the White House on the Mexican cross-border trucking issue. President Bush had threatened a veto of **H.R. 2299**, the Department of

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[43]See CRS Report RL31028, *North American Free Trade Agreement: Truck Safety Considerations*, by Paul Rothberg. CRS Issue Brief IB10070, *Mexico-U.S. Relations: Issues for the 107th Congress*, by Larry K. Storrs.

[44]The Bus Regulatory Reform Act of 1982 (P.L. 97-261) established a two-year moratorium on issuing new grants of operating authority to motor carriers domiciled in, or owned and controlled by, persons of a contiguous foreign country. The moratorium was lifted with respect to Canada in September, 1982, but continued with respect to Mexico. The moratorium was subsequently extended until 1995, when the Interstate Commerce Commission Termination Act of 1995 (P.L. 104-88) further extended the moratorium.

Transportation appropriations bill if certain safety provisions the White House considered discriminatory were included in the conference report. The report, including the compromise provisions, was approved by the House on November 30 and the Senate on December 4.

The agreement (1) requires a comprehensive safety examination of each motor carrier before conditional operating authority is granted, including verification of proof of insurance, verification of a drug and alcohol testing program, verification of compliance with hours-of-service rules, verification of safety inspection and maintenance, and review of safety history; (2) requires a satisfactory rating in a full safety compliance review before the operator is granted permanent operating authority; (3) requires electronic verification of the license of each Mexican truck driver carrying high-risk cargo and verification of at least half of all other Mexican truckers at the border crossing; (4) requires that a distinctive Department of Transportation number be given to each Mexican motor carrier operating beyond the commercial zone; (5) mandates vigorous on-site inspections of trucking firms before their trucks are allowed access to U.S. highways and a safety inspection of every Mexican truck every 90 days (with the exception of those having been given permanent operating authority for three consecutive years); (6) requires State inspectors to enforce Federal regulations or notify Federal authorities of violations; (8) requires that the carrier provide proof of valid insurance with an insurance company licensed in the United States; (9) allows access to qualified trucks only at crossings where inspectors are on duty and where there is adequate capacity to conduct safety enforcement activities; and (10) requires the Federal Motor Carrier Safety Administration to publish interim final regulations and related policies. Furthermore, no vehicles owned or leased by a Mexican motor carrier may operate within the United States until the Department of Transportation's Inspector General has conducted an audit of the ability of the U.S. government to enforce strict safety standards on all Mexican trucks crossing the border, and the Department of Transportation certifies in writing, after reviewing the Inspector General's audit, that the opening of the border will not present an unacceptable safety risk.[45]

Trade Adjustment Assistance for Firms, Industries, and Workers

Authority for the Trade Adjustment Assistance (TAA) programs for firms and workers was scheduled to expire on September 30, 2001, but was extended temporarily through continuing resolutions through January 10, 2002. Senator Daschle has indicated that TAA may be considered on the Senate floor within the next two weeks, in tandem with trade promotion authority.

Background. TAA for firms was first authorized in the Trade Expansion Act of 1962 (P.L. 87-794) along with a separate program for workers. Firm TAA currently provides technical assistance to trade-affected companies through twelve regional trade

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[45]United States House of Representatives. *Making Appropriations for the Department of Transportation and Related Agencies for the Fiscal Year Ending September 30, 2002, and for Other Purposes*, H.Rept. 107-308 (Conference Report accompanying H.R. 2299), November 30, 2001.

adjustment assistance centers. The program, administered by the Economic Development Administration of the Department of Commerce, receives direct funding generally between $8 and $13 million. Additional appropriations are also provided from the Defense Adjustment Assistance Program in some years.[46]

TAA for workers offers extended unemployment benefits and job training to workers left unemployed when imported goods have contributed importantly to their job loss. A similar TAA component for workers, known as NAFTA-TAAP, was provided for in the North American Free Trade Agreement Implementation Act (P.L. 103-182).[47] The NAFTA-TAAP (NAFTA Transitional Adjustment Assistance Program) not only aids trade-affected workers, but also helps those affected workers who lose jobs because their firms have relocated production to Canada or Mexico.

H.R. 3061, the Department of Labor, Health and Human Services, and Education appropriations bill (P.L. 107-116, January 10, 2002) included total funding of $416 million for TAA and NAFTA-TAAP. Reauthorization of the programs is still pending. **H.R.2500** , the Commerce, Justice, State appropriations bill (P.L. 107-77, November 28, 2001) appropriated a total of $335 million for the Economic Development Administration, of which $10 million is allocated to firm TAA.

Recent Developments. On October 16, 2001, the House Ways and Means Committee reported **H.R. 3008**, which would extend TAA programs for firms and workers until September 30, 2003. This bill was passed by the House on December 6, 2001. On November 9, 2001, the Senate Finance Committee reported **H.R. 3090**, The Economic Recovery and Assistance for American Workers Act of 2001, as an amendment in the nature of a substitute. The Senate version of the bill sought to reauthorize the TAA programs for firms and workers for a one year, through calendar year 2002. The Senate Finance Committee's amendment was withdrawn during floor debate on November 14.

On December 4, 2001, the Senate Finance Committee marked up and approved an amended version of **S. 1209** (Bingaman, introduced July 19, 2001), a bill seeking to consolidate and improve the trade adjustment assistance and to provide community-based economic development assistance for trade-affected communities.

S.Amdt. 3386 (Daschle), an amendment in the nature of a substitute to H.R. 3009, includes TAA for firms and workers, as well as provisions for fishermen, farmers, and communities affected by foreign trade. Certain controversial measures seeking to extend health care coverage for affected workers are also included in the bill. S.Amdt

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[46]CRS Report RS20210, *Trade Adjustment Assistance for Firms: Economic, Program, and Policy Issues*, by J. F. Hornbeck. CRS Trade Electronic Briefing Book, "Trade Adjustment Assistance for Firms," by J. F. Hornbeck.
[http://www.congress.gov/brbk/html/ebtra57.html].

[47]CRS Report RS 21078, *Trade Adjustment Assistance for Workers: Legislation in the 107th Congress*, by Paul J. Graney. CRS Trade Electronic Briefing Book "Trade Adjustment Assistance for Workers" by Paul Graney and Celinda Franco [http://www.congress.gov/brbk/html/ebtra85.html]. CRS Report 94-801 EPW, *Trade Adjustment Assistance Programs for Dislocated Workers*, by James R. Storey.

3386 also includes Presidential trade promotion authority, along with Trade Adjustment Assistance for firms and workers, Customs reauthorization, amendments to the Arms Export Control Act, and other miscellaneous provisions. The bill is currently being considered in the Senate.

Conclusion

Members of Congress and the Administration have placed trade issues high on the legislative agenda for the 107th Congress. At the beginning of the second session of the 107th Congress, progress has been made in the trade arena, including passing a free trade agreement with Jordan and a bilateral trade agreement on Vietnam, and reaching agreement on safety measures with respect to Mexican cross-border trucking. However, significant issues still remain to be acted on. Some Members have expressed the possibility that an omnibus trade bill may be the vehicle by which the remaining legislation are addressed.

Appendix: Trade Legislation in the 107th Congress

Trade Promotion Authority			
Bill/Sponsor	**Description**	**Legislative Action**	**CRS Products**
H.R. 3005 (Thomas)	To extend trade authorities procedures with respect to reciprocal trade agreements.	October 3, 2001: Introduced. Referred to Committee on Ways and Means and Committee on Rules. October 9, 2001: Committee consideration and mark-up session held. Ordered to be reported (amended), yeas 26, nays 13. H.Rept. 107-249. December 6, 2001: Passed House, yeas 215, nays 214. December 12, 2001: Senate Finance Comittee mark-up session held. December 18, 2001: Legislation in the nature of a substitute approved by Committee. Feb. 28, 2002: Reported by Senator Baucus (S. Rept. 107-139). Placed on Senate legislative calendar under general orders. SEE ATPA (H.R. 3009)	CRS Report RL31178, *Trade Promotion Authority (Fast-Track): Labor Issues (including H.R. 3005 and H.R. 3019)*, by Mary Jane Bolle CRS Report RL31196, *Trade Promotion (Fast-Track) Authority: H.R. 3005 Provisions and Related Issues*, coordinated by Lenore Sek CRS Report RL31192, *Trade Agreement Implementation: Expedited Procedures and Congressional Control in Existing Law*, by Richard S. Beth CRS Report RS20039, *Fast Track Implementation of Trade Agreements: Issues for the 107th Congress*, by Lenore Sek CRS Report RS21004, *Fast Track Negotiating Authority and Trade Promotion Authority: Chronology for Major Votes*, by Carolyn C. Smith CRS Issue Brief IB10084, *Trade Promotion Authority (Fast-Track Authority for Trade Agreements): Background and Developments in the 107th Congress*, by Lenore Sek CRS Report 97-896, *Why Certain Trade Agreements are Approved as Congressional-Executive Agreements Rather Than as Treaties*, by Jeanne J. Grimmett CRS Report 97-817, *Agriculture and Fast Track or Trade Promotion Authority*, by Geoffrey S. Becker and Charles Hanrahan
H.R. 3019 (Rangel, Levin)	To provide fast-track trade negotiating authority to the President.	October 4, 2001: Introduced. Referred to Committee on Ways and Means and Committee on Rules. October 9, 2001: Committee consideration. Disapproved yeas 12, nays 27. Included in H.Rept. 107-249 (additional views).	

Bill/Sponsor	Description	Legislative Action	CRS Products
Trade Agreements and Trade Preferences			
S. 643 (Baucus)	A bill to implement the agreement establishing a United States-Jordan free trade area.	Apr. 4, 2001: Introduced. Referred to Committee on Finance. Jul. 26, 2001: Committee consideration and mark-up. Ordered to be reported with an amendment in the nature of a substitute favorably. Sept. 4, 2001: Finance Committee. Reported by Senator Baucus with an amendment in the nature of a substitute. S.Rept. 107-59.	CRS Report RL30652, *U.S.-Jordan Free Trade Agreement*, by Mary Jane Bolle. CRS Report RS20529, *United States-Israel Free Trade Area: Jordanian-Israeli Qualifying Industrial Zones*, by Joshua Ruebner. CRS Report RS20968, *Jordan-U.S. Free Trade Agreement: Labor Issues*, by Mary Jane Bolle CRS Issue Brief IB93085, *Jordan: U.S. Relations and Bilateral Issues*, by Alfred B. Prados
H.R. 2603 (Thomas)	To implement the agreement establishing a United States-Jordan free trade area.	Jul. 24, 2001: Introduced. Referred to Committee on Ways and Means and Committee on the Judiciary. Jul. 26, 2001: Ways and Means Committee consideration and mark-up session held. Ordered to be reported in the Nature of a Substitute (H.Rept. 107-176, part 1). July 31, 2001: Discharged from Committee on Judiciary. Passed House under suspension of rules, by voice vote. July 31, 2001: Received in the Senate and referred to Committee on Finance. Sept. 24, 2001: Discharged by Senate Finance Committee by unanimous consent. Passed Senate without amendment by voice vote. Sept. 28, 2001: Signed by President. Became P.L. 107-43.	

Bill/Sponsor	Description	Legislative Action	CRS Products
H.J.Res. 51 (Armey)	Approving the extension of nondiscriminatory treatment with respect to the products of the Socialist Republic of Vietnam.	June 12, 2001: Introduced. Referred to Committee on Ways and Means. Jul. 26, 2001: Committee consideration and mark-up session held. Ordered to be reported by voice vote. Sept. 5, 2001: Reported (H.Rept. 107-198). Placed on Union Calendar. Sept. 6, 2001: floor consideration in House. Passed in House by voice vote. Sept. 10, 2001: Received in Senate. Oct. 3, 2001: Passed Senate without amendment Yeas 88, Nays 12. Oct. 16, 2001: Signed by President. Became P.L. 107-52.	CRS Report RL30416, *The Vietnam-U.S. Bilateral Trade Agreement*, by Mark E. Manyin CRS Report RL30896, *Vietnam's Labor Rights Regime: An Assessment*, by Mark Manyin CRS Report RS20717, *Vietnam Trade Agreement: Approval and Implementing Procedure*, by Vladimir N. Pregelj CRS Report 98-545 E, *The Jackson-Vanik Amendment: A Survey* , by Vladimir N. Pregelj CRS Issue Brief 98033, *The Vietnam-U.S. Normalization Process*, by Mark Manyin CRS Issue Brief IB93107, *Normal-Trade-Relations (Most-Favored-Nation) Policy of the United States*, by Vladimir N. Pregelj
H.J.Res. 55 (Rohrabacher)	Disapproving the extension of the waiver authority contained in section 402(c) of the Trade Act of 1974 with respect to Vietnam.	June 21, 2001: Introduced. Referred to Committee on Ways and Means July 12, 2001: Committee consideration and mark-up session held. Ordered to be reported adversely by voice vote. July 23, 2001: Reported adversely H.Rept. 107-154. July 26, 2001: Failed on passage in House (Roll no. 275, 91 yeas-324 nays).	

Bill/Sponsor	Description	Legislative Action	CRS Products
H.J. Res. 50 (Rohrabacher)	Disapproving the extension of the waiver authority contained in section 402(c) of the Trade Act of 1974 with respect to the People's Republic of China.	Jun. 5, 2001: Introduced. Referred to Committee on Ways and Means. Jul. 12, 2001: Cte. consideration and mark-up session held. Ordered to be reported adversely by voice vote. Jul. 18, 2001: Reported adversely by Cte. on Ways and Means. H. Rept. 107-145. Jul. 19, 2001: Consideration initiated pursuant to the order of the House. On passage–failed by the yeas and nays 169 - 259 (Roll no. 255).	CRS Report RL30225, *Most-Favored-Nation Status of the People's Republic of China*, by Vladimir N. Pregelj CRS Report 98-545 E, *The Jackson-Vanik Amendment: A Survey*, by Vladimir N. Pregelj CRS Report RS20139, *China and the WTO*, by Wayne M. Morrison CRS Report RS20691, *Voting on NTR for China Again in 2001, and Past Congressional Decisions*, by Kerry B. Dumbaugh. CRS Issue Brief 98018, *China-U.S. Relations*, by Kerry B. Dumbaugh CRS Issue Brief 98014, *China's Economic Conditions: Issue Brief*, by Wayne M. Morrison CRS Issue Brief IB93107, *Normal-Trade-Relations (Most-Favored-Nation) Policy of the United States*, by Vladimir N. Pregelj CRS Issue Brief 91121, *China-U.S. Trade Issues*, by Wayne M. Morrison
H.R. 3553 (Thomas)	To provide for the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of the Russian Federation.	Dec. 20, 2001: Introduced. Referred to the Committee on Ways and Means.	CRS Report 98-545 E, *The Jackson-Vanik Amendment: A Survey*, by Vladimir N. Pregelj. CRS Report 96-463 E, Country Applicability of the U.S. Normal Trade Relations (Most-Favored-Nation) Status, by Vladimir N. Pregelj. *See also* applicable CRS reports on individual countries.
S. 1861 (Lugar)	To authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Russia.	Dec. 20, 2001: Introduced. Referred to Senate Finance Committee.	
H.R.1318 (Pitts)	To authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Kazakhstan.	Mar. 29, 2001: Introduced. Referred to Committee on Ways and Means. Apr. 16, 2001: Referred to Trade Subcommittee.	
H.R. 3440 (Rohrabacher)	To extend nondiscriminatory treatment to the products of Afghanistan.	Dec. 10, 2001: Introduced. Referred to Committee on Ways and Means.	
H.R. 3939 (Kaptur)	To authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Ukraine.	Mar. 12, 2002: Introduced. Referred to Committee on Ways and Means.	
H.R. 3979 (Pitts)	To provide for the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of the Republic of Uzbekistan	Mar. 14, 2002: Introduced. Referred to Committee on Ways and Means.	

Bill/Sponsor	Description	Legislative Action	CRS Products
H.R. 796 (Rangel)	To normalize trade relations with Cuba, and for other purposes.	February 28, 2001: Introduced. Referred to House Committee on Ways and Means. Mar. 8, 2001: Referred to Trade Subcommittee.	
S. 401 (Baucus)	A bill to normalize trade relations with Cuba, and for other purposes.	February 27, 2001: Introduced. Referred to Senate Finance Committee.	
S. 525 (Graham)	A bill to expand trade benefits to certain Andean countries, and for other purposes.	Mar. 13, 2001: Introduced. Referred to Committee on Finance Apr. 6, 2001: Star print ordered on. Dec. 14, 2001: Language of S. 525, with modifications, reported by Senate Finance Committee as an amendment in the nature of a substitute for H.R. 3009. S. Rept. 107-126.	CRS Report RL30790, *The Andean Trade Preference Act: Background and Issues for Reauthorization*, by J.F. Hornbeck. CRS Report RL30971, *Latin America and the Caribbean: Legislative Issues in 2001*, coordinated by Larry K. Storrs. CRS Report RL31016, *Andean Regional Initiative (ARI): FY2002 Assistance for Colombia and Neighbors*, by Larry K. Storrs and Nina Maria Serafino. CRS Issue Brief IB88093, *Drug Control: International Policy and Options*, by Raphael Perl. CRS Issue Brief 95017, *Trade and the Americas*, by Ray Ahearn.
H.R. 3009 (Crane)	To extend the Andean Trade Preference Act, to grant additional trade benefits under that Act, and for other purposes.	Oct. 3, 2001: Introduced. Referred to Committee on Ways and Means. Oct. 5, 2001: Committee consideration. Ordered to be reported, as amended, by voice vote. Nov. 16, 2001: Passed House by voice vote. Received in Senate. Nov. 29, 2001: Senate Finance Committee consideration and mark-up. Dec. 14, 2001: Reported by Senator Baucus with an amendment in the nature of a substitute. S. Rept. 107-126. Apr. 25, 2002: Cloture motion introduced on motion to proceed. Apr. 29, 2002: Cloture invoked by Senate (yeas 69, nays 21) Apr. 30, 2002: Motion to proceed considered. May 1, 2002: Motion to proceed agreed to (yeas 77, nays 21). Committee substitute amendment withdrawn. S.Amdt,. 3386 (Daschle) introduced. Considered in Senate.	

Bill/Sponsor	Description	Legislative Action	CRS Products
S. 1671 (Baucus)	A bill to amend the Trade Act of 1974 to provide for duty-free treatment under the Generalized System of Preferences (GSP) for certain hand-knotted or hand-woven carpets and leather gloves.	Nov. 9, 2001: Introduced. Referred to Committee on Finance.	CRS Report RS20063, *U.S.-Sub-Saharan Africa Trade and Investment: Programs and Policy Direction*, by Lenore Sek. CRS Report 96-389 E, *Generalized System of Preferences*, by William H. Cooper.
H.R. 3010 (Crane)	To amend the Trade Act of 1974 to extend the Generalized System of Preferences until December 31, 2002.	Oct. 3,2001: Introduced. Referred to Committee on Ways and Means. Oct 5, 2001: Committee consideration and markup session held. Oct. 15, 2001: Reported (H.Rpt. 107-245) Oct. 16, 2001: placed on Union Calendar (Calendar No. 150).	
Legislation Affecting Exports			
S. 149 (Enzi)	A bill to provide authority to control exports, and for other purposes.	Jan. 23,2001: Introduced. Referred to Cte. on Banking, Finance, and Urban Affairs. Feb. 7 and 14, 2001: Hearings held. Apr. 2, 2001: Reported out of Cte. Report 107-10. Apr. 26, 2001: Debated in Senate. Sept. 4, 2001: Measure laid before the Senate by Unanimous Consent. Sept. 5, 2001: Considered by Senate. Sept. 6, 2001: Passed by Senate with an amendment (Yeas 85, Nays, 14; Record Vote No. 275). Sept. 10, 2001: Message on Senate action received in House. Received by House. Held at the desk.	CRS Report RL31175, *High Performance Computers and Export Control Policy*, by Glenn McLoughlin and Ian F. Fergusson. CRS Report RL30689, *The Export Administration Act: Controversy and Prospects*, by Ian F. Fergusson. CRS Report RL30430, *Export Controls: Analysis of Economic Costs*, by Craig K. Elwell CRS Report RL30273, *Encryption Export Controls*, by Jeanne J. Grimmett CRS Report RL30169, *The Export Administration Act of 1979 Reauthorization*, coordinated by Ian F. Fergusson CRS Report 98-116 F, *Nuclear, Biological, Chemical, and Missile Proliferation Sanctions: Selected Current Law*, by Dianne E. Rennack.

Bill/Sponsor	Description	Legislative Action	CRS Products
H.R. 2581 (Gilman)	To provide authority to control exports, and other purposes	July 20, 2001: Introduced. Referred to House International Relations Committee and House Rules Committee Aug. 1, 2001: International Relations Committee consideration and mark-up session held. Ordered to be reported (yeas 26, nays 7). Nov. 16, 2001: Reported by International Relations Committee (H. Rept. 107-297, part I) March 8, 2002: Reported, amended, by Armed Services Committee (H. Rept. 107-297, part II). Discharged from Agriculture, Energy and Commerce, Judiciary, Ways and Means, Rules, and Intelligence Committees. Placed on the Union Calendar (No. 212).	CRS Report RL31175, *High Performance Computers and Export Control Policy*, by Glenn McLoughlin and Ian F. Fergusson. CRS Report RL30689, *The Export Administration Act: Controversy and Prospects*, by Ian F. Fergusson. CRS Report RL30430, *Export Controls: Analysis of Economic Costs*, by Craig K. Elwell CRS Report RL30273, *Encryption Export Controls*, by Jeanne J. Grimmett CRS Report RL30169, *The Export Administration Act of 1979 Reauthorization*, coordinated by Ian F. Fergusson CRS Report 98-116 F, *Nuclear, Biological, Chemical, and Missile Proliferation Sanctions: Selected Current Law*, by Dianne E. Rennack.

Bill/Sponsor	Description	Legislative Action	CRS Products
H.R. 918 (Hall)	To prohibit the importation of diamonds unless the countries exporting the diamonds into the United States have in place a system of controls on rough diamonds, and for other purposes.	March 7, 2001: Introduced. Referred to Committee on Ways and Means and Committee on Financial Services. April 10, 2001: Referred to Subcommittee on International Monetary Policy and Trade.	CRS Report 98-568 E, *Export-Import Bank: Background and Legislative Issues*, by James K. Jackson CRS Trade Electronic Briefing Book Page, *The Export-Import Bank*, by James K. Jackson [http://www.congress.gov/brbk/html/ebtra64.html]
H.R. 1690 (Waters)	To amend the Export-Import Bank Act of 1945 to prohibit the Export-Import Bank of the United States from assisting the export of any good or service to or by any company that is challenging an intellectual property law or government policy of a developing country, which regulates and promotes access to an HIV/AIDS pharmaceutical or medical technology.	May 5, 2001: Introduced. Referred to Committee on Financial Services. May 14, 2001: Referred to Subcommittee on International Monetary Policy and Trade.	
H.R. 2871 (Bereuter)	To reauthorize the Export-Import Bank of the United States, and for other purposes.	Sept.10, 2001: Introduced. Referred to House Committee on Financial Services. Sept. 14: Referred to Subcte. on International Monetary Policy and Trade. Sept. 21: Subcte. consideration and markup held. Forwarded, amended, by subcte. to full committee by voice vote. Nov. 15: Reported, amended, by the Committee on Financial Services (H.Rept. 107-292). Nov. 15: Placed on Union Calendar (No.17	
S. 1372 (Sarbanes)	A bill to reauthorize the Export-Import Bank of the United States.	Jul. 28, 2001: Original measure considered by Committee on Banking, Housing, and Urban Affairs. Aug. 3, 2001: Reported in Senate (No. 107-52). Placed on Senate Legislative Calendar under General Orders. Mar. 14, 2002: Passed Senate with an amendment by Unanimous Consent. Mar. 18, 2002: Message on Senate action received in House. Held at desk.	

Bill/Sponsor	Description	Legislative Action	CRS Products
Legislation Affecting Specific Industries			
H. Con. Res. 46 (Kolbe)	Expressing the sense of the Congress regarding housing affordability and ensuring a competitive North American market for softwood lumber.	Feb. 28, 2001: Introduced. Referred to Cte. on Ways and Means.	CRS Issue Brief IB10081, *Lumber Imports from Canada: Issues and Events*, by Ross W. Gorte and Jeanne Grimmett CRS Report RL30826, *Softwood Lumber Imports from Canada: History and Analysis of the Debate*, by Ross W. Gorte.
S. Con. Res. 4 (Nickles)	A concurrent resolution expressing the sense of Congress regarding housing affordability and ensuring a competitive North American market for softwood lumber.	Jan. 29, 2001: Introduced. Referred to Cte. on Finance.	
H. Con. Res. 54 (Chambliss)	Expressing the sense of Congress regarding the importation of unfairly traded Canadian lumber.	Mar. 7, 2001: Introduced. Referred to Cte. on Ways and Means.	
S. Con. Res. 8 (Snowe)	A concurrent resolution expressing the sense of Congress regarding subsidized Canadian lumber exports.	Feb. 7, 2001: Introduced. Referred to Cte. on Finance.	CRS Issue Brief IB10081, *Lumber Imports from Canada: Issues and Events*, by Ross W. Gorte and Jeanne Grimmett CRS Report RL30826, *Softwood Lumber Imports from Canada: History and Analysis*
H.R. 2181 (DeFazio)	To impose certain restrictions on imports of softwood lumber products of Canada.	June 14, 2001: Introduced. Referred to Committee on Ways and Means. June 20, 2001: Referred to Trade Subcommittee.	
H.R. 808 (Visclosky)	To provide certain safeguards with respect to the domestic steel industry.	Mar. 1, 2001: Introduced. Referred to Cte. on Ways and Means and Cte. on Financial Services and Cte. on Education and the Workforce.	CRS Report RL31107, *Steel Industry and Trade Issues*, by Stephen Cooney. CRS Electronic Briefing Book: *Trade.* "Steel: Trade and Industry Issues" by Stephen Cooney [http://www.congress.gov/brbk/html/ebtra126.html]
H.J. Res 84 (Jefferson)	Disapproving the action taken by the President under section 203 of the Trade Act of 1974 transmitted to the Congress on March 5, 2002.	Mar. 7, 2002: Introduced. Referred to Cte. on Ways and Means. May 7, 2002: Reported adversely by Cte. on Ways and Means. Rules Cte. resolution H. Res. 414 introduced. May 8, 2002: H. R.es. 414 passed House. Pursuant to the resolution, H. J. Res. 84 is laid on the table.	
H.R. 3982 (Traficant)	To apply recently imposed tariffs on steel imports towards assistance for displaced steel workers and retirees.	Mar. 14, 2002: Introduced. Referred to Cte. on Ways and Means, Cte. on Education and the Workforce, and Cte. on Energy and Commerce.	
S. 910 (Rockefeller)	To provide certain safeguards with respect to the domestic steel industry.	May 17, 2001. Introduced. Referred to Senate Cte. on Finance.	

Bill/Sponsor	Description	Legislative Action	CRS Products
S. 957 (Wellstone)	A bill to provide certain safeguards with respect to the domestic steel industry.	May 24, 2001: Introduced. Referred to Senate Cte. on Finance.	
Trade Remedies and Other Administrative Reform			
H.R. 518 (Regula)	To amend the Trade Act of 1974, and for other purposes.	Feb. 7, 2001: Introduced. Referred to Cte. on Ways and Means.	CRS Report RL30461, *Trade Remedy Law Reform in the 107th Congress*, by William H. Cooper. CRS Trade Electronic Briefing Book, *Antidumping and Countervailing Duties*, by Jeanne J. Grimmett [http://www.congress.gov/brbk/html/ebtra67.html] CRS Trade Electronic Briefing Book, Section 201 of the Trade Act of 1974, by Jeanne J. Grimmett [http://www.congress.gov/brbk/html/ebtra68.html]
H.R. 3557 (Thomas)	To repeal the antidumping provisions contained in the Act of September 8, 1916.	Dec. 20, 2001: Introduced. Referred to Cte. on the Judiciary.	
H.R. 2299 (Rogers)	Making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 2002, and for other purposes. (Section 350 of the conference report contains the compromise language on Mexican cross-border trucking)	Jun 22, 2001: Reported by House Committee on Appropriations as an original measure (H. Rept 107-108). June 26, 2001: Passed by House, yeas 426, nays 1(Roll No. 194). Aug. 1, 2001: Passed Senate with an amendment by Unanimous Consent. Oct.25, 2001: Senate insists on its amendment and appoints conferees. Oct. 31, 2001: House appoints and moves to instruct conferees (voice vote). Nov. 30, 2001: Conference Report (H.Rept. 107-308) filed. Nov. 30, 2001: Conference Report agreed to in House, yeas 371, nays 11 (Roll No. 465). Dec. 4, 2001: Conference Report agreed to in Senate, yeas 97, nays 2 (Record Vote No. 346). Dec. 18, 2001: Signed by President. Became P.L. 107-87.	CRS Report RL31028, *North American Free Trade Agreement: Truck Safety Considerations*, by Paul Rothberg.

Bill/Sponsor	Description	Legislative Action	CRS Products
S. 1209 (Bingaman)	A bill to amend the Trade Act of 1974 to consolidate and improve the trade adjustment assistance programs, to provide community-based economic development assistance for trade-affected communities, and for other purposes.	July 19, 2001: Introduced. Referred to Senate Committee on Finance. Dec. 4, 2001: Considered by Committee on Finance. Ordered to be reported with an amendment in the nature of a substitute favorably. Feb. 4. 2002: Reported by Senator Baucus. S. Rept. 107-134. Placed on Senate Legislative Calendar under General Orders.	
H.R. 3008 (Johnson)	To reauthorize the trade adjustment assistance program under the Trade Act of 1974, and for other purposes.	Oct. 3, 2001: Introduced. Referred to Committee on Ways and Means. Oct. 5, 2001: Committee Consideration and Mark-up Session Held. Ordered to be reported by voice vote. Oct. 16, 2001: Reported by Cte. H.Rpt. 107-244. Dec. 6, 2001: Considered under suspension of the rules. On motion to suspend the rules and pass the bill, yeas 420, nays 3, present 1 (Roll No. 477). Received in Senate. Referred to Committee on Finance. SEE ATPA. (H.R. 3009)	