U.S. INTERESTS IN THE WTO AND THE DOHA ROUND

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Mr. Chairman, Senator Bingaman and Members of the Subcommittee:

Thank you very much for inviting my testimony this afternoon. By way of introduction, I am Director of the Project on Trade and Global Markets at the Progressive Policy Institute, or PPI. PPI is a non-profit think-tank based in Washington, DC, conducting research and policy development in areas ranging from crime and public safety to technology, national defense, foreign policy, health, social policy and other issues. I am honored and especially pleased to testify today, as the Subcommittee has called this hearing at a moment of special importance for American trade policy.

The WTO's Hong Kong Ministerial, scheduled for December 13-18, 2005, marks a key juncture in the Doha Development Agenda – the trade negotiations which began in 2001 and are informally known as the "Doha Round." These are the first comprehensive trade negotiation since creation of the WTO itself in 1994. Their outcome is of central importance to American trade interests for several broad policy reasons:

- **Export opportunities:** American agricultural producers and services firms are among the U.S.' most competitive exporters, and also those most impeded by trade barriers, subsidies and lack of transparency overseas. Barriers to American manufacturing exporters are lower, but still common in major developing countries. The Doha talks are the best opportunity to address all of them, especially in major markets like the European Union, China, Japan and India.

- **Development and poverty reduction:** The Doha mandate envisions (among much else) broad agricultural reform, and steep reduction or elimination of tariffs in non-agricultural products, including products such as shoes, clothes and other life necessities long excluded from trade negotiations. This can create growth opportunities for poor countries – especially Asian and majority-Muslim states like Afghanistan, Bangladesh, Cambodia, Mongolia, Nepal and Pakistan – and raise living standards for low-income American families.

- **Strategic interest:** A stable and open trading system is important to the U.S. as the world's largest importer and exporter. As a superpower with global security interests, the United States also requires a stable global economy that keeps markets open in the event of financial crisis or supply shock, gives countries a stake in one another's security and prosperity, and thus complements our defense and foreign policies. A successful Doha Round will help secure these interests, while a deadlock may put them in question.

The Doha talks gain added importance in an environment which mixes rapid global growth and trade expansion with considerable pressure on U.S. trade policy. China and India are emerging as powerful competitors to the U.S. and other industrial economies, and global trade and capital imbalances have risen sharply. There is no reason to believe the U.S. cannot meet these challenges, through close attention to the competitiveness of American businesses, commitments to research and education, worker adjustment and skill development, public and private finance, enforcement of existing trade commitments and other measures. But as this proceeds, a strong, rules-based trading system that keeps markets open to U.S. exports, helps us find new sources of growth by enforcing commitments and opening new markets, and creates a more stable global economy is all the more important.

The Subcommittee has thus chosen a very appropriate time to focus attention on the basic purposes and capacities of the WTO, as well as its current negotiating agenda. And before turning to specific issues, therefore, let me begin with some background.

BACKGROUND: TRADING SYSTEM FROM 1945 TO 2005

The WTO is now nearly eleven years old, dating from its creation on January 1st, 1995. Though a relatively young institution, it is only the most recent institutional expression of an American policy now entering its seventh decade – one which, like NATO membership or the UN system, has helped promote growth and keep the peace among great powers since the Second World War.

1. Background 1945-2005

The modern system can be traced back to Franklin Roosevelt's last message to Congress, written in March of 1945. This letter observes that, as the war approached its end, "the point in history at which we stand is full of promise and danger. The world will either move toward unity and widely shared prosperity, or it will move apart." Roosevelt viewed the closure of the global economy in the 1930s as having not only prolonged the Depression, but intensified the political tension of the era. Calling for the opening of the first postwar trade negotiations, the letter terms reintegration of the world economy through trade liberalization a chance to "lay the economic basis for the secure and peaceful world we all desire."[1]

The resulting talks led to the first in a series of eight multilateral trade agreements through the GATT system of 1947-1994, and four more recently through the WTO.[2] Each year, two countries on average have joined the system as the 23 members of the first GATT talks have grown through "accession" negotiations to today's 148 WTO members. Together, the agreements and accessions have meant an ambitious effort, consistent across twelve administrations of both parties, to fulfill Roosevelt's hope.

Sixty years later, the WTO now includes all but one of the world's twenty largest economies, and its members account for 96 percent of global trade. (As well as 96 percent of American imports and 98 percent of American exports.) The proportion will approach 100 percent in the next five years, as most major trading nations still outside the system have applied to join the group – examples range from Afghanistan and Algeria to Ethiopia, Lebanon, Russia, Saudi Arabia, Ukraine and Vietnam – and no country has chosen to leave the organization.

The WTO's issue coverage is almost equally broad. WTO members participate in twenty separate agreements, ranging from tariff policy – where over sixty years, tariffs have dropped by 90% on average among wealthy countries – to farm subsidies, sanitary and phytosanitary standards, industrial subsidies, anti-dumping and safeguards, technical barriers to trade, intellectual property rights, customs valuation, services generally, along with financial services and basic telecommunications in particular.

In more practical terms, the closed economy of the Depression era has long since vanished, with trade growing rapidly in absolute terms and also relative to the American and world economies. (Since 1950, imports and exports have risen from 11 percent to as much as 45 percent of world GDP, and from 7 percent to 25 percent of American GDP.) As this has proceeded, the world's division of labor has become more sophisticated, once-poor countries in Asia and Latin America have developed into modern industrial societies, and living standards risen as the price of goods has fallen.

The political effects are subjective and difficult to judge. It is interesting to find, however, that a study published in October 2005 by the University of British Columbia's Center for Human Security reveals a sharp decline in the number of international wars and crises since 1980. The study observes – as one partial explanation among others, such as the ends of the Cold War and colonialism, and the deterrent capacity of superpowers – that economic incentives for conflict have waned. Most governments believe "the most effective path to prosperity in modern economies is through increasing productivity and international trade, not through seizing land and raw materials," and that "the existence of an open global trading regime means it is nearly always cheaper to buy resources from overseas than to use force to acquire them."[3]

2. The Future Agenda

Nonetheless, the trade agenda remains challenging and full. Some old issues, in particular agricultural trade and light-industry tariffs, remain unsettled despite the series of postwar trade negotiations. New issues, meanwhile, have emerged from geopolitical change, the evolution of technology, development in poor countries and civil society concerns.

The WTO should not be the only option for the U.S. as we address these issues. Some of them, notably the growth of trade and financial imbalances and the competitive challenge emerging from Asian integration, are better suited to a blend of international financial policy, domestic policy, and regional trade policy than to a long multilateral negotiation. Others, such as inter-American relations, the decline in the Muslim world's share of global trade, and some labor and environmental issues, can addressed only slowly or partially at the WTO, and require smaller bilateral agreements and preferences programs as well.

Nor is the Doha Round the only option we have at the WTO itself. Some of America's major commercial interests, such as EU subsidies for civil aircraft or Chinese intellectual property rights enforcement, are questions of implementation and enforcement rather than of new commitments. Others, in particular the economic fragmentation and relative decline of the Middle East, will be met at least as much through the accession of new members as through the Doha Round.

But this said, the Doha Round is the central venue for some of America's top priorities and the world's most pressing issues. It is the only forum in which we deal with all the large economies – Europe, Japan, China, India, Brazil and others – that account for most world and U.S. trade.[4] It is the only forum in which very poor countries can assert their own interests. And it is the only option for dealing with problems – for example overseas farm and fishery subsidies – that require global solutions. Thus the Doha Round is the central forum for some truly major U.S interests, and for genuinely global trade reform.

The negotiation has been underway for four years. December's Ministerial Conference in Hong Kong, at which WTO members hope to agree on the outlines of agricultural trade reform and make progress on non-agricultural market access and services trade, is a critical point. Success will form a foundation for conclusion of the round next year and ratification in 2007, before the expiration of the Bipartisan Trade Promotion Act and the revisions of the 2002 farm bill. Failure of course will raise questions about the ability of the WTO to address these issues. America's stake in the outcome is profound, whether one hopes to find export opportunities, reduce poverty in the U.S. and abroad, make progress on trade-related environmental matters, or fundamentally strengthen the open, stable world economy that the United States needs.

Let me address each of these points in turn.

U.S. EXPORT OPPORTUNITIES

First, the Round can create badly needed export opportunities for America. While a short-term rebalancing of American trade accounts will require more financial, currency and budget policy than trade policy per se, over the long term the Doha Round can help the U.S. move to a healthier path of export-intensive growth in agriculture, services and manufacturing.

Agriculture: American farmers are exceptionally efficient and already highly successful exporters. A general commitment to reform, including reduction of domestic supports, lower tariffs and relaxation of quotas, should therefore be in the interest of American farmers and ranchers as well as consumers.

American domestic support and export subsidy programs are lower overall than those of Europe and Japan, and lower relative to GDP or agricultural production than those of smaller economies like Switzerland, Norway and South Korea. Supports also do not apply to some major U.S. farm and ranch products, such as fresh produce, fruits and berries, wines, meats and other goods. By contrast, the European Union's Common Agricultural Policy applies to an almost comprehensive range of products. The EU's most recent notification, for example, lists support programs totaling 39.3 billion euros (roughly $46 billion at current rates) and an almost comprehensive list of forty-nine products. Examples range from 9.7 billion euros for beef to 4.4 billion for butter, 1.6 billion euros for barley, 535 million for cucumbers, 1.9 billion for tomatoes, 195 million for artichokes and so on. This does not include spending in blue-box and green-box subsidy categories. U.S. market access barriers are also relatively low. Agricultural tariff rates on average are well below those of Europe, Japan and major developing-country markets, and the U.S. also retains fewer very high tariffs than most. Fundamentally, in a more open global market American farmers should do better.

The general public as well as producers have an interest in a successful agricultural agreement for several reasons. A healthy farm sector is a major supporter of non-farm jobs, industries like farm equipment and chemicals, and tax bases in rural communities. Lower farm program spending will mean some reduction in budget deficits. Tariff cuts and eased quotas, finally, will bring lower supermarket prices for families in some highly protected areas.

Agricultural reform is the political heart of the Doha Round, and the top priority of many developing countries and Cairns Group members as well as the United States. The Hong Kong Ministerial's chief goal is design of an acceptable blueprint (though not a final agreement) for this topic. Success will require full participation from all of the world's major industrial countries. The U.S. has made an ambitious proposal for lower subsidies and tariff cuts, which to date neither Europe nor Japan has been willing to match. The burden will be upon these WTO members to ensure a successful meeting.

Services: Services over the long term represent one of America's largest commercial export opportunities. The U.S. is already by far the world's largest services exporter, with nearly $300 billion in 2004, or almost a third of total U.S. exports. 'Exports' of education, principally through fees paid by foreign students at American universities, already account for $13 billion a year, as much as weapons exports or grain exports. Within the U.S., however, commercial services account for the bulk of private-sector GDP and employment. These include very high-wage and high-skill businesses, ranging from software to film, banking, insurance, express delivery and distribution generally, newly developing Internet- and satellite-based services like GPS and commercial satellite photography, the professions, consultancies, computer and database services and so on.

All are successful exporters and can expand exports quickly as barriers to establishment and cross-border trade drop. The potential is evident in the fact that over time, commercial services trade has been growing more rapidly than merchandise trade despite frequently closed markets. Based on the trends of the past fifteen years, U.S. services exports may equal manufacturing, natural resource and agricultural exports combined by the 2020s. This is a sector in which the U.S. has enjoyed a long-standing trade surplus. To date the services talks have moved slowly, reflecting the centrality of agriculture to the round and also the greater complexity of services trade policy. The Hong Kong Ministerial should begin to focus members' attention on this topic and set the stage for intense talks and improved offers on services in 2006.

Manufacturing: Finally, while American manufacturing exporters encounter fewer barriers to exports than in the past, considerable problems still remain in some particular sectors and in many large developing countries. Latin American tariffs often remain high on information technology goods like semiconductor chips and computers. India has sharply reduced tariffs in the past two years, but has not bound its cuts. Subsidies remain high and capable of distorting markets in newer WTO members, perhaps China in particular. Product standards can also reduce exports even in rich-country markets, though these issues can often be addressed through bilateral talks as well as the WTO.

A successful Doha Round can therefore open export opportunities for a variety of American manufacturing businesses and workers. One notable example is medical technologies and pharmaceuticals, whose place in U.S. trade is already large and will grow rapidly as the world population ages, especially in Europe and East Asia. Another is the fact that with removal of textile quotas, U.S. fabric and yarn mills will need to look abroad for markets and often face extremely restrictive trade regimes. Environmental technologies can be another major potential beneficiary of the Doha talks, as are chemicals, wood products, and other industries.

II. POVERTY REDUCTION AND DEVELOPMENT

Export goals, however, are not the only potential benefit of a successful Doha Round. Trade barriers in the U.S. as well as most other countries remain highest on the goods most important to very poor countries and to poor families at home. This is one of the principal failings of previous multilateral trade agreements, and the Round is a chance to fix it.

Agricultural tariffs and subsidies have received the most attention in this context. Ugandan President Yoweri Museveni's comment at the 2002 World Food Summit is a good example. He observes that his country – as a mountainous place with mild summers and temperate winters – might hope to sell cheese and butter around the world. But $11 billion in global dairy subsidies, a sum greater than the entire Ugandan national economy, means Ugandan dairy farmers sell none of their produce abroad. Museveni's judgment is that:

> "By blocking value-added products, our partners in the world kill the following opportunities: ability to earn more foreign currency, employment, enhancing the purchasing power of the population, expanding the tax base for the governments of Africa and the chance to transform African societies from the backward, pre-

> industrial states – in which they are now – to modern ones by building a middle class and a skilled working class."[5]

Tariff policies in light industry have received less attention. Here, however, the Doha Round offers a unique opportunity to reshape American policies, not only to assist poor countries overseas but to lift a heavy tax burden on America's own poor families.

America's tariff system raises $22 billion annually – a bit less than 1% of total revenue – and is thus America's smallest major federal tax. The average U.S. tariff rates, at about 1.6%, are very low. But these aggregate figures disguise a remarkably regressive and inequitable system.

Tariffs are gone, or minimal, on vast swathes of goods: information technologies, medical equipment, airplanes, metals, petroleum, wood and so on. They remain very high, however, on a narrow slice of goods bought mainly by poor people, in particular shoes and clothes. Tariffs on these goods are routinely 10%, 20%, 30% and sometimes more – and are systematically higher on cheap consumer goods than on luxuries. Cheap polyester and acrylic clothes, for example, have much higher tariffs than cotton and wool clothes, which in turn have higher tariffs than silks and cashmeres.

Cheap sneakers are the extreme case, but are illustrative. They are bought almost exclusively by poor families, and none have been made in the United States for several decades. But they receive the highest tariff rates in the American schedule. Sneakers costing $3 or less receive a 48% tariff, which is not only passed directly to families in stores but magnified by retail markups and state sales taxes. Italian shoes, by contrast, have tariff rates of 8.5% and 10%.

In total, shoes and clothes raise over $9 of the annual $22 billion in tariff revenue. A few other household goods such as drinking glasses, linens, silverware, plates, cups and luggage add almost $2 billion more. Together, this relatively limited set of goods – no more than 10% of total imports – accounts for half of all tariff collection. As with sneakers, retail markups and sales taxes mean the actual cost of the system to families is hard to determine, but much higher than the revenue to governments.

At home, this system's heavy taxation of life necessities means it is uniquely focused on poor families with children, and on single-mother families in particular.[6] Abroad, while a modest barrier for most of America's large trading partners, it hits a number of poor Asian states and Muslim countries – examples range from Cambodia and Bangladesh to Turkey, Egypt and Pakistan – very hard. While most big countries, from Japan and China to Norway and the UK, see average tariffs between 0.5% and 3.5%, the average tariff on Cambodian goods is almost 16%, or ten times the average rate. Likewise, as the table below notes, the Customs Bureau routinely collects more money on small volumes of Bangladeshi hats, T-shirts, sweaters and other simple goods than on much larger volumes of French luxuries and technologies or Saudi oil.

TARIFF COLLECTION JANUARY-AUGUST 2005

Country	Total Imports	Goods	Tariff Revenue	Rate
Bangladesh	$1.7 billion	Clothes	$254 million	14.9%
France	$21.9 billion	Computers, wine airplane parts, etc.	$238 million	1.1%
Cambodia	$1.1 billion	Clothes	$172 million	15.8%
Saudi Arabia	$16.7 billion	Oil	$39 million	0.2%

The reform of these policies is long overdue. The same is true for almost all other WTO members, virtually all of whom (the main exceptions are Singapore and Hong Kong) reserve their highest tariff rates for clothes, shoes and food.

An important point to note is that large middle-income and developing countries can have even sharper skews against the poor. For example, as valuable as U.S. tariff reform could be for Bangladesh, binding reform of the Indian trade regime might do even more. In 2003, Bangladesh was able to export more than $1.5 billion worth of clothes to the U.S. despite high tariffs. The figure this year will be considerably higher. Bangladeshi exports to India, meanwhile, yielded only $55 million despite a long common border and common language,[7] as India's tariff regime at the time was not only restrictive but prohibitive, imposing a series of flat fees equivalent to 100% or 200% tariffs on the cheap garments supplied by Bangladesh, Nepal and Sri Lanka. Recent reforms in India have improved the situation, and a proposed South Asian Free Trade Agreement may do more in time, but the reforms remain unbound and subject to withdrawal at any time. Similar anecdotes can be drawn from other major middle-income and developing countries such as Brazil, Egypt, Nigeria, China and others.

A trade negotiating round intended to help the poor and promote development will fully succeed only if these countries as well as wealthy nations accept responsibilities. In this context, the United States' 2002 proposal for commitment by the major WTO members to eliminate all non-agricultural tariffs remains an important one and one that in my view is well worth support.

III. FISHERIES REFORM

Third, the round offers an opportunity to reform a sector especially important on environmental grounds. Studies of global fisheries almost universally confirm a sharp drop in the number of large fish – one survey suggests a 90 percent drop since the 1950s – as fishing fleets have grown and adopted new technologies. Well over half of global fishing grounds are reported depleted or overfished. Government attempts to restrict fishing in some grounds to support recovery, meanwhile, are offset by other government subsidies to fishery fleets – through direct payments, access payments to low-income governments, low-interest loans for refitting boats and so forth – that contribute to overfishing.

The estimates of these subsidies range as high as $14-$20 billion per year, in a world fishery trade market valued at below $60 billion annually. As in the case of farm subsidies, the Doha Round provides an opportunity for all governments to cooperate in minor sacrifices by eliminating subsidies that contribute to over-fishing. This will help conserve an essential resource, and may provide a valuable model for future approaches to trade and environmental issues.

IV. STRATEGIC INTERESTS

Finally, and especially in the context of a difficult domestic environment for trade policy, it is always important to remember that the United States has larger interests at stake as the Doha Round proceeds.

America is the world's leading trading nation, both as an exporter and an importer. Ten percent of American GDP goes to foreign markets, including much larger fractions of manufacturing and farm production. American factories and farms also rely on low-cost inputs of raw materials and parts to remain competitive and function efficiently. In purely economic terms, therefore, we have a vital interest in the stable, open world economy the WTO helps to guarantee.

This is equally true, or more so, in a political sense. In a larger sense, the United States is the world's leading great power with vital interests in each major region of the world. More than any other country, therefore, we benefit from a trading system that facilitates the broadly shared growth, provides safeguards in the event of economic shock, and helps keep relationships among great powers stable. This was President Roosevelt's observation in the 1930s and 1940s. Each President since has agreed. The point has been highlighted several times in recent years - in 1997-1999 by the ability of the global economy to withstand the shock of the Asian financial crisis; and this year, as Ministers meet in Hong Kong, by the role of WTO accession in the very large task of integrating China into a world of mutual interest, shared benefit and the rule of law.

The WTO, though some of its agreements have shortcomings and some procedures are not good enough, helps secure these very large interests for the United States and the world. Success in the Doha Round will help to ensure that it remains able to fulfill this vital role as years pass and the global economy changes.

FINAL POINT: ADJUSTMENT

Before closing, let me make one final point. America's commitment to a strong multilateral trade system and an open economy is amply justified, but needs to be balanced by domestic policies that help young people, workers, farmers and businesses meet the challenges a more competitive world creates.

Reducing trade barriers does not imply overall job loss or higher unemployment. For example, in the ten years since 1995, when the WTO was created (and the U.S. began phasing in NAFTA commitments), American unemployment rates have dropped below rates typical of the 1980s and 1970s, growth has been somewhat higher, and inflation has remained muted.

Nor does preserving trade barriers correlate with job preservation, as experience with cheap sneakers demonstrates.

But trade does bring change in the economy and with it some displacement. Studies by the GAO and other groups also tend to find that trade-related layoffs seem to affect people who are on average older, less educated and sometimes more rural than the average dislocated worker. Thus trade-related layoffs may affect a more vulnerable group of people than average, and the dislocated workers may require more support than most. The Committee's work to improve and broaden the Trade Adjustment Assistance program is therefore to be applauded. GAO reports and other research since the last revision of the TAA program in 2002 indicate, however, that TAA still has some evident flaws and could serve more people than it does. Further attention may well be justified in coming years.

CONCLUSION

Mr. Chairman, Mr. Ranking Member, thank you very much for this opportunity to testify before the Subcommittee. I am pleased to answer any questions you may have.

APPENDIX: U.S. TARIFF RATES AND EFFECTS ABROAD

1. SAMPLE U.S. TARIFFS ON CHEAP GOODS AND LUXURIES

PRODUCT	TYPE	TARIFF RATE	HTS Number
Men's Shirts:	Synthetic Fiber	32%	61052020
	Cotton	19.7%	61051000
	Silk	0.9%	61059040
Ladies' Underwear	Polyester	16%	62089200
	Cotton	11.2%	62089130
	Silk	1.1%	62089930
Sweaters	Acrylic	32%	
	Wool	16%	61101900
	Cashmere	4%	61101210
Shoes:	Men's dress leather	8.5%	64039960
	Sneakers over $20/pair	20%	64041190
	Sneakers under $3.00/pair	48%	64041150
Drinking Glasses	Leaded crystal, over $5/apiece	3%	70132150
	Plain glass, $3 - $5 apiece	7.5%	70132950
	Plain glass, 30 cents or less apiece	28.5%	70132910
Forks	Silver-plated	0%	82159130
	Steel, above $0.25 apiece	8.5%+0.5c	82159905
	Steel, below $0.25 apiece	15.8%+0.9c	82159901

2. U.S. TARIFFS ON TOP 100 GOODS[8] IMPORTED FROM WORLD & 16 SELECTED TRADING PARTNERS, 2003[9]

	Duty-free Products	Tariffs 0.1%-4.9%	Tariffs 5%-15%	Tariffs >15%	Average Rate
Cambodia[10]	5	1	42	52	15.9%
Bangladesh[11]	6	5	48	41	14.1%
Pakistan[12]	10	7	66	17	10.5%
Turkey[13]	49	9	27	15	7.5%
Egypt[14]	37	17	31	15	5.3%
China	56	20	20	4	3.5%
Honduras[15]	58	18	20	4	2.6%
Japan	57	37	6	0	1.8%
WORLD[16]	**63**	**24**	**8**	**5**	**1.6%**
EU	65	24	11	0	1.5%
Russia[17]	78	9	5	8	1.3%
U.K.	69	23	7	1	1.1%
Malaysia	75	14	4	7	1.0%
South Africa[18]	83	7	9	1	0.6%
Saudi Arabia	69	22	9	0	0.4%
Norway	77	17	6	0	0.4%
Ghana[19]	93	4	2	1	0.1%

Note – in this table, goods exempted from tariffs through the Generalized System of Preferences, the African Growth and Opportunity Act, the Caribbean Basin Initiative or the Andean Trade Preference Act are counted as duty-free.

[1] See Roosevelt, Public Papers of the President, April 1945.

[2] The Geneva I Round in 1947, the Annecy Round in 1949, the Torquay Round in 1951, the Geneva II Round in 1956, the Dillon Round in 1961, the Kennedy Round in 1967, the Tokyo Round in 1979, the Uruguay Round in 1994, the WTO's Information Technology Agreement in 1997, the Financial Services Agreement in 1998, the Basic Telecommunications Agreement in 1998, and the duty-free cyberspace commitment in 1999.

[3] http://www.humansecurityreport.info/index.php?option=content&task=view&id=28&Itemid=63

[4] By way of comparison, the U.S. has negotiated and ratified free trade agreements with ten countries since 2001, and is in the process of doing so with twelve more. The 22 account for just 9 percent of U.S. exports, and one to three (depending on the calculating method) of the world's top twenty economies.

[5] See Yoweri Museveni, address to World Food Summit 2002, at http://www.fao.org/worldfoodsummit/top/detail.asp?event_id=12702

[6] See Edward Gresser, "Taxes, Tariffs and the Single Mom," PPI, September 10, 2002, at http://www.ppionline.org/ppi_ci.cfm?knlgAreaID=108&subsecID=900010&contentID=250828

[7] IMF, *Direction of Trade Statistics 2004*,pg. 77-78.

[8] HTS classification, 8-digit level, full-year 2003.

[9] Data for Afghanistan includes imports in 2003 and January-August 2004.

[10] Cambodia: includes GSP duty-free privileges on two jewelry items with tariffs of 5.5% each.

[11] Bangladesh: includes GSP duty-free privileges on two items with low tariffs (golf equipment and plastic packing.)

[12] Pakistan: includes GSP duty-free privileges on three low-tariff items and one medium-tariff item (flags).

[13] Turkey: includes GSP duty-free privileges on 12 low-tariff and six medium-tariff goods.

[14] Egypt: includes: GSP duty-free privileges on seven low-tariff goods.

[15] Honduras: includes partial CBI tariff elimination on 11 high-tariff and 7 medium-tariff goods, plus full CBI and GSP duty-free privileges on 11 low-tariff, 10 medium-tariff and 13 high-tariff goods.

[16] NAFTA eliminates 25% tariffs on two varieties of trucks, imported largely from Canada.

[17] Russia: includes GSP duty-free privileges on 8 low-tariff, 2 medium-tariff and one high-tariff good (titanium.)

[18] South Africa: includes GSP and AGO duty-free privileges on 22 low-tariff, 6 medium-tariff and one high-tariff good, plus reduction on five high-tariff goods.

[19] Ghana: includes GSP & AGOA duty-free privileges on 11 low-tariff, 21 medium-tariff and one high-tariff good.