

**IMPORT TRENDS IN TSUS ITEMS  
806.30 AND 807.00**



**USITC PUBLICATION 1029  
JANUARY 1980**

# UNITED STATES INTERNATIONAL TRADE COMMISSION

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## Executive Summary

This staff research study updates the available information on U.S. imports for consumption under items 806.30 and 807.00 of the Special Classification Provisions in Schedule 8 of the Tariff Schedules of the United States (TSUS), presenting import totals for 1966-78 and specific commodity data for 1975-78.

Under the proper conditions, TSUS items 806.30 and 807.00 provide for the duty-free treatment of the value of U.S. materials or parts sent abroad for processing or assembly and returned as parts of articles. The provisions are probably most commonly utilized by U.S. producers to realize cost savings by use of low-cost labor abroad (e.g., in producing some electronic items) and by producers abroad who find it advisable to use certain U.S. parts in their largely foreign-made product (e.g. motor vehicles).

In 1966-78, the value of imports under items 806.30 and 807.00 combined rose from less than \$1 billion to \$9.7 billion (or to about \$4.9 billion in constant dollars); it represented 3.8 percent of total U.S. imports in 1966 and grew to 5.6 percent of the total in 1978, as shown below.

Item	Item 806.30	Item 807.00	Total items 806.30 and 807.00	Total U.S. imports for consumption
1966:				
Value-----Millions of dollars--:	63.2	889.8	953.0	25,366.6
Percent of total U.S. imports-----:	0.3	3.5	3.8	100.0
1978:				
Value-----Millions of dollars--:	398.1	9,337.2	9,735.3	172,952.2
Percent of total U.S. imports-----:	0.2	5.4	5.6	100.0

Although the greater share of combined items 806.30 and 807.00 imports in 1966-78 initially had been from developed countries, the trend was toward increasing use of less-developed countries (LDC's); in 1977 and 1978, however, there was a slight downturn in such imports from the LDC's, apparently caused by a switch to the use of provisions of the Generalized System of Preferences (GSP) instead of items 806.30 and 807.00.

The duty-free value of imports under items 806.30 and 807.00 combined in 1966 was \$147.5 million, or 15 percent of the total value of items 806.30 and 807.00 imports in that year. By 1978, the duty-free value of combined 806.30 and 807.00 imports totaled \$2.6 billion, or 27 percent of the total value of

such imports in that year. Imports from LDC's accounted for most of the duty-free value of combined item 806.30 and 807.00 imports; such imports from LDC's in 1978 amounted to \$2.1 billion, or 81 percent of the total duty-free value.

Metal products have been the most prominent imports under item 807.00, with motor vehicles alone amounting to \$3.3 billion in 1978, and accounting for about 36 percent of the average annual value of such imports in 1975-78; imports of semiconductors and parts, television receivers and apparatus and parts, and office machines and parts were also significant. Of increasing importance in 1975-78 were imports of watches and clocks and textile garments.

The most prominent sources of item 807.00 imports in 1978 were West Germany, Mexico, Japan, and Canada. Such imports from West Germany, valued at \$2.1 billion, consisted almost entirely (97 percent) of motor vehicles. Imports from Japan, valued at \$1.4 billion, were also largely of motor vehicles (68 percent), as well as motor-vehicle parts, motorcycles, and off-the-highway-type work vehicles (17 percent). Imports under item 807.00 from Mexico and Canada were diverse. Television apparatus and parts were most prominent among such exports from Mexico, which also notably included other electronic and electrical products, transportation machinery and equipment, and wearing apparel. Prominent item 807.00 imports from Canada were office machines and parts, internal combustion engines, television receivers, and various types of vehicles, industrial machinery, and electrical products.

Semiconductors and parts have been by far the principal articles imported under item 806.30, accounting for 38 percent of such imports in 1978, valued at \$149.4 million. Imports of parts of aircraft, iron or steel mill products, and aluminum mill products were also significant.

Canada, Malaysia, Mexico, and West Germany were the chief sources of item 806.30 imports in 1978. Imports from Canada were diverse, but steel and other metal mill products, and parts of aircraft, were predominant. Semiconductors, including parts, constituted almost all imports from Malaysia under item 806.30 in 1978. Electronic and electrical articles and vehicle parts composed most imports from Mexico, with semiconductors and parts of automobile wheels being very prominent. West Germany supplied principally metal mill products.

## Introduction

The purpose of this staff research study on imports under items 806.30 and 807.00 of the special provisions of the Tariff Schedules of the United States (TSUS) is to statistically update previous studies by the Commission, 1/ briefly analyze the statistical data readily available, and note trends in such imports. This report is not intended to be a comprehensive fact-finding investigatory study, but rather a presentation and elucidation of official statistics currently available. The previous Commission reports discussed import data on items 806.30 and 807.00 from 1966 through 1976. In this report, statistics are presented for total imports under items 806.30 and 807.00 for the years 1966-78, and for imports under items 806.30 and 807.00 by principal commodity groups for the years 1975-78. The country sources of the imports are also discussed for the years 1975-78.

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1/ Previous studies by the U.S. International Trade Commission include TC Publication 339, entitled Economic Factors Affecting the Use of Items 807.00 and 806.30 of the Tariff Schedules of the United States and published in 1970, and two unpublished reports, both entitled Background Materials on Articles Assembled and Fabricated Abroad, Items 806.30 and 807.00 of the Tariff Schedules of the United States, dated Mar. 22, 1976, and July 9, 1976, respectively.

Explanation and Background of Special Provisions  
Items 806.30 and 807.00

Items 806.30 and 807.00 are provided for in schedule 8, part 1, subpart B, of the TSUS. Pursuant to the provisions of item 806.30, articles of metal (except precious metal) that have been manufactured, or subjected to a process of manufacture, in the United States and exported for processing and return to the United States for further processing are subject to duty only on the value of the foreign processing. Under item 807.00, imported articles assembled in foreign countries with components that have been manufactured in the United States are subject to duty upon the full value of the imported product less the value of the U.S.-fabricated components contained therein. No further processing in the United States is required for articles imported under item 807.00. The provisions of the respective items are shown below.

Schedule 8-Special Classification Provisions  
Part 1-Articles Exported and Returned

Subpart B headnotes:

1. This subpart shall not apply to any article exported--

- (a) from continuous customs custody with remission, abatement, or refund of duty;
- (b) with benefit of drawback;
- (c) to comply with any law of the United States or regulation of any Federal agency requiring exportation; or
- (d) after manufacture or production in the United States under item 864.05 of this schedule.

2. Articles repaired, altered, processed, or otherwise changed in condition abroad.--The following provisions apply only to items 806.20 and 806.30:

(a) The value of repairs, alterations, processing, or other change in condition outside the United States shall be--

- (i) the cost to the importer of such change; or
- (ii) if no charge is made, the value of such change,

as set out in the invoice and entry papers; except that, if the appraiser concludes that the amount so set out does not represent a reasonable cost or value, then the value of the change shall be determined in accordance with section 402 or 402a of this Act.

(b) No appraisalment of the imported article in its changed condition shall be required unless necessary to a determination of the rate or rates of duty applicable to such article.

(c) The duty upon the value of the change in condition shall be at the rate which would apply to the article itself, as an entirety without constructive separation of its components, in its condition as imported if it were not within the purview of this subpart. If the article, as returned to the United States, is subject to a specific or compound rate of duty, such rate shall be converted to the ad valorem rate which when applied to the full value of such article determined in accordance with section 402 or 402a of this Act would provide the same amount of duties as the specific or compound rate. In order to compute the duties due, the ad valorem rate so obtained shall be applied to the value of the change in condition made outside the United States.

3. Articles assembled abroad with components produced in the United States.--The following provisions apply only to item 807.00:

(a) The value of the products of the United States assembled into the imported article shall be--

(i) the cost of such products at the time of the last purchase; or

(ii) if no charge is made, the value of such products at the time of the shipment for exportation,

as set out in the invoice and entry papers; except that, if the appraiser concludes that the amount so set out does not represent a reasonable cost or value, then the value of such products shall be determined in accordance with section 402 or 402a of this Act.

(b) The duty on the imported article shall be at the rate which would apply to the imported article itself, as an entirety without constructive separation of its components, in its condition as imported if it were not within the purview of this subpart. If the imported article is subject to a specific or compound rate of duty, the total duties shall be reduced in such proportion as the cost or value of such products of the United States bears to the full value of the imported article.

4. No imported article shall be accorded partial exemption from duty under more than one item in this subpart.

<u>Item</u>	* * * * *	<u>Articles</u>	<u>Rates of duty</u>
		: Articles returned to the United States after having	:
		: been exported to be advanced in value or improved	:
		: in condition by any process of manufacture or other	:
		: means:	:
		:	:
		:	:
		* * * * *	:
806.30		: Any article of metal (except precious metal)	: A duty upon the
		: manufactured in the United States or subjected	: value of such
		: to a process of manufacture in the United	: processing
		: States, if exported for further processing,	: outside the
		: and if the exported article as processed out-	: United States
		: side the United States, or the article which	: (see headnote
		: results from the processing outside the United	: 2 of this sub-
		: States, is returned to the United States for	: part)
		: further processing.....	:
		:	:
		* * * * *	:
807.00		: Articles assembled abroad in whole or in part of fab-	: A duty upon the
		: ricated components, the product of the United	: full value of
		: States, which (a) were exported in condition ready	: the imported
		: for assembly without further fabrication, (b) have	: article, less
		: not lost their physical identity in such articles	: the cost or
		: by change in form, shape, or otherwise, and (c)	: value of such
		: have not been advanced in value or improved in	: products of
		: condition abroad except by being assembled and	: the United
		: except by operations incidental to the assembly	: States (see
		: process such as cleaning, lubricating, and paint-	: headnote 3 of
		: ing.....	: this subpart)

As provided in the above headnotes, no imported article may be accorded partial exemption from duty under more than one of these tariff items. 1/

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1/ An article could, however, be exported and returned to the United States under one item and be subsequently reexported and returned under another if this were economically feasible and if the form of the article had been sufficiently changed after its first importation. Thus, for example, a metal article exported and returned to the United States under item 806.30 for further processing in such a way as to constitute a new "fabricated" article as defined under item 807.00 could then be reshipped abroad for assembly and return under the provisions of the latter item.

Neither may an article benefit from these tariff provisions if it had previously been exported with remission, abatement, or refund of duty or with the benefit of drawback, or after manufacture or production in bond under the provisions of item 864.05.

With respect to entries under item 806.30, the duty, as noted, is assessed only against the value of processing (value added) outside the United States. The form of the metal article may be changed in the process so long as the resultant product imported is returned for further processing. Under item 807.00, the duty exemption is limited to those fabricated components, the product of the United States, which have not lost their physical identity by a change in form, shape, or otherwise, and which have not been advanced in condition abroad except by their having been assembled.

The rate of duty upon the dutiable portion of the value of the articles imported under each of these tariff items is the rate which would apply to the article itself, as an entirety, as if it were not under the purview of schedule 8. 1/ While most rates of duty in the TSUS are "bound rates" subject to trade-agreement concessions, the provisions of items 806.30 and 807.00 are not. Thus the elimination or amendment of these tariff provisions may be effected by the Congress without impairment of U.S. trade-agreement concessions, notwithstanding that the result would be an increase in the amount of duty collected.

When the applicable rate of duty is a specific or compound rate, the method of computing duties on item 806.30 entries differs from that used on item 807.00 entries. With respect to entries under item 806.30, the specific or compound rate is converted to an ad valorem equivalent which is applied to the dutiable portion of the article. Under item 807.00, the specific or compound rate of duty is computed on the entire article, and the total duties are reduced in such proportion as the cost or value of the products of the United States bear to the full value of the imported article. For customs purposes, the value of processing under item 806.30 and the value of U.S. products for purposes of item 807.00 are based on the invoice costs to the importer, so long as the Customs Service determines such costs or values to be reasonable. Otherwise, the value is determined in accordance with section 402 or 402a of the Tariff Act of 1930, as amended. 2/

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1/ In this connection it is to be noted that the admission of an article under either of these tariff items does not relieve it from quantitative limitations imposed under other provisions of law, such as certain textile articles covered by the Arrangement Regarding International Trade in Textiles.

2/ Sec. 402 of the Tariff Act of 1930, as amended, provides the basic methods of valuation, for customs purposes, of merchandise imported into the United States. It was made effective in 1958 pursuant to the Customs Simplification Act of 1956 (Public Law 927, 84th Cong.) and is applicable to most articles imported into the United States. Under sec. 402a of that act, valuation standards that had previously been in effect are applied to a "final list" of articles for which the new standards would result in a reduction of 5 percent or more in the appraised value of the merchandise based on imports in fiscal 1954 (see T.D. 54521). As a result of the multilateral trade negotiations recently concluded in Geneva, the United States has adopted a new valuation system which will result in the modification of the valuation methods provided for in sec. 402 and the elimination of sec. 402a. 5

### Legislative history

Item 806.30.--Item 806.30 incorporates in the TSUS, without significant change, the provisions of paragraph 1615(g) of the Tariff Act of 1930, as amended by the Customs Simplification Act of 1956. According to its sponsor, the Honorable Victor A. Knox, the purpose of the provision was to facilitate the processing of U.S. metal articles in contiguous areas of Canada during breakdowns or other emergencies at nearby plants in the United States. In explanation, Mr. Knox stated on the floor of the House of Representatives 1/ that the provision would--

. . . permit manufacturers to send /metal articles/ into Canada principally for processing . . . /when/ . . . they are unable to process that particular metal product within their own plants. There have been periods of time when the industry has had breakdowns in the manufacturing plant and did not have the facilities to continue on with the work . . . . It has been necessary for industry--I speak of the Detroit area--to ship to Algoma . . . Canada . . . metal products in order to have them processed, because there was no other plant accessible to the manufacturer to have this particular work done. . . . I believe there is no possibility that these particular products would ever be shipped to such countries as Belgium, Spain, Portugal, and so forth, because of high transportation cost . . . .

Debate on the United States Senate floor regarding the provision focused on whether it would tend to encourage importations of metal articles from low-wage countries. However, the Senate Committee on Finance in reporting favorably on the provision expressed no desire that its use be limited to imports from contiguous countries. In its analysis of the provision the Senate report stated:

Section 202 will permit manufacturers of any article of metal (except precious metal) processed in the United States to export such articles for further processing and at the time of reimportation to pay duty on the cost of the processing done in the foreign country. 2/

The provision has not been amended since it was incorporated in the TSUS.

Item 807.00.--The provisions of item 807.00 were formulated by the U.S. Tariff Commission, now the U.S. International Trade Commission, as part of its Tariff Classification Study, which led to the adoption of the TSUS, effective August 31, 1963 (Public Law 87-456, Presidential Proclamation 3548). Item 807.00 had no direct counterpart in the tariff schedules in effect prior to August 31, 1963; it was designed to provide a tariff provision in the new

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1/ Congressional Record, July 13, 1953, pp. 8850-8859.

2/ Customs Simplification Act of 1954, Committee on Finance, United States Senate, Report No. 2326 To Accompany H.R. 10009 (83d Cong., 2d sess.,) Aug. 6, 1954, p. 5.



schedules covering an anomalous, but well-established, practice which arose under paragraph 1615(a) of the Tariff Act of 1930 as a result of a 1954 ruling of the U.S. Customs Court (C.D. 1628) reversing an administrative ruling, an abstract of which was published as T.D. 52191.

Paragraph 1615(a) provided for the duty-free entry of American products returned to the United States that had not been "advanced in value or improved in condition by any process of manufacture or other means." The Customs Court, in its 1954 ruling (C.D. 1628), held that the labor expended abroad in installing an American motor in a Canadian-built motorboat did not advance the value of the American motor or improve it in condition. The court was of the opinion that the U.S. parts contained in the imported articles would qualify for duty-free entry if--

. . . by physical examination at the time of importation, they could be identified in the imported article as the identical American product exported from the United States and as not having been changed in any manner other than by their assembly with other parts into a new or different article.

If any work, other than assembly with other parts, was performed directly upon the American product, the allowance of duty would not have been accorded under paragraph 1615(a).

The Customs Service, in numerous rulings applying the principle of C.D. 1628 after 1954, allowed free entry to American-made components assembled into foreign articles if, "under the theory of constructive segregation," the components were "capable of being identified and removed without injury" to themselves or to the articles into which they had been assembled.

Item 807.00 continued the substance of earlier practice, but without the assumption that the American components had not been advanced or improved by assembly and without reference to whether they could be removed without injury or constructively segregated.

In its report on the Tariff Classification Study, the Commission commented on C.D. 1628 and the Customs Service practices based thereon as follows: 1/

. . .there is no logic to attributing the labor costs involved in assembly exclusively to foreign parts, nor is there logic in holding that assembly operations do not advance or improve the component parts assembled therein. Such component parts reach their ultimate value only when they have been assembled into an article where they can in fact perform the function for which they were designed and made.

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1/ Tariff Classification Study, Explanatory and Background Materials; Schedule 8.--Special Classification Provisions, Appendix to the Tariff Schedules, Nov. 15, 1960, pp. 13 and 14.

. . . Whether or not an American component can be separated from a foreign article "without injury" to either is an unrealistic and arbitrary condition upon which to predicate partial exemption from duty.

The real issue is not whether you can remove "without injury" or "constructively segregate" the American part in order to "classify" it under paragraph 1615(a). The only classification of the imported article which must be made for tariff purposes is the classification of the imported article as an entirety. The substance of the issue is what proof shall be required to satisfy customs officers--

- (1) that an American part has been assembled into the imported article, and
- (2) that such part was assembled therein without having been changed in condition.

If (1) and (2) are satisfactorily proved, the question then arises as to how much allowance or deduction is to be made from the full value of the imported article on account of its having such "unimproved" American parts.

To assist in the identification of the U.S. components, the portion of the products returned free of duty were limited to U.S. products exported for the purpose of assembly abroad. The original language of the article description in item 807.00 was as follows:

Articles assembled abroad in whole or in part of products of the United States which were exported for such purposes and which have not been advanced in value or improved in condition by any means other than by the act of assembly.

The above language appeared to be ambiguous in certain respects, and to preclude minor operations, incidental to assembly abroad, such as painting. Therefore, in 1965, item 807.00 was amended by Public Law 89-241, as follows:

Articles assembled abroad in whole or in part of fabricated components, the product of the United States, which (a) were exported, in condition ready for assembly without further fabrication, for the purpose of such assembly and return to the United States, (b) have not lost their physical identity in such articles by change in form, shape, or otherwise, and (c) have not been advanced in value or improved in condition abroad except by being assembled and except by operations incidental to the assembly process such as cleaning, lubricating, and painting.

Subsequently, in November 1966, the clause "for the purpose of such assembly and return to the United States" was deleted from the language of item 807.00, pursuant to Public Law 89-806. In a summary report of pending House-passed bills prepared for the use of the Senate Committee on Finance, 1/ the bill (H.R. 11216) which became Public Law 89-806 is commented upon as follows:

In the Tariff Schedules of the United States, item 807.00 continued this court-approved practice. However, the new provision eliminated the anomalies involved in the old practice, first by recognizing that U.S. components do increase in value by assembly operations and second by making it unnecessary to show that the U.S. component could be removed without injury to the assembled article. At the same time it was provided that for the duty-free treatment to apply on its return the U.S. component must have been sent abroad "for the purpose of assembly."

In the Tariff Schedules Technical Amendments Act of 1965 item 807.00 was clarified to make it clear that cleaning, lubricating, and painting could be performed in connection with the assembly function without subjecting the U.S. components to duty on their return to this country. In making this clarification, however, an additional restrictive clause was added to the duty-free provision. It requires that at the time of exportation of the U.S. component there be an intention that the assembled article is to be shipped to the United States. This additional restriction has raised complaints by interested importers and foreign shippers, and has also been said to introduce problems of customs administration.

H.R. 11216 would eliminate both the requirement that the American component be exported "for the purpose of such assembly" and the requirement that there be an intention at the time of exportation that it be returned to the United States. It would still be necessary, however, for the importer to establish by satisfactory proof that the components of an imported article for which duty-free treatment is claimed are, in fact, components produced in the United States. Moreover, it must be shown that they have not lost their physical identity in the assembled article and have not been advanced in value or improved in condition abroad except by the assembly operation, or operations, incidental to assembly.

There has been no further legislation on item 807.00.

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1/ Committee on Finance, United States Senate, Summary of Minor-Passed Bills Pending Before the Committee on Finance, Jan. 19, 1966, p. 14.

Customs practices

Item 806.30.--Under headnotes to this item, the value of the foreign processing on which the duty is levied is its cost to the importer or, if no charge is made, the value as set out in the invoice and entry papers. Generally the value used for customs purposes is that stated in the entry papers. If the appropriate customs officer concludes that the amount so set out does not represent a reasonable cost or value, then such value is determined in accordance with the valuation provisions of the Tariff Act of 1930.

An article of metal (except precious metal) imported under item 806.30 must have been exported for processing abroad, and the article as processed, or the new article which results from the processing, must be further processed in the United States after its return from abroad. The Customs Service has held that melting, machining, grinding, drilling, tapping, threading, cutting, punching, rolling, forming, plating, and galvanizing are among the operations that qualify as "processing."

Examples of articles subject to duty allowance under this tariff item are aluminum sheets processed from ingots of U.S. origin and returned to the United States to be cut to size and shape; lead ingots produced from lead scrap of U.S. origin and returned for further processing; metal screws made abroad from domestic wire and returned for plating; stainless steel tubing coated abroad with chromium and returned for rounding and buffing; tungsten carbide powder sent abroad for sintering and returned for further processing; and electronic circuits printed on silicon wafers, exported for splitting and returned for further processing.

Before the exportation of an article for processing abroad under item 806.30, the owner or exporter must file (as provided in section 10.9 of the Customs Regulations (19 CFR 10.9)), 1/ a certificate of registration describing the article(s) exported. The owner or exporter must state the name of the U.S. manufacturer, or, if of foreign origin, the name of the U.S. processor and the process of manufacture. The owner or exporter must further provide the name of the person who will further process the articles upon their return to the United States, or if the person is not known, the reasons for believing the articles will be returned for further processing and the reason the person is not known. The article must be examined by a customs officer and laded for export under customs supervision. Upon its return from abroad the owner, importer, consignee, or agent must declare that the article has been processed from the merchandise covered by the certificate of registration and must declare the nature and cost of the processing abroad and the processing to be performed in the United States. The declaration as to the origin of the article, and as to the nature and cost of the processing

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1/ A copy of the Customs' regulations pertaining to items 806.30 and 807.00, as set out in vol. 19 of the Code of Federal Regulations (CFR), is provided in app. A.

abroad, must be supported, moreover, by a declaration of the foreign processor. The foregoing requirements may be waived by the appropriate customs officer at the port of entry, but only when he is satisfied that the article is entitled to enter under item 806.30 and that all of the requirements of the provisions have been met.

Pursuant to a 1958 decision of the Customs Service (T.D. 54572(22)), item 806.30 is applicable only when the U.S. metal article sent abroad for processing is to be returned for further processing by or for account of the person or firm which exported the article for processing abroad.

Item 807.00.--Under the circumstances surrounding the foreign assembly of the merchandise, it is usually impossible to establish an export value, a foreign value, or a U.S. value, as those terms are defined in sections 402 and 402a of the Tariff Act of 1930, as amended, with respect to the imported articles. A large part of the trade is by U.S. firms and their foreign affiliates that operate and transfer goods on a manufacturing-cost basis rather than on the basis of values established in the marketplace. Accordingly, the customs value for purposes of item 807.00 is generally based on constructed value, as defined in section 402 of the Tariff Act or, in some instances, on cost of production, as defined in section 402a of the Tariff Act.

Constructed value represents the sum of all costs, actual or estimated, for materials used, labor, overhead, depreciation, other general expenses, a normal profit, and export-packing expenses. In most cases, only the cost of materials, labor, and export packing can be readily ascertained. To this is added a markup for general expenses and profit in line with the usual markup in the country of exportation of producers of merchandise of the same class or kind as that being appraised. However, since there are frequently no other producers of merchandise of the same class or kind in the country of exportation and when they do exist, their usual general expenses and profit often cannot be established, Customs frequently uses the actual general expenses and profit of the manufacturer of the imported article. From this gross constructed value, the value of those elements of the export packing which are of U.S. origin and the value of those U.S. components for which allowance is claimed under item 807.00 are deducted. These deductions are generally represented by the values shown on the assembler's declaration and endorsed by the importer pursuant to section 10.24 of the Customs Regulations (19 CFR 10.24). When the values shown thereon appear unreasonable, other proof of value may be required.

After the implementation of the TSUS in 1963, no specific regulations were issued with respect to the administration of the provisions of item 807.00. Rather, customs officers were informally advised to use section 10.1 of the Customs Regulations (19 CFR 10.1), relating to American goods returned without advancement in value. It was not until January 1968 that subsection (g) was added to section 10.1, specifically providing for the documentary proof to be filed in connection with the entry of articles containing U.S.-fabricated components claimed to be exempt from duty under item 807.00.

In October 1975 the Customs Service amended part 10 of the Customs Regulations by adding sections 10.11 through 10.24 (19 CFR 10.11 through 10.24) setting forth definitions and interpretative regulations pertaining to TSUS item 807.00 adopted by the Commissioner of Customs, and related 11

provisions of law. The sections include examples describing specific situations in which the exemption from duty provided by item 807.00 may or may not be applicable. Section 10.24 sets forth the following documentary requirements applicable to the entry of assembled articles claimed to be subject to the exemption provided under item 807.00:

- (1) a declaration by the person who performed the assembling operations abroad listing and describing the U.S. components and describing the operations performed abroad on such components, and
- (2) an endorsement of the importer declaring the declaration in (1) to be correct to the best of his knowledge and belief.

Section 10.24 also makes provision under which the district director may revise the format of either of the documents specified above, may waive specific details for each entry, and may waive the foregoing documents if he is "satisfied that unusual circumstances make the production of either or both of the documents . . . or of any information specified therein, impractical and is further satisfied that the requirements of item 807.00 . . . and related headnotes have been met."

As noted earlier, the exemption from duty provided under item 807.00 applies to fabricated components that are the product of the United States. The components must be in condition ready for assembly without further fabrication at the time of their exportation from the United States to qualify for the exemption. Components will not lose their entitlement to the exemption by being subjected to operations incidental to the assembly before, during, or after their assembly with other components. Materials undefined in final dimensions and shapes which are cut into specific shapes or patterns abroad are not considered fabricated components.

The assembly operations performed abroad may consist of any method used to join or fit together solid components, such as welding, soldering, riveting, force fitting, gluing, laminating, sewing, or the use of fasteners, and may be preceded, accompanied, or followed by operations incidental to the assembly as illustrated below. The mixing or combining of liquids, gases, chemicals, food ingredients, and amorphous solids with each other or with solid components is not regarded as an assembly.

Operations incidental to the assembly process, whether performed before, during, or after assembly, do not constitute further fabrication and do not preclude the application of the exemption. The following are examples of operations which are incidental to the assembly process:

- (1) Cleaning;
- (2) Removal of rust, grease, paint, or other preservative coating;

- (3) Application of preservative paint or coating, including preservative metallic coating, lubricants, or protective encapsulation;
- (4) Trimming, filing, or cutting off of small amounts of excess materials;
- (5) Adjustments in the shape or form of a component to the extent required by the assembly being performed abroad;
- (6) Placing holes in a component for ease of assembly;
- (7) Cutting to length of wire, thread, tape, foil, and similar products exported in continuous length; separation by cutting of finished components, such as prestamped integrated circuit lead frames exported in multiple unit strips; and
- (8) Final calibration, testing, marking, sorting, pressing, and folding of assembled articles.

Any significant process, operation, or treatment other than assembly whose primary purpose is the fabrication, completion, or physical or chemical improvement of a component, or which is not related to the assembly process, whether or not it effects a substantial transformation of the article, shall not be regarded as incidental to the assembly and shall preclude the application of the exemption to such article. The following are examples of operations not considered incidental to the assembly as provided under item 807.00:

- (1) Melting of exported ingots and pouring of the metal into molds to produce cast metal parts;
- (2) Cutting of garment parts according to pattern from exported material;
- (3) Painting primarily intended to enhance the appearance of an article or to impart distinctive features or characteristics;
- (4) Chemical treatment of components or assembled articles to impart new characteristics, such as showerproofing, permapressing, sanforizing, dyeing, or bleaching of textiles;
- (5) Machining, polishing, burnishing, peening, plating (other than plating incidental to the assembly), embossing, pressing, stamping, extruding, drawing, annealing, tempering, case hardening, and any other operation, treatment, or process which imparts significant new characteristics or qualities to the article affected.

The current customs treatment of items 806.30 and 807.00 is in large part a result of the numerous significant interpretive decisions of the Customs Court and Court of Customs and Patent Appeals (CCPA) over the last several years and the corresponding modification of tariff treatment by the Customs Service based on those decisions.

Reference is made specifically to the series of cases involving General Instrument Corp., where the CCPA in General Instrument Corporation v. United States, 59 CCPA 171, 462 F.2d 1156, C.A.D. 1062 (1972), held that wire is used directly in the assembly process "without further fabrication" within the meaning of that phrase in condition (a) of item 807.00, although it was cut into pieces abroad, when, for practical reasons, the assembly process requires handling the wire directly from the spool and cutting it during that process. The CCPA then extended its reasoning in General Instrument Corporation v. United States, 60 CCPA 178, 480 F.2d 1402, C.A.D. 1106 (1973), in holding that "no reason is found for considering articles cut to length prior to assembly subject to any different treatment" than the wire bonded to a semiconductor chip and then severed in General Instrument Corporation v. United States, supra. In a third case, General Instrument Corporation v. United States, 61 CCPA 86, 499 F.2d 1318, C.A.D. 1128 (1974), the court went even further in holding that the despooling, cementing, winding, and taping of wire are not "further fabrication" steps, but rather assembly steps within the meaning of item 807.00. The court stated that "we can perceive no substantial differences between the instant assembly steps and those of General Instrument, which were held not to constitute 'further fabrication.'"

These and subsequent rulings by the CCPA, which appear to be contrary to the legislative intent with respect to item 807.00, as evidenced by the following statement from the Tariff Classification Study, Seventh Supplemental Report, 1963, at page 103, together with an intensified supervision of the administration of items 807.00 and 806.30 by the Customs Service, have added new dimensions to the customs treatment of those items.

Item 807.00--Imports assembled with U.S. components. Item 807.00 contemplates that, when a finished component of U.S. origin is sent abroad and there assembled--without otherwise changing its condition--with one or more other components, the cost or value of such U.S. components shall not be included in the dutiable value of the assembled article in which it has been incorporated. U.S. wire and tape, on spools, sent abroad where they are cut to length and then assembled with other components into a finished article are not finished components the cost of which may be deducted from the dutiable value of the imported article. /Emphasis added./

#### Problems of customs administration

It is evident from the foregoing that the provisions of items 806.30 and 807.00 are complex in their requirements and therefore are difficult to administer and lend themselves to possible misuse. Prerequisite to the allowance of the partial exemptions from duty authorized is the presence in the imported article of the exported U.S. metal article or fabricated component--not a substitute foreign equivalent. It is necessary to know



precisely what U.S. articles were exported from the United States, that they were effectively segregated from and not commingled with foreign articles prior to their being processed or assembled, and exactly how they were used abroad in production or manufacture of the imported article. Moreover, as indicated, the data required for valuation purposes are generally more complex and detailed than is required under ordinary circumstances. 1/

Ascertainment of the relevant facts is almost wholly dependent upon paper proof rather than physical examination of imports by customs officers. By reason of the large volume of trade under these provisions and the intricacy and mass of detailed information involved in each transaction, customs officers are, in practice, obliged to accept entries as submitted with only a limited opportunity for verification of their factual content.

#### General Comments

Firms using the provisions of items 806.30 and 807.00 of the TSUS do so for various reasons. U.S.-owned multinational firms that manufacture or procure most of the components of the imported product abroad use some U.S.-made components because of special U.S. requirements in the final product, or because their own U.S. plants produce better components or produce them at lower unit cost. Foreign producers utilize the provisions for the same purposes through their U.S. affiliates or subsidiaries. In some cases, particularly under item 806.30, foreign technological expertise or specialized equipment or, simply, available equipment may be the reason for using the provisions. Probably, however, the provisions are utilized most frequently as a method for U.S. manufacturers to lower their costs in order to be competitive with foreign manufacturers. (A recent trade journal advertisement stated that "Savings up to 60% of manufacturing cost are realized by having your electronic products assembled in Mexico.")

In labor-intensive operations, the duty-free share of imports, represented by the value of the U.S. components, will generally be low, whereas the reverse is true in non-labor-intensive operations (providing that foreign-made components are not utilized). On the other hand, the cost of labor may be so much lower in LDC's than in the United States that operations that are labor intensive on a cost basis in the United States may be the reverse abroad, so that the duty-free value may be the larger share of total value.

The duty-free value of item 806.30 imports usually constitutes a major portion of the total value because only the value of processing abroad is dutiable. Under item 807.00, however, not only the value of assembly abroad is dutiable, but also the value of any non-U.S.-made parts being assembled, in addition to any other costs making up part of the customs value of the product. Therefore, the duty-free value of item 807.00 imports is usually the minor portion of the total value.

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1/ A guide to the data requirements for importation under the item 807.00 provision was published by the U.S. Customs Service under the title Import Requirements on Articles Assembled Abroad From U.S. Components /Item 807.00 TSUS/: 807 Guide, Customs Information Series C:79-1, 1979. 15

For some products requiring technological expertise in their manufacture, foreign procurement of components to be assembled abroad along with U.S. components may be minimal initially, but as foreign plants gain expertise and the U.S. firms become satisfied with the foreign-made components, more of them may be used if the cost factors so warrant. This will be particularly true when the product has a low U.S. duty that will not counterbalance the savings reflected in the cost of the foreign-made component versus the cost of the U.S.-made component.

Changes in the rates of exchange may also affect the use of the provisions of items 806.30 and 807.00; they were probably partly accountable for the decline of Belgium as a source of imports under these items.

### Imports

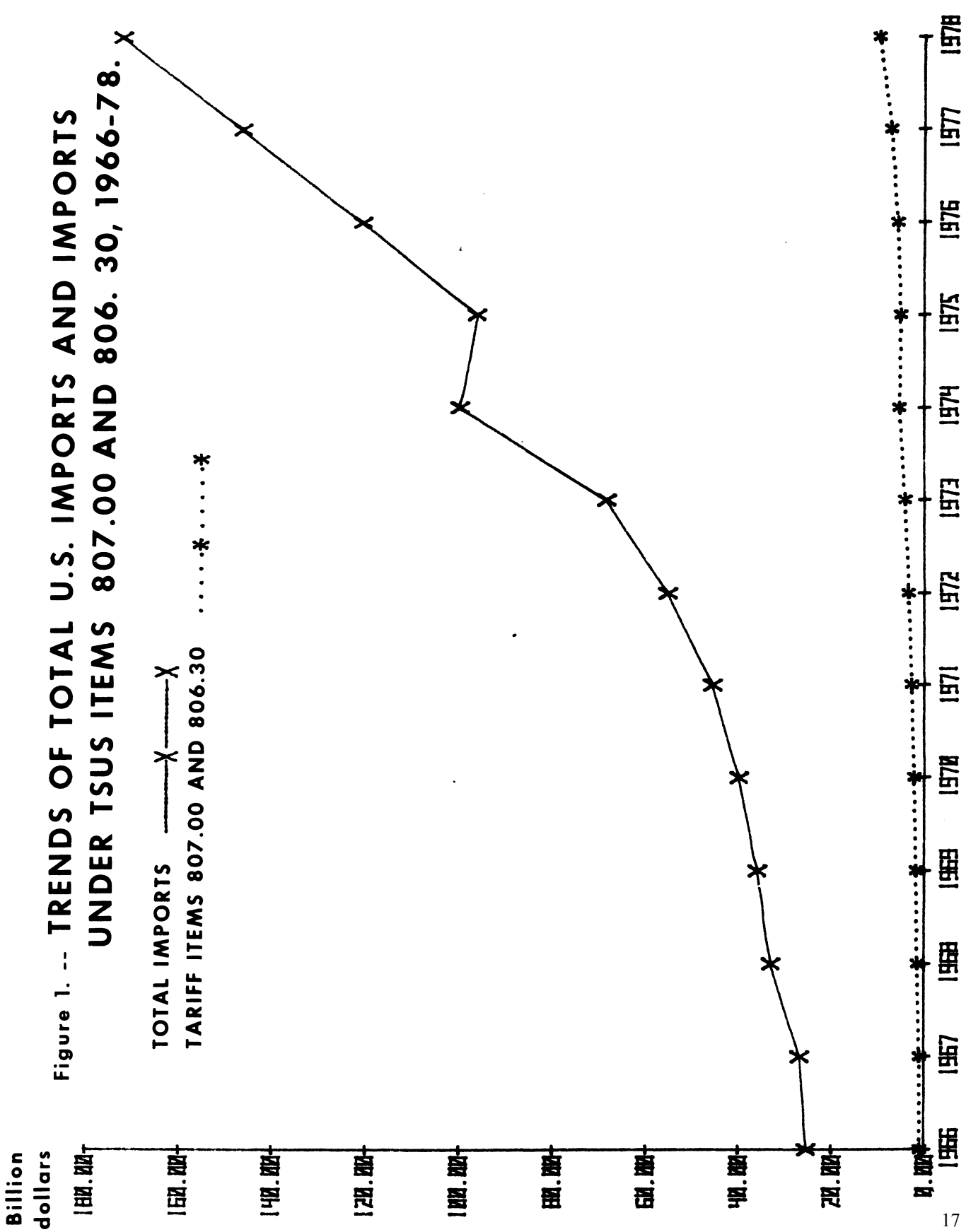
In the years 1966-78, the share of the value of total U.S. imports accounted for by imports under items 806.30 and 807.00 combined rose annually from 3.8 percent in 1966 to a high of 6.2 percent in 1973, and ranged between 5 and 6 percent thereafter, representing 5.6 percent in 1978 (see figs. 1 and 2). The value of imports under items 806.30 and 807.00 combined also increased annually--except for a slight decline in the recession year 1975, when total imports also declined--from somewhat less than \$1 billion in 1966 to \$9.7 billion (or to about \$4.9 billion in constant dollars) in 1978 (see fig. 3 and table 1, app. B). Although the greater share of such combined imports initially had been from developed countries--94 percent in 1966--the trend was toward increasing use of LDC's, and the share of imports from developed countries dropped to a low of 51 percent in 1976 (see tables 2, 3, 4, and 5). In 1977, however, it increased slightly to 54 percent and then continued to gain in 1978, when it constituted 56 percent of the total. The 1977 downturn in combined imports from LDC's apparently resulted from the use of the GSP, which permits duty-free entry of eligible articles from those countries, in lieu of items 806.30 and 807.00, as noted in a recent Commission report on the effects of the GSP. <sup>1/</sup> Duty-free imports under GSP in 1976 amounted to \$3.1 billion, or 2.5 percent of the value of all U.S. imports and 11.7 percent of the value of imports of articles eligible for importation under GSP; in 1977, GSP imports were valued at \$3.7 billion, or 2.5 percent of the value of all U.S. imports and 12.3 percent of the value of imports of GSP eligible articles; and in 1978, GSP imports totaled \$5.2 billion, or 3 percent of all U.S. imports and 12.5 percent of the value of imports of GSP-eligible articles.

Imports under item 807.00 have been much greater than those under item 806.30, accounting for 93 percent of the combined total in 1966 and 96 percent in 1978. The duty-free value (basically the value of the U.S.-made component) of the combined imports under items 806.30 and 807.00 was 15 percent of the total value in 1966 and 27 percent in 1978 (see fig. 4 and table 1). During the 12-year period for which statistics are available, the low and high points for the total value of item 807.00 imports were 1966 and 1978, respectively, and for item 806.30, 1966 and 1974, respectively.

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<sup>1/</sup> Study of the Effects of the Generalized System of Preferences on U.S. Trade in the Program's First Year of Operation, 1976, Staff Research Study No. 16  
12, March 1978, pp. 38-48.

Figure 1. -- **TRENDS OF TOTAL U.S. IMPORTS AND IMPORTS UNDER TSUS ITEMS 807.00 AND 806.30, 1966-78.**

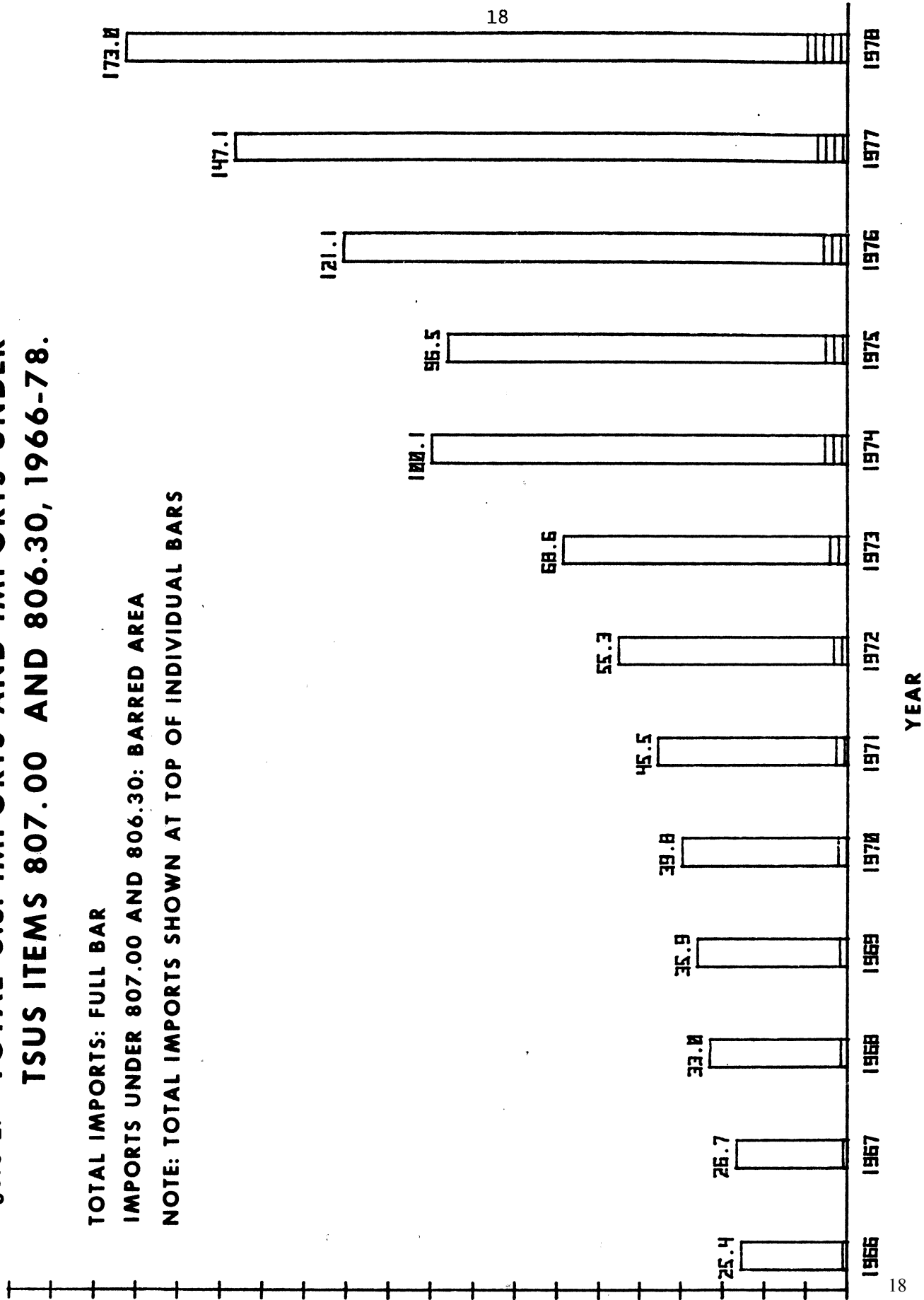


YEAR

Source: Based on official statistics of the U.S. Department of Commerce.

Billion dollars

Figure 2. -- TOTAL U.S. IMPORTS AND IMPORTS UNDER TSUS ITEMS 807.00 AND 806.30, 1966-78.



Source: Based on official statistics of the U.S. Department of Commerce.

Million dollars

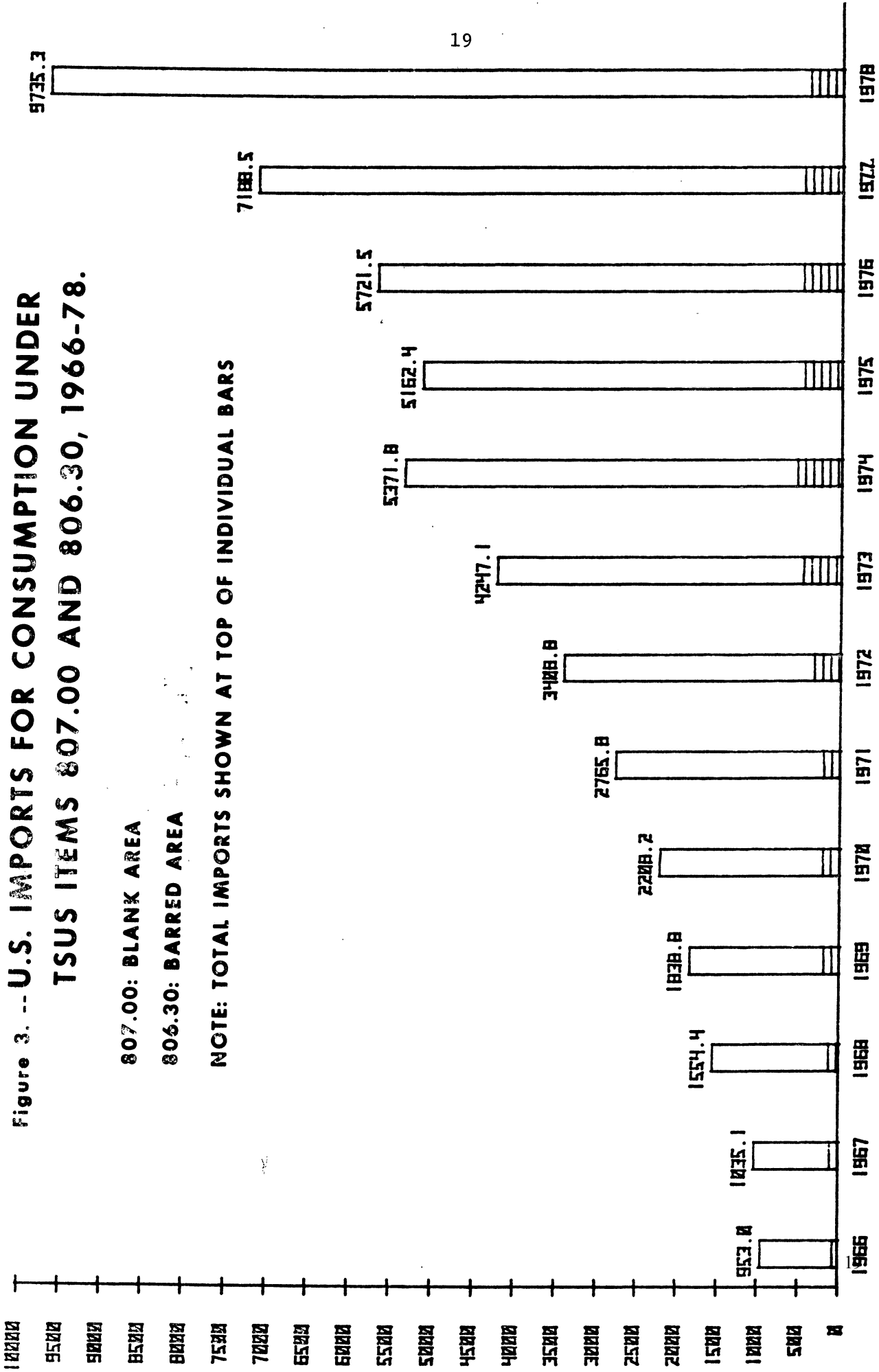


Figure 3. -- U.S. IMPORTS FOR CONSUMPTION UNDER TSUS ITEMS 807.00 AND 806.30, 1966-78.

807.00: BLANK AREA

806.30: BARRED AREA

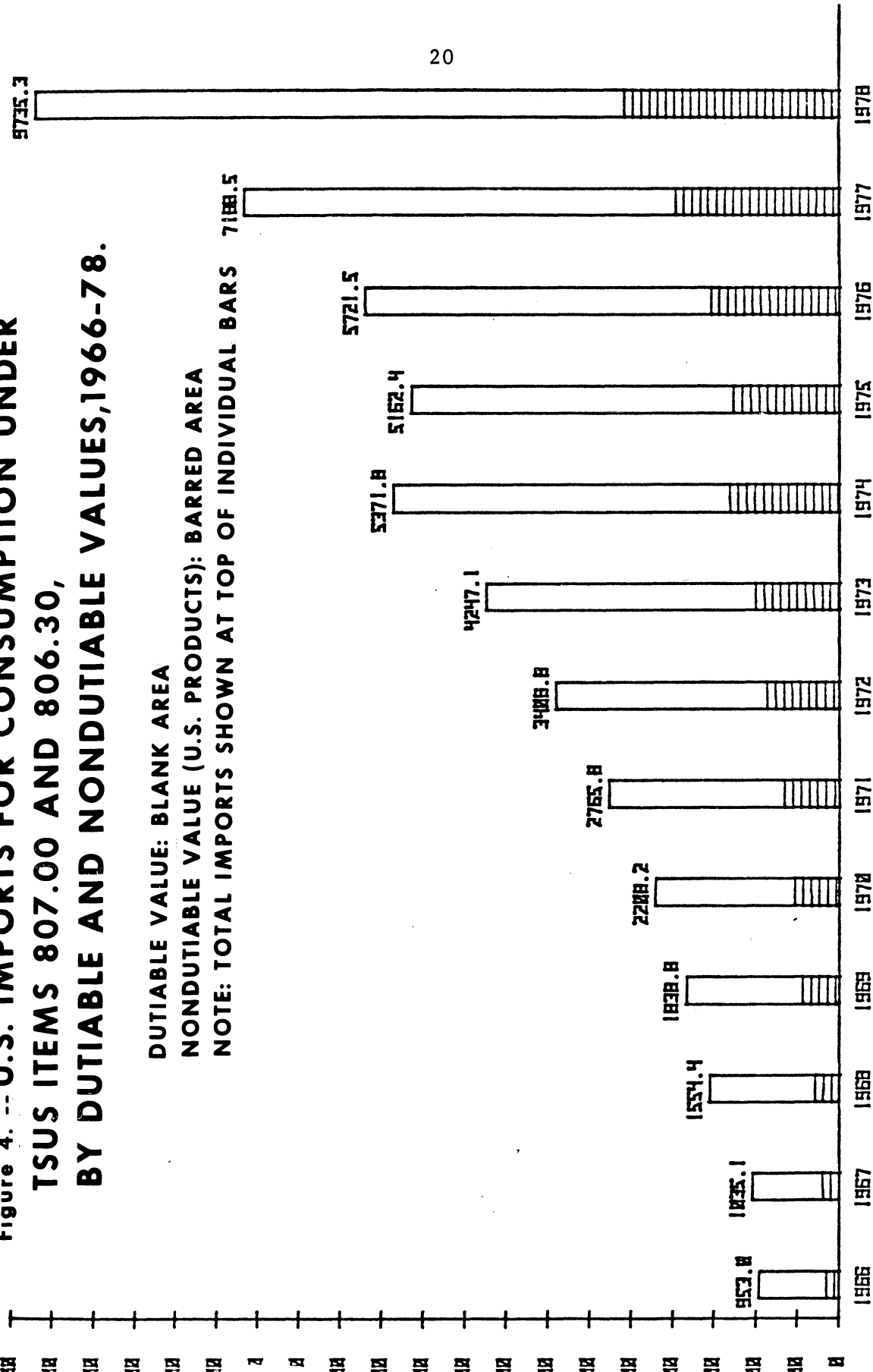
NOTE: TOTAL IMPORTS SHOWN AT TOP OF INDIVIDUAL BARS

YEAR

Million dollars

Figure 4. -- U.S. IMPORTS FOR CONSUMPTION UNDER TSUS ITEMS 807.00 AND 806.30, BY DUTIABLE AND NONDUTIABLE VALUES, 1966-78.

DUTIABLE VALUE: BLANK AREA  
 NONDUTIABLE VALUE (U.S. PRODUCTS): BARRED AREA  
 NOTE: TOTAL IMPORTS SHOWN AT TOP OF INDIVIDUAL BARS



YEAR

Source: Based on official statistics of the U.S. Department of Commerce.

Item 807.00

The total value of item 807.00 imports in 1978 was over 10 times the value in 1966, having risen from less than \$900 million (or 3.5 percent of total imports) in 1966 to \$9.3 billion (or 5.4 percent of total imports) in 1978 and declining only during the recession year of 1975. The duty-free value increased annually from \$113 million in 1966 to \$2.3 billion in 1978, a gain of almost twenty-fold. Thus, in 1966 the duty-free value of item 807.00 imports was 13 percent of the total value of such imports, whereas by 1978 it was 25 percent of the total value (see fig. 5 and table 1).

During the most recent 4-year period, 1975-78, the total value of item 807.00 imports increased by 98 percent, and the duty-free value rose by 134 percent.

Principal products imported under item 807.00.--Metal products have been the most prominent imports under item 807.00; among them, motor vehicles alone accounted for almost 36 percent of the average annual value of all item 807.00 imports in 1975-78. Also important in 1975-78 were semiconductors and parts, television receivers and apparatus and parts, and office machines and parts. Watch and clock imports under item 807.00 grew to a significant level in 1976-78, and aircraft became an important item 807.00 import in 1977. Textile garments as a group have also been of increasing importance (see tables 6 and 6a).

Principal sources of item 807.00 imports.--Comparing, in figure 6, the six principal sources of item 807.00 imports in 1978 with those in 1970--the year of the Commission's investigative report on items 807.00 and 806.30--it may be noted that four sources, West Germany, Mexico, Canada, and Japan, were prominent in both years; Taiwan and Malaysia replaced Hong Kong and Belgium in 1978 as prime sources. The share of imports accounted for by the principal sources changed, with the developed countries declining in importance and the LDC's rising.

In 1975-78, West Germany and Mexico were by far the most important individual sources of item 807.00 imports from developed and less developed countries, respectively; West Germany supplied 22 percent of the value of all imports under item 807.00 in 1978 and Mexico 16 percent. Developed countries supplied 56 percent (\$5.3 billion) of the total value of all item 807.00 imports in 1978, and LDC's were the source of 44 percent (\$4 billion) (see tables 2 and 3).

Japan, Canada, the United Kingdom, and Sweden were the next most prominent developed country sources in 1975-78; imports from Japan increased greatly during the period, supplying 15 percent of all item 807.00 imports in 1978. There was a drastic decline in imports from Belgium (chiefly of motor vehicles), which dropped from \$157 million in 1975 to an average of \$9 million in 1977 and 1978, and a rise in imports from France (largely of aircraft), from an average of \$54 million in 1975 and 1976 to an average of \$174 million in 1977 and 1978.

Million  
dollars

**Figure 5. -- U.S. IMPORTS FOR CONSUMPTION UNDER  
TSUS ITEM 807.00, BY DUTIABLE AND NONDUTIABLE  
VALUES, 1966-78.**

**DUTIABLE VALUE: BLANK AREA  
NONDUTIABLE VALUE (U.S. PRODUCTS) : BARRED AREA  
NOTE: TOTAL IMPORTS SHOWN AT TOP OF INDIVIDUAL BARS**

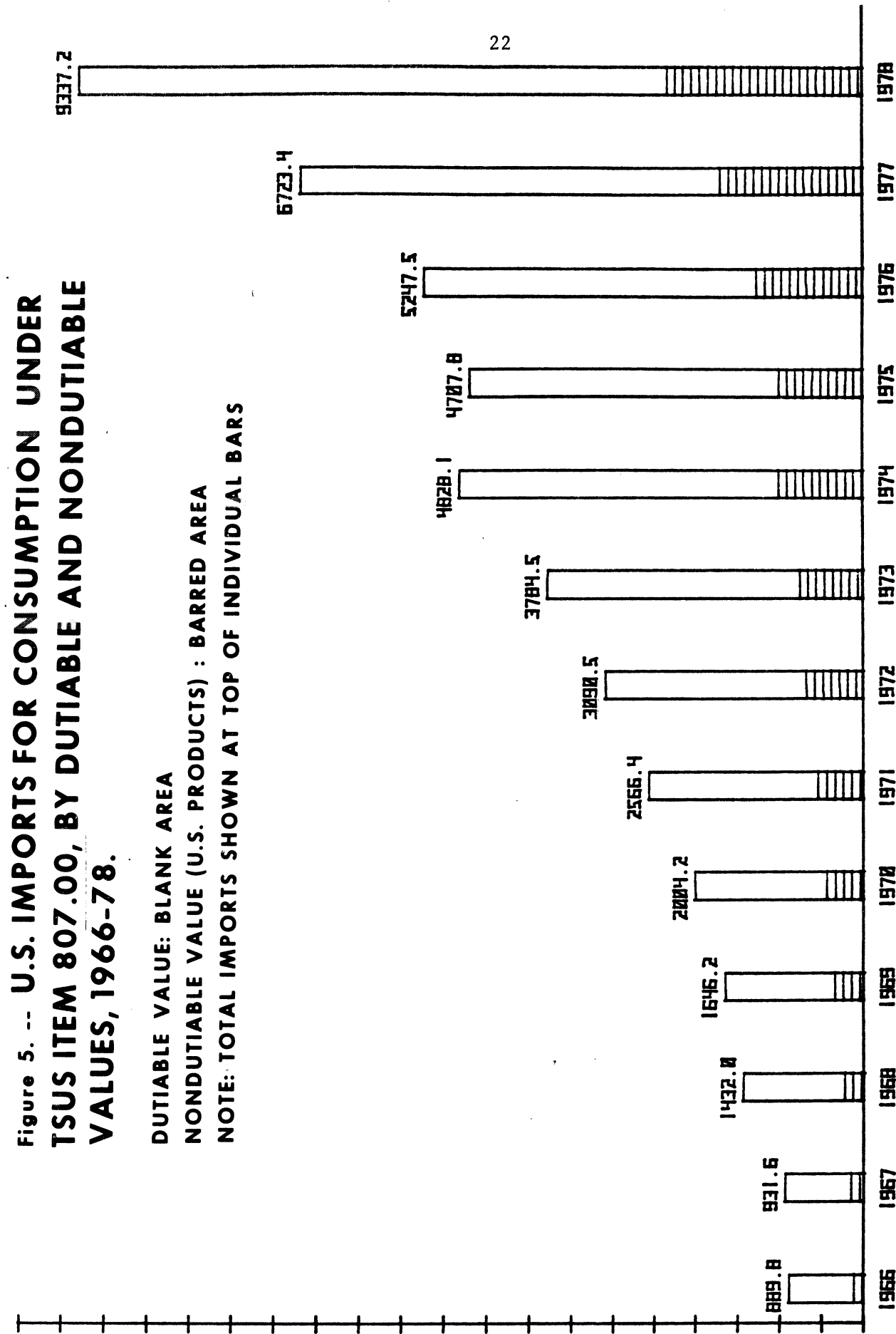
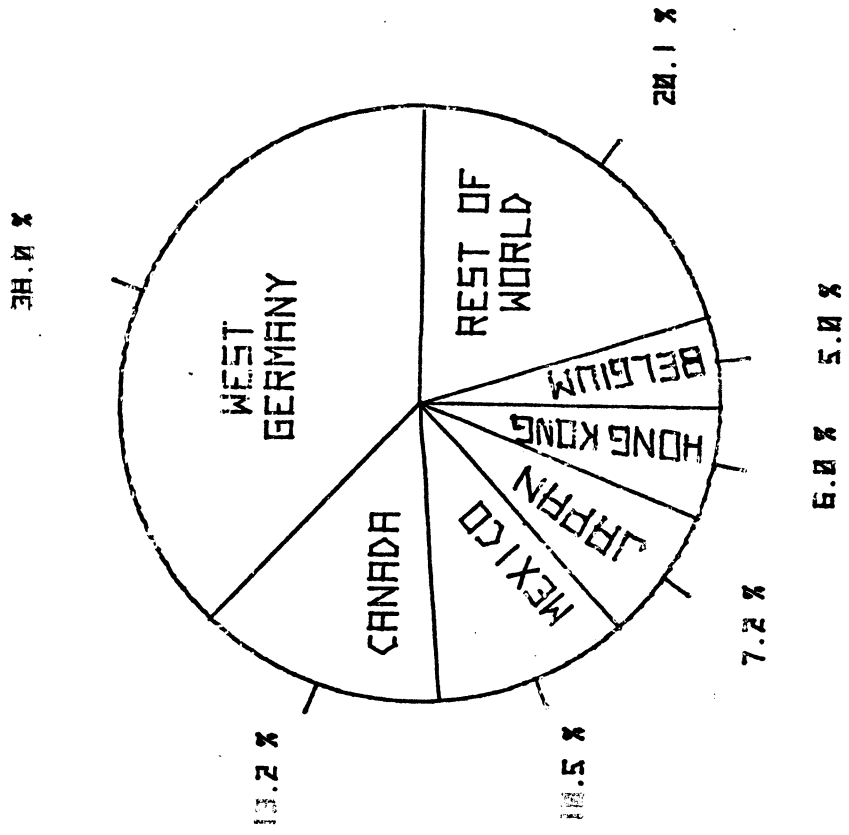
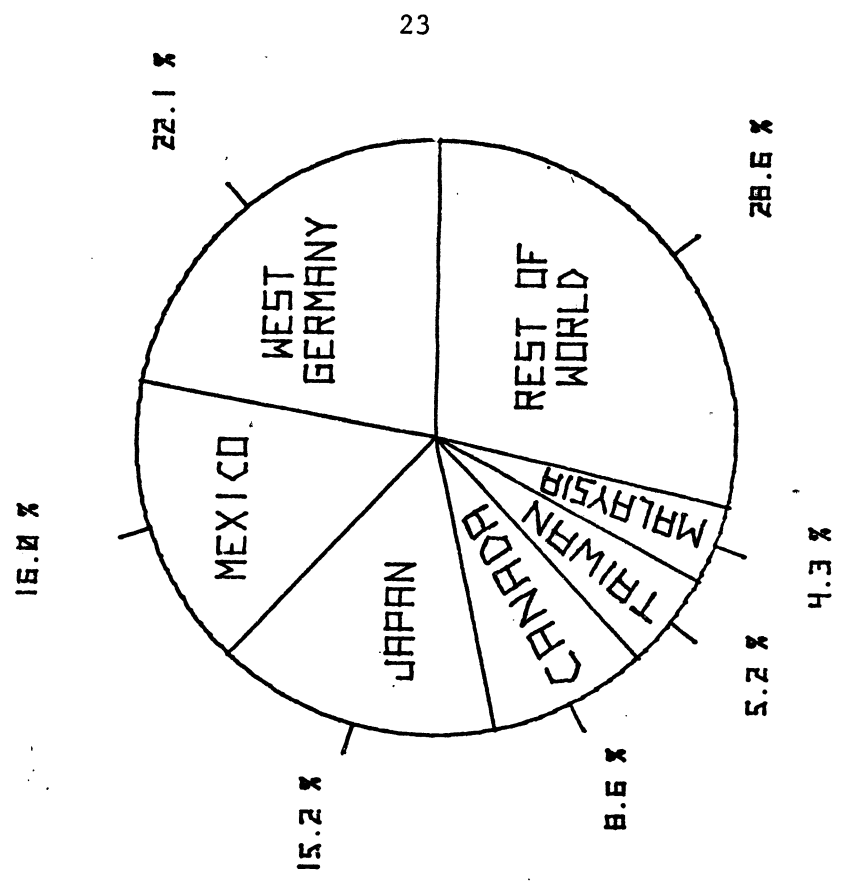




Figure 6. -- U.S. IMPORTS FOR CONSUMPTION UNDER TSUS ITEM 807.00, BY PRINCIPAL SOURCES, 1970 AND 1978.



1970



1978

Source: Based on official statistics of the U.S. Department of Commerce.

Among the additional LDC's, imports from Taiwan, Singapore and Hong Kong were the most prominent, with those from Malaysia and the Republic of Korea increasing significantly during 1975-78 to reach equal prominence. Imports from the Philippines under item 807.00 also became notable in 1978 after nearly tripling in value compared with the previous year.

As might be expected, the ratio of duty-free value to total value of item 807.00 imports differed greatly for developed and less developed countries. For developed countries, the duty-free value was only a small part of the total value, ranging between 7 and 8 percent in 1975-78. For the LDC's, however, the duty-free value in 1975-78 ranged from about 43 percent (1975 and 1976) to about 49 percent (1978) of the total value. The reason for the difference probably lies in the wider use of foreign-made components in the final product as well as higher cost labor in the developed countries than in the LDC's.

Principal products imported from the four principal sources of item 807.00 imports in 1978.--Motor vehicles accounted for 97 percent of all item 807.00 imports from West Germany in 1978 (see tables 7 and 7a). The remainder consisted mainly of various types of industrial machinery and mechanical equipment. The duty-free value of all item 807.00 imports from West Germany in 1978 amounted to less than 2 percent of the total value, presumably indicating that most of the U.S. components would have been used regardless of the availability of the provisions of item 807.00.

Motor vehicles were also the chief products entered under item 807.00 from Japan in 1978, accounting for 68 percent of all such imports from Japan. Other notable imports from Japan under item 807.00 were motor-vehicle parts, motorcycles and off-the-highway-type work vehicles (about 17 percent), household-type sewing machines (almost 3 percent), earth-moving and mining machinery (over 2 percent), nonmilitary aircraft, tape recorders and players, office machines and parts, and yachts and pleasure boats. The duty-free value of all item 807.00 imports from Japan accounted for about 3 percent of the total value of such imports. This probably reflects the fact that some U.S. parts or materials are used in largely Japanese products to satisfy U.S. standards, operating conditions, or tastes, or where the U.S. products are superior.

Imports from Mexico under item 807.00 in 1978 consisted of a wide variety of commodities, but television apparatus and parts and other electronic and electrical articles predominated; transportation machinery and equipment were also important, as were articles of wearing apparel. In sharp contrast with imports from the developed countries, the duty-free value of all item 807.00 imports from Mexico represented 53 percent of the total value of such imports. The large duty-free share of the total value presumably reflects the use of the provisions of item 807.00 to take advantage of the lower labor costs in that developing country to assemble labor-intensive products there from largely U.S.-made materials and parts.

The composition of item 807.00 imports from Canada in 1978 was fairly diverse, but the greater part consisted of office machines and parts, internal combustion engines, television receivers, and various types of vehicles, industrial machinery, and electrical products. The duty-free value of all item 807.00 imports from Canada in 1978 equaled 22 percent of the total value.

Item 806.30

Imports under item 806.30 in 1978 were valued at over six times their value in 1966; they trended upward from \$63.2 million (or 0.3 percent of total U.S. imports) in 1966 to a peak of \$543.7 million in 1974, and then trended downward to \$398.1 million (or 0.2 percent of total U.S. imports) in 1978. The duty-free value of item 806.30 imports increased from \$34.2 million in 1966 to a peak of \$303.3 million in 1974, then trended downward to \$243.2 million in 1978. The ratio of the duty-free value of item 806.30 imports to the total value in 1966-78 ranged between a low of 50 percent in 1967 and a high of 62 percent in 1971. In the most recent 4-year period, the ratio of duty-free value to total value gradually increased from 58 percent in 1975 to 61 percent in 1978 (see table 1 and fig. 7).

Principal products imported under item 806.30.--Semiconductors and parts, used chiefly by the electronics industry, have been by far the principal articles imported under item 806.30; they represented an average of about 68 percent of the total value of such imports in 1975 and 1976, but declined to 38 percent by 1978. Parts of aircraft were the next most important articles imported, constituting 10 percent of the total in 1977 and 1978. Next were iron or steel mill products and aluminum mill products in 1978, with imports of electronic tubes and nickel mill products also notable. In addition, significant increases were noted in the value of imports of unwrought aluminum, unwrought lead, internal combustion engines, parts of motor vehicles, and articles for making or breaking electrical circuits (see table 8).

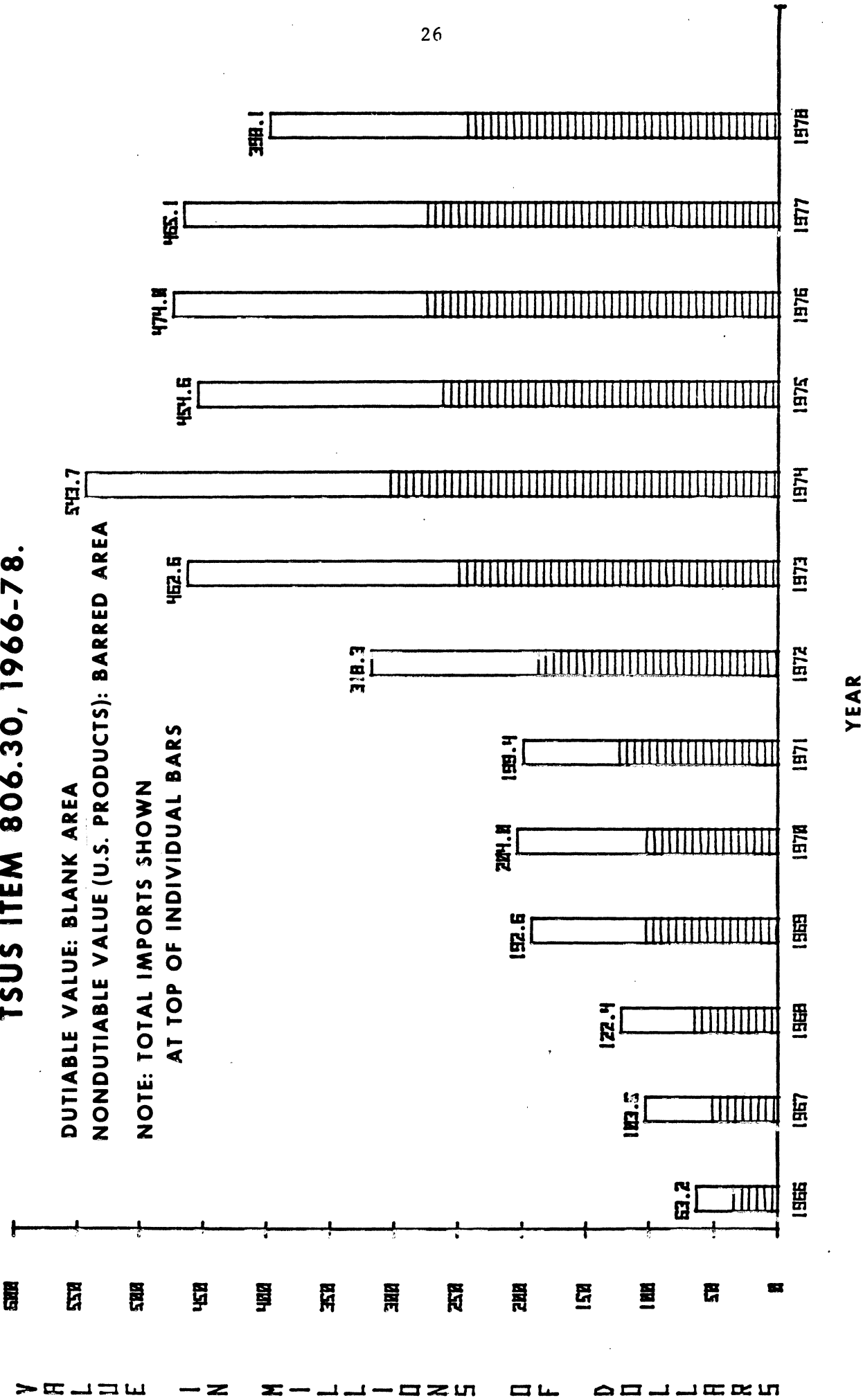
Principal sources of item 806.30 imports.--Comparing, in figure 8, the six principal sources of item 806.30 imports in 1978 with those in 1970, it may be noted that three of the sources--Canada, West Germany, and Singapore--were the same, but Malaysia, Mexico, and the Philippines had supplanted Belgium, Italy, and France. As noted with respect to item 807.00 imports, the developing countries accounted for a greater portion of item 806.30 imports in 1978 than in 1970.

In 1975-78, Canada was by far the most important source of item 806.30 imports from developed countries, supplying 62 percent of the total value of such imports and 30 percent of the total value of item 806.30 imports from all sources in 1978. Other important developed countries supplying item 806.30 imports during the period were West Germany and Italy; France became prominent in 1978 while imports from Belgium, formerly significant, declined sharply. Developed countries supplied 48 percent, or \$192.7 million, of the total value of all item 806.30 imports in 1978 (see tables 4 and 5).

Among the developing countries, Malaysia, Mexico, Singapore, and the Philippines were the leading sources of item 806.30 imports in 1975-78, but imports from Singapore declined sharply in 1978. Of the total value of item 806.30 imports from developing countries in 1978 (\$205.3 million), Malaysia and Mexico combined supplied 68 percent. Mexico was the leading source of all item 806.30 imports in 1975, but declined in importance thereafter; the total value of item 806.30 imports from Mexico in 1978 was less than half the 1975 total. Sources of lesser importance in 1978 but of considerably greater importance than the remaining LDC's were the Philippines, Singapore, and Taiwan.

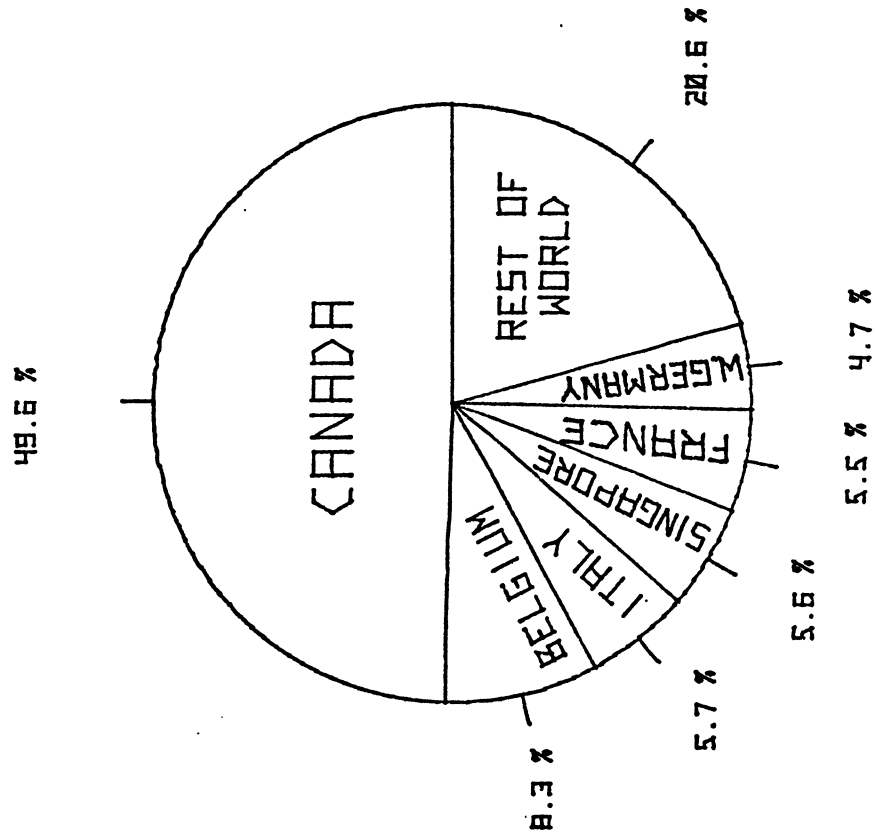
**Figure 7. -- U.S. IMPORTS FOR CONSUMPTION UNDER  
TSUS ITEM 806.30, 1966-78.**

Million  
dollars

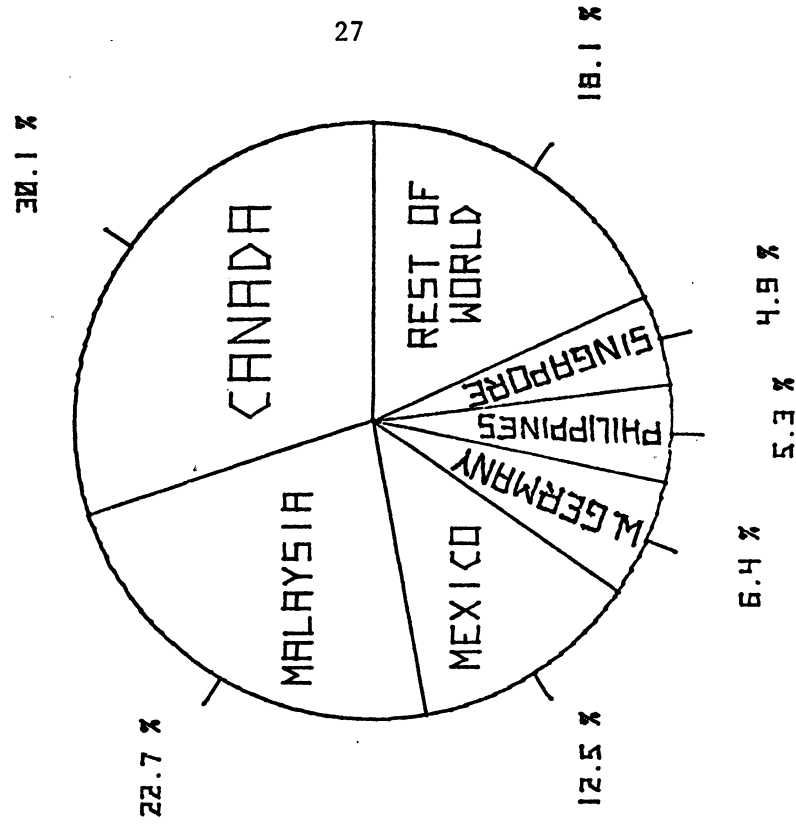


Source: Based on official statistics of the U.S. Department of Commerce.

Figure 8. -- U.S. IMPORTS FOR CONSUMPTION UNDER TSUS  
ITEM 806.30, BY PRINCIPAL SOURCES, 1970 AND 1978.



1970



1978

Source: Based on official statistics of the U.S. Department of Commerce.

Unlike the situation for item 807.00 imports, no significant difference is evident in the ratio of duty-free value to total value of item 806.30 imports from developed and developing countries.

Principal products imported from the four major sources of item 806.30 imports in 1978.--The composition of imports from Canada under item 806.30 in 1978 (valued at \$119.7 million) was fairly diverse, but steel and other metal mill products and parts of aircraft made up the greatest portion of the total value (table 9). The duty-free value of all item 806.30 imports from Canada in 1978 was 62 percent of the total.

Semiconductors, including parts, constituted almost all imports from Malaysia under item 806.30 in 1978 (total imports were valued at \$90.3 million). The duty-free value of all such imports was 60 percent of the total.

Imports from Mexico under item 806.30 in 1978 (valued at \$49.9 million) were composed largely of electronic and electrical articles and vehicle parts. Semiconductors and parts of automobile wheels were the most prominent articles imported, accounting for 56 percent of the total. The duty-free value of all item 806.30 imports from Mexico was 70 percent of the total value of such imports.

Item 806.30 imports from West Germany in 1978 (valued at \$25.4 million) consisted principally of nickel mill products, aluminum foil, other base metals through the mill products stage, and refractory metal powders and compounds. The duty-free value of all item 806.30 imports from West Germany amounted to 64 percent of the total value.

#### Principal Commodity Groups Imported Under Item 807.00

The following is a brief discussion of the most important of the product groups imported under TSUS item 807.00 as shown in appendix tables 2 and 2a.

##### Motor vehicles

The total value of all imports of motor vehicles increased annually from \$8.2 billion in 1975 to \$16.4 billion in 1978. The value of imports of motor vehicles under item 807.00 declined from \$1.9 billion in 1975 to \$1.7 billion in 1976 and then rose substantially to \$3.3 billion in 1978. They represented 23.4 percent of the value of all imports of motor vehicles in 1975, declined to 16.7 percent in 1976, and then increased to 20.2 percent in 1978. The increase in the total value of item 807.00 imports during 1975-78 was due primarily to the increase in the average value of an imported vehicle (\$3,900 in 1975 compared with \$5,400 in 1978) and to the 300-percent increase in the value of such imports from Japan.

The duty-free value of motor vehicles imported under item 807.00 increased annually from \$30.3 million in 1975 to \$67.4 million in 1978. The ratio of the duty-free value to the total value of item 807.00 imports of motor vehicles was small during 1975-78, ranging from a low of 1.6 percent in 1975 to a high of 2.9 percent in 1976.

The principal commodities that constitute "motor vehicles" are passenger automobiles, automobile trucks, buses, snowmobiles, fire engines, and special-purpose vehicles. The composition of imports under item 807.00 was fairly constant during 1975-78, with automobiles accounting for over 98 percent during all 5 years, and the remaining 2 percent divided among buses, trucks, snowmobiles, and miscellaneous motor vehicles. In 1978, automobiles accounted for 98.8 percent of all motor vehicles imported under item 807.00, buses for 1.0 percent, and trucks, snowmobiles, and miscellaneous vehicles for the remaining 0.2 percent.

West Germany, Japan, Sweden, and Canada were the principal sources of motor vehicles imported under item 807.00 in 1978, since Belgium was no longer a significant source. Item 807.00 imports have come both from foreign automobile manufacturers and from foreign subsidiaries of U.S. manufacturers.

West Germany accounted for 65.2 percent of the total value of motor vehicles imported under item 807.00 in 1975 and 60.9 percent in 1978. The duty-free value of such imports represented 1.0 percent of the total value of such imports from West Germany in 1975 and 1.5 percent in 1978. The percentage of total value declined partly because one major West German manufacturer is now assembling certain models of automobiles in the United States instead of exporting them to the United States; the duty-free percentage increased because another West German manufacturer is using more U.S.-built components in the automobiles assembled for export to the United States than it did in 1975. The principal item 807.00 article imported from West Germany in both 1975 and 1978 was new passenger automobiles, accounting for over 99 percent of the value of all item 807.00 articles imported from West Germany in both 1975 and 1978.

In 1975, Japan was the second largest source of motor vehicles imported under item 807.00, accounting for 12.6 percent of the total value of such imports. By 1978, the share of total item 807.00 imports accounted for by imports from Japan had more than doubled and represented 29.1 percent of the total value. The duty-free value of such imports from Japan was about 2 percent of the total value in 1975 and 1978. New passenger automobiles represented over 99 percent of the completed motor vehicles imported from Japan under item 807.00 in both 1975 and 1978.

Imports from Sweden under item 807.00 in 1975 represented 10.0 percent of the total value of all motor vehicles imported under item 807.00. By 1978, the share had dropped to 7.0 percent. The duty-free value of such imports was 1.5 percent of the total value in 1975 and 2.4 percent in 1978. Vehicles imported from Sweden under item 807.00 consisted almost entirely of automobiles, with a small number of special-purpose vehicles also included.

In 1975, Canada accounted for 2.5 percent of the total value of motor vehicles imported under item 807.00, but by 1978, such imports from Canada represented only 1.4 percent of the total. The duty-free value of such imports rose from 12.8 percent of the total value in 1975 to 20.4 percent in 1978. The value of U.S.-produced components used in automobiles, trucks, buses, and snowmobiles imported from Canada during 1975-78 was substantial,

but most of these motor vehicles were imported duty-free under the United States-Canadian automotive agreement of 1965, and the provisions of item 807.00 were not used. However, the United States-Canadian automotive agreement is not applicable to special-purpose vehicles; therefore, Canadian special-purpose vehicles are imported under item 807.00 if they contain U.S.-produced components.

Belgium, the fourth largest source of motor vehicles imported under item 807.00 in 1975, had virtually ceased all item 807.00 exports to the United States by 1978. In 1975, Belgium accounted for 7.9 percent of the total value of motor vehicles imported under item 807.00, but for only 0.06 percent of the total in 1978. The duty-free value of such imports from Belgium was 1.8 percent of the total value in 1975 and 2.1 percent in 1978.

Various factors contributed to the decrease of such imports from Belgium. Two Swedish firms and one West German firm that were producing automobiles in Belgium virtually ceased exporting such automobiles from Belgium to the United States. A Belgian firm that was using U.S.-produced parts in its intercity buses ceased exporting buses to the United States. One multinational firm transferred production of automobiles from Belgium to Japan.

The United Kingdom, France, Italy, Korea, and the Netherlands provided the remaining motor vehicles imported under item 807.00 in 1975-78, accounting for less than 2 percent of the total. These vehicles were primarily passenger automobiles and special-purpose vehicles.

Over 98 percent of the motor vehicles imported under the provisions of item 807.00 in 1978 were new passenger automobiles. Almost all of the foreign activity under item 807.00 consists of automobile assembly operations in which small quantities of U.S.-manufactured parts are incorporated into automobiles built in other countries. The bulk of the U.S. components exported for incorporation in motor vehicles are purchased in the United States by foreign automobile manufacturers or their U.S. affiliates.

U.S.-produced automotive parts that are exported for assembly and return under item 807.00 include automatic transmissions, seat fabric, sealed-beam headlamps, valves, window glass, air-conditioning compressors, catalytic converters, seatbelts, carpets, bearings, clutches, filters, and other miscellaneous parts. All the motor vehicles imported into the United States under item 807.00 are complete assemblies which require no further operations except the installation of optional equipment such as air-conditioning or protective side molding.

Special-purpose vehicles imported under item 807.00, however, contain a much larger percentage of U.S.-made components than do passenger automobiles. This is because many Canadian firms (the major source of imported special purpose vehicles) purchase the chassis for the vehicles from U.S. manufacturers, custom build the body, and install special equipment for the vehicle on the U.S. chassis.



Foreign manufacturers utilize U.S.-produced components for motor vehicles for three basic reasons. First, the component may be required to be installed on all motor vehicles sold in the United States, but not on motor vehicles sold in other countries. An example of this is the catalytic converter, which many automobiles need in order to meet U.S. air-quality standards yet is not required in many other countries. It is, in some instances, less expensive to purchase the converter from U.S. sources than to establish production facilities in the producing country. Second, a motor-vehicle manufacturer may find it more economic and convenient to purchase a U.S.-produced item because of patent constraints; if a component is patented in the United States, a motor-vehicle producer has the option of purchasing the component from the U.S. manufacturer or securing a license to produce the product. Finally, expedience may dictate the procurement of U.S.-made components. For example, both the Japanese and the U.S. Governments have recently requested that Japanese motor-vehicle manufacturers attempt to purchase more U.S.-built components in order to lessen the current trade deficit the United States is experiencing with Japan.

Passenger automobiles, snowmobiles, trucks, and some miscellaneous vehicles such as golf carts and recreational vehicles are not subject to GSP. Buses and special-purpose vehicles such as fire trucks and cranes are subject to GSP treatment, but none are imported from any countries eligible for GSP.

Motor-vehicle parts, motorcycles, tractors, and  
off-the-highway-type work vehicles

Total U.S. imports of items in this commodity grouping increased annually from \$3.0 billion in 1975 to \$6.7 billion in 1978. The value of imports of these commodities under item 807.00 increased from \$73.4 million in 1975 to \$419.0 million in 1978 (see table 2a); their share of the value of total imports of these articles increased from 2.4 percent in 1975 to 6.3 percent in 1978. The increase in the total value of item 807.00 imports during 1975-78 was due primarily to the rapid increase in the value of truck chassis imported from Japan which contained U.S.-produced components.

The duty-free value of item 807.00 imports in this grouping increased annually from \$18.3 million in 1975 to \$37.6 million in 1978; it represented a share of the total value of such imports declining from 24.9 percent in 1975 to 9 percent in 1978.

This grouping is composed primarily of motor-vehicle parts such as bumpers, brake parts, transmissions and transaxles, mufflers and tailpipes, chassis and bodies, wheels, radiators, cast-iron parts, hubcaps and wheel covers, and shock absorbers. Such parts accounted for over 88 percent of the total value of item 807.00 imports of articles in this grouping in 1975 and 97 percent in 1978. The remaining 3 percent in 1978 was divided among motorcycles, agricultural tractors, off-the-highway-type work vehicles, and miscellaneous vehicles.

Mexico and Japan were the primary sources of item 807.00 imports of motor-vehicle parts, motorcycles, tractors, and off-the-highway-type work vehicles in 1975-78. Mexico accounted for 58.8 percent of the total value of motor-vehicle parts, motorcycles, agricultural tractors, off-the-highway-type work vehicles, and miscellaneous vehicles imported under item 807.00 in 1975 but for only 19.3 percent in 1978. The duty-free value of such imports from Mexico represented 34.3 percent of the total value in 1975 and 28.7 percent in 1978. The principal articles imported from Mexico under item 807.00 were transmissions, mufflers, tailpipes, and miscellaneous motor-vehicle parts. The U.S.-produced parts included in the assembly of these items are gears, valves, stampings, bearings, and other small parts. The imported parts are used primarily in the assembly of U.S.-produced trucks, buses, and automobiles.

While imports from Japan of articles in this grouping under item 807.00 represented only 20.5 percent of the total value of such imports from all sources in 1975, the value of such imports from Japan rose to 56.0 percent of the total in 1978. The value of item 807.00 imports of these articles from Japan increased from \$15.0 million in 1975 to \$234.9 million in 1978, while the duty-free value increased from \$684,000 (4.6 percent of the total value) to \$6.6 million (2.8 percent of the total value) during the same period. Almost all this increase can be attributed to an increase in the value of automobile truck chassis imported from Japan. In 1978, these chassis accounted for over 50 percent of the value of item 807.00 imports of this product grouping from all sources and over 95 percent of such imports of articles in this group from Japan.

Canada, Brazil, France, and the United Kingdom accounted for most of the remaining 20.7 percent of the total value of item 807.00 imports of this group of articles in 1975 and for most of the remaining 24.7 percent in 1978. As is the case with Mexico and Japan, most of the item 807.00 imports from these countries consisted of motor-vehicle parts. Item 807.00 imports from this group of countries increased primarily because a U.S. automobile producer began importing transmissions from France in 1977 under the provisions of item 807.00 and item 807.00 imports from France, near zero in 1975, soared to over \$47 million by 1978. Bodies and chassis from Brazil, transmissions from France, and work vehicles and truck trailers from Canada accounted for most of the item 807.00 imports from sources other than Mexico and Japan.

The value of U.S.-produced motor vehicle parts used in the assembly of automobiles, trucks, buses, and snowmobiles imported from Canada during 1975-78 was substantial. However, most of these parts were imported duty-free under the United States-Canadian automotive agreement of 1965, and the provisions of item 807.00 were not used.

Almost all the foreign activity under item 807.00 in this grouping consists of either installing U.S.-built components in cab-chassis for automobile trucks that are destined for the United States, or using U.S.-built parts, such as gears and valves, for the assembly of components, such as transmissions, that are to be exported to the United States and used in the assembly of domestic motor vehicles. The bulk of these motor-vehicle parts exported from the United States for incorporation in the assembly of truck chassis or larger component parts for motor vehicles are purchased in the United States by the foreign automobile-manufacturing subsidiaries of U.S. companies based in the country of assembly.

Foreign manufacturers utilize U.S.-produced components in this product grouping for the same three basic reasons noted in the discussion on motor vehicles. First, it is sometimes cheaper to purchase some of the components for the motor-vehicle parts (the principal product in this grouping) from U.S. manufacturers than to obtain them in the exporting country. Second, some of the parts purchased from the U.S. producer may be patented in the United States, so the foreign producer has the option of either buying from the U.S. patent holder or licensee or producing under license in the exporting country. Third, expedience may dictate the procurement of components from U.S. producers.

Except for motor-vehicle bodies and chassis, all articles in this grouping not already free of duty by statute or as a result of a trade agreement are all eligible for duty-free entry under the GSP. However, GSP imports in 1978 totaled only \$80.6 million or 1.2 percent of the total imports of \$6.7 billion in this grouping. The greatest part of the GSP imports are from Mexico, Brazil, Israel, Argentina, and Taiwan.

#### Nonpiston-type internal combustion engines

The principal types of nonpiston-type internal combustion engines imported under item 807.00 have been turbojets to propel aircraft and gas turbines to drive generators for the production of electricity. Nonpiston-type internal combustion engines are otherwise dutiable under TSUS item 660.46.

The ratio of the value of item 807.00 imports to the value of all imports of nonpiston-type engines generally followed a downward trend during 1975-78, declining from 85.3 percent in 1975 to 74 percent in 1978, as shown in the table below. The total value of item 807.00 imports dropped from \$203 million in 1975 to an average of about \$111 million in 1976-77, then climbed to \$214 million in 1978.

Nonpiston-type internal combustion engines: U.S. imports for consumption, total, and under TSUS item 807.00, 1975-78

Year	Total imports	807.00 imports	Ratio of 807.00 imports to total imports
	<u>Million dollars</u>	<u>Million dollars</u>	<u>Percent</u>
1975-----	237.9	203.0	85.3
1976-----	156.0	109.6	70.2
1977-----	162.0	112.8	69.6
1978-----	289.2	214.0	73.9

Source: Compiled from official statistics of the U.S. Department of Commerce, except for minor adjustments to the data on item 807.00 imports made to correct cases of misreporting.

The ratio of the duty-free value to the total value of item 807.00 imports of nonpiston-type internal combustion engines rose each year in 1975-79 from 9.6 percent to 16.1 percent, then dropped to 11.2 percent in 1978, as shown below.

Nonpiston-type internal combustion engines: U.S. imports for  
consumption under TSUS item 807.00, 1975-78

Year	807.00 total imports	Duty-free value	Ratio of duty-free value to total value
	Million dollars	Million dollars	Percent
1975-----	203.0	19.4	9.6
1976-----	109.6	12.9	11.8
1977-----	112.8	18.5	16.4
1978-----	214.0	24.0	11.2

Source: Compiled from official statistics of the U.S. Department of Commerce, except for minor adjustments made to correct some misreporting.

The major portion (89 percent) of item 807.00 imports of nonpiston-type internal combustion engines during 1975-78 was made up of turbojet and gas turbine engines used in aircraft. The remainder consisted mostly of industrial gas turbines such as those used in driving electric generators (see table below).

Nonpiston-type internal combustion engines: U.S. imports for  
consumption under TSUS item 807.00, by types, 1975-78

(In millions of dollars)

Item	1975	1976	1977	1978	Total 1975-78
Turbo-jet and gas turbine engines: for use in aircraft-----	184.2	105.2	76.9	204.4	570.7
Other nonpiston-type engines-----	18.7	4.2	35.3	9.5	67.7
Total-----	203.0	109.6	112.8	214.0	639.3

Source: Compiled from official statistics of the U.S. Department of Commerce, except that the annual totals reflect minor adjustments to correct some misreporting. Because of such adjustments, the annual totals differ slightly from the sums of the respective components.

The dominant sources of item 807.00 imports of nonpiston-type internal combustion engines during 1975-78 were Canada and the United Kingdom, as shown in the table that follows. Imports from these two countries during the period accounted for approximately 98 percent of the total. The value of imports

from Canada increased each year, whereas those from the United Kingdom, which were much more prominent in 1975, dropped sharply in 1976 and 1977, but became almost as prominent as such imports from Canada in 1978.

Nonpiston-type internal combustion engines: U.S. imports for consumption under TSUS item 807.00, by sources, 1975-78

(In millions of dollars)

Source	1975	1976	1977	1978	Total 1975-78
Canada-----	56.2	63.8	72.5	108.8	301.3
United Kingdom-----	146.7	45.4	31.4	99.6	323.1
Norway-----	0	.1	0	0	.1
West Germany-----	0	0	4.8	0	4.8
France-----	0	0	0	5.4	5.4
Japan-----	0	0	3.5	0	3.5
Total-----	203.0	109.6	112.8	214.0	639.3

Source: Compiled from official statistics of the U.S. Department of Commerce, except that annual totals reflect minor adjustments to correct some misreporting. Because of such adjustments, the annual totals differ slightly from the sums of the respective components.

Over 90 percent of these item 807.00 imports consisted of turbojet and gas turbine engines from Canada and the United Kingdom for use in aircraft. The remaining imports, consisting mostly of gas turbines used in industrial operations, were supplied by West Germany, Japan, Norway, Canada, and the United Kingdom.

The principal U.S.-made components exported for assembly into nonpiston-type engines are the turbine and compressor rotor, blading, nozzles, gears, tubing, nuts, adapters, and fuel ignition system components. In foreign establishments, these components are assembled together with other components, such as casings, bases, piping, accessory pumps, valves, and controls, to form complete engines. The completed aircraft engines are shipped to the United States for incorporation into airplanes at the aircraft manufacturers' plants, and the industrial-type gas turbines are shipped to customers' job sites where they are mated to generators and other electrical apparatus.

A common practice in international aircraft component sales is to allow the buyer to supply some parts for use in the assembly of the aircraft component. This practice allows the buyer to offset a portion of the purchase price of the component. Most major U.S. commercial aircraft manufacturers have subsidiaries that produce certain engine parts; such manufacturers will arrange to have those parts incorporated into the engines being purchased. The majority of engines used by U.S. commercial aircraft producers are obtained from domestic engine manufacturers; however, many engines, including all those used for the L-1011 aircraft, are procured from foreign manufacturers. Virtually all of the imported engines contain U.S.-made components and are imported under item 807.00.

### Nonmilitary aircraft

The nonmilitary aircraft commodity group includes all civil aircraft whether new, used, or rebuilt. This commodity group covers gliders, kites, helicopters, and single-engine and multiengine airplanes regardless of weight. Spacecraft and parachutes are not included in the nonmilitary aircraft commodity group.

The value of all nonmilitary aircraft imports increased steadily from \$80 million in 1975 to \$287 million in 1978. A large portion of the increase can be attributed to rising imports of used or rebuilt airplanes, helicopters, and large commercial transports (over 33,000 pounds, empty weight). The value of nonmilitary aircraft imports under item 807.00 increased significantly from \$58 million in 1975 <sup>1/</sup> to \$207 million in 1977, but then fell slightly to \$190 million in 1978. Imports of nonmilitary aircraft under item 807.00, as a percent of total imports of such aircraft, fluctuated between 63 percent (1976) and 80 percent (1977) during 1975-78.

The duty-free value of nonmilitary aircraft imported under item 807.00 increased from \$21 million in 1975 to \$64 million in 1977, but then declined to \$50 million in 1978. The duty-free share of the total value of item 807.00 imports of these articles in 1975-78 ranged from a low of 26 percent in 1978 to a high of 37 percent in 1975. Although all types of nonmilitary aircraft imported under item 807.00 increased in value during 1975-78, the greatest increases were in new airplanes weighing 10,000 to 33,000 pounds and those weighing over 33,000 pounds. (See table on the following page.)

The upward trend in both the total value of nonmilitary aircraft imports entering under item 807.00 and the duty-free value of such imports is indicative of the increasing international trade among major aircraft manufacturers. Particularly within the civil transport sector of the industry (over 33,000 lbs.), the large number of sales required to recoup design and development costs makes a strong world market a necessity for a successful business enterprise. For this reason, many aircraft manufacturers subcontract production of some components to foreign manufacturers, which increases the chances that foreign purchasers will order the plane. In order to minimize the great financial risk involved in the development of a new line of aircraft, producers of large aircraft, both in the United States and other countries, enter into "risk-sharing" agreements with aircraft or component producers in other countries. The participants in such agreements assist, at their own expense, in the design and eventual development of certain components.

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<sup>1/</sup> Data for 1975 differ from that in table 2 because the latter includes imports entered as military aircraft that year.

Nonmilitary aircraft: U.S. imports for consumption, total and those entering under TSUS item 807.00, by types, 1975-78

(In thousands of dollars)

Type and year	Total imports	Imports entering under TSUS item 807.00		
		Total value	Dutiable value	Duty-free value
Gliders and kites:				
1975-----	656	-	-	-
1976-----	1,096	-	-	-
1977-----	1,834	219	216	3
1978-----	2,153	-	-	-
Used or rebuilt airplanes:				
1975-----	11,616	6,983	5,195	1,788
1976-----	10,599	7,660	604	7,056
1977-----	31,251	24,015	1,267	22,748
1978-----	51,658	6,822	3,966	2,856
Helicopters:				
1975-----	6,913	539	456	83
1976-----	4,433	-	-	-
1977-----	18,070	6,224	5,156	1,068
1978-----	28,006	7,616	6,003	1,613
Airplanes under 10,000 pounds empty weight:				
1975-----	35,031	29,848	18,732	11,116
1976-----	26,301	21,467	15,552	5,915
1977-----	27,850	27,608	21,068	6,540
1978-----	45,423	43,465	31,098	12,367
Airplanes 10,000 to 33,000 pounds, inclusive, empty weight:				
1975-----	20,383	17,779	9,818	7,961
1976-----	40,808	22,961	15,353	7,608
1977-----	80,721	50,400	38,646	11,754
1978-----	101,352	73,973	54,984	18,989
Airplanes over 33,000 pounds empty weight:				
1975-----	5,048	2,909	2,619	290
1976-----	7,799	5,247	5,128	119
1977-----	100,106	98,177	76,428	21,749
1978-----	58,099	58,099	43,971	14,128
Total:				
1975-----	79,647	58,059	36,820	21,240
1976-----	91,036	57,335	36,637	20,698
1977-----	259,832	206,644	142,782	63,863
1978-----	286,691	189,974	140,020	49,953

Source: Compiled from official statistics of the U.S. Department of Commerce.

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

During 1975-78, France was consistently the largest source of nonmilitary aircraft imports under item 807.00, with imports ranging from 56 percent (1976) to 66 percent (1978) of the total. France also accounted for a large portion of the duty-free imports of these items during the same period. Other major sources of such imports included the United Kingdom, West Germany, and Japan.

A large portion of the U.S.-fabricated components entering under item 807.00 are engines. Other parts entering under the item 807.00 provision include hydraulic pumps, generators, air conditioning units, propellers, and avionics. Generally, the U.S. purchaser of foreign aircraft may specify that a certain type of U.S. component (e.g., engines) be used in construction of an aircraft. These components would then be shipped to the foreign manufacturer for assembly in the aircraft, and then re-imported into the United States as part of the finished aircraft.

U.S. components are used in foreign-assembled aircraft for several reasons. First, the use of U.S. goods may help expedite certification of the aircraft by the Federal Aviation Administration. Second, the market acceptance of a foreign-built aircraft is increased by the use of U.S.-made components. Third, since several U.S. plane builders have foreign subsidiaries, U.S.-made components may be supplied by the U.S. company to its subsidiary.

All nonmilitary aircraft are eligible for GSP duty-free treatment when imported from a designated beneficiary developing country. Nonmilitary aircraft entering under the GSP provision totaled \$27.7 million in 1978, of which approximately 98 percent were from Israel. GSP imports of nonmilitary aircraft have tended to be restricted by the capital intensity of the aircraft-manufacturing industry. Few countries eligible for the GSP are able or willing to take the large financial risks inherent to the aircraft-manufacturing industry.

### Semiconductors and parts

The total value of U.S. imports of semiconductors and parts increased from \$802.7 million in 1975 to \$1.8 billion in 1978. The value of such imports entered under item 807.00 increased from \$312.4 million to \$1.3 billion during the same period and accounted for a share of the total value of imports which increased from 39 to 75 percent in the respective years. The large increase in the total value of imports and in the value of imports entered under item 807.00 was due principally to increased imports of integrated circuits, although the value of imports of transistors, diodes, rectifiers, and parts of semiconductors also increased. Coupled with the increase in imports under item 807.00 was a decrease in the value of imports entered under item 806.30.

Of the total value of imports of semiconductors and parts entered under item 807.00 in 1975-78, the duty-free value increased from \$113.9 million in 1975 to \$793.1 million in 1978. The duty-free value accounted for 36 percent of the total value of imports under item 807.00 in 1975 and increased to 60 percent in 1978 as technological advances permitted the U.S. semiconductor



industry to progress to more efficient and capital-intensive methods of production of wafers which, after scoring, were exported for conversion to "dice" (individual units) and for encapsulation prior to their return to the United States.

The sources of U.S. imports of semiconductors and parts in 1975-78 were principally the developing countries in the Far East, such as Malaysia, Singapore, and the Republic of Korea. In those countries, much of the manual assembly is accomplished, such as mounting the dice, making the electrical connections, and encapsulation. In some foreign plants the assembled articles are also tested and packaged for sale.

Various decisions by the customs courts and the Customs Service interpreting regulations governing items 806.30 and 807.00, coupled with the nature of available production equipment and processes, have made it economically preferable to utilize the provisions of item 807.00 rather than item 806.30 in reducing the cost of production of semiconductors.

Semiconductors and parts are not eligible articles under the GSP.

#### Television receivers

The total value of annual U.S. imports of television receivers entered under item 807.00 more than doubled in 1975-78, increasing each year from \$103.4 million in 1975 to \$219.2 million in 1978. These imports represented 25.7 percent of the total value of all television receiver imports in 1975 and 23.6 percent in 1978. Almost all imports under item 807.00 consisted of television receivers produced by the subsidiaries of U.S. television manufacturers located in Taiwan and Canada; in 1978, those countries accounted for 73.4 and 26.4 percent of the total, respectively.

The duty-free value of annual imports of television receivers entered under item 807.00 in 1975-78 ranged from 8.9 percent (1975) to 16.8 percent (1977) of the total value of such imports in that period. The duty-free component consists of various parts which are integrated into the completed television receiver in foreign manufacturing plants. In order to allow some price flexibility in competition with wholly foreign-made imports, U.S. producers utilize the provision of item 807.00 to reduce their cost of production of television receivers.

Television receivers are not eligible for duty-free treatment under the GSP.

#### Television apparatus and parts, other than cameras, receivers, and picture tubes

The total value of annual imports of television apparatus and parts, other than cameras, receivers, and picture tubes, entered under item 807.00 increased erratically from \$287.7 million in 1975 to \$525.4 million in 1978. These imports represented 74.7 percent of the total value of all imports of television apparatus and parts in 1975 and 70.0 percent in 1978. Item 807.00

imports were composed of chassis, tuners, and other major subassemblies of television receivers produced by the subsidiaries of U.S. manufacturers located principally in Mexico and Taiwan.

The duty-free value of annual imports of the subject television apparatus and parts entered under item 807.00 in 1975-78 ranged from 31.9 percent (1976 and 1977) to 38.5 percent (1975) of the total value of such imports in that period. The duty-free U.S.-made materials consist of various types of parts which are incorporated into chassis and tuners in foreign plants.

Item 807.00 is used to reduce the cost of assembling certain major components of television receivers and to provide the U.S. producer of TV receivers pricing flexibility in competition against wholly foreign-made TV receivers.

Television apparatus and parts, other than cameras, receivers, and picture tubes, are not eligible for duty-free treatment under the GSP.

#### Radio apparatus and parts

The total value of U.S. imports of radio apparatus and parts entered under item 807.00 increased from \$133.7 million in 1975 to \$167.1 million in 1977, and then declined slightly to \$162.5 million in 1978. Item 807.00 imports represented 16.3 percent of the value of all U.S. imports of radio apparatus and parts in 1975 and 13.9 percent in 1978. Radio apparatus and parts entered under item 807.00 in 1978 consisted mainly of automobile radios from Brazil, clock radios from Singapore, other solid-state radio receivers from Hong Kong, and miscellaneous imports from Malaysia and Mexico.

The duty-free value of annual imports of radio apparatus and parts entered under item 807.00 in 1975-78 decreased from 23.3 percent to 17.6 percent of the total value of the imports of radio apparatus and parts entered under item 807.00 during 1975-78. The duty-free component consists principally of various U.S.-made electronic parts exported for further assembly.

Item 807.00 is used to reduce the cost of assembly of consumer-type radio apparatus to better compete with wholly foreign-made products.

With the exception of automobile radios and non-hand-held Citizens Band transceivers, radio apparatus and parts are eligible for duty-free treatment under the GSP.

#### Phonographs and parts

The total value of U.S. imports of phonographs and parts entered under tariff item 807.00 increased from \$31.1 million in 1975 to \$131.4 million in 1978. These imports under item 807.00 represented 32 percent of the total value of all U.S. imports of phonographs and parts in 1975, and rose to about 41 percent in 1976-78. The imports under item 807.00 in 1978 were principally (about 85 percent) record changers from the United Kingdom. 40

The duty-free portion of the total value of U.S. imports of phonographs and parts entered under item 807.00 ranged between 9 and 11 percent during 1975-78. It consisted mostly of phonograph cartridges exported from the United States to the United Kingdom and returned after having been assembled into record changers. The British producers of record changers import phonograph cartridges made by certain U.S. producers to satisfy U.S. consumer preferences; item 807.00 is used to lower costs.

Prior to 1979, phonographs and parts were not duty free under the GSP. In 1979, tone arms and parts became eligible articles under the GSP; phonographs and other parts, however, remain dutiable.

#### Office machines and parts

The value of item 807.00 imports of office machines and parts in 1975-78 increased 54.9 percent from \$230.9 million in 1975 to \$357.6 million in 1978. As a share of the total value of all imports of such articles, however, item 807.00 importations have declined steadily, from 26.8 percent in 1975 to 20.3 percent in 1978, as total imports increased by 104.5 percent (from \$862.1 million to \$1.8 billion).

The duty-free share of item 807.00 imports of office machines and parts rose slightly from 32.1 percent in 1975 to 33.2 percent in 1977, but then declined to 30.5 percent in 1978. The products which compose this commodity group include addressing, numbering, dating, and check-writing machines; accounting, computing, and other data-processing machines; calculators, adding machines, photocopiers, and other miscellaneous office machines. In 1978, the value of item 807.00 importations of data-processing machines and parts of data-processing machines represented 22.4 and 37.9 percent, respectively, or 60.3 percent in total, of all item 807.00 entries for the group. Accounting, computing and other data-processing machines (11.5 percent), and parts of office machines other than data-processing machines (12.5 percent) were the only other significant articles imported under item 807.00 in 1978.

Canada, Mexico, and Hong Kong combined accounted for about three-quarters of item 807.00 imports of office machines and parts in 1975-78. Imports from Canada increased from 33.0 to 44.5 percent of the total in 1975-78, while imports from Mexico decreased from 31.4 percent to 11.9 percent of the total during the same period. Imports from Hong Kong, which were predominately parts of data processing machines, increased from 6.3 percent of the total in 1975 to 23.3 percent in 1977, then decreased to 21.1 percent in 1978. Item 807.00 imports from Canada during the period consisted principally of data-processing machines. Imports from Mexico, which were largely of calculators in 1975, were mostly parts of data-processing machines in 1978. The combined share of item 807.00 imports contributed by these three countries increased from 70.7 percent in 1975 to 77.5 percent in 1978.

GSP eligibility extends to all of the tariff provisions in the office products commodity grouping with the exception that eligibility is specifically excluded for imports from Hong Kong and Mexico under TSUS item 676.52, parts of data-processing machines. GSP imports were small in 1975-78.

Other miscellaneous electrical products and parts 1/

The value of item 807.00 imports of this group of commodities designated as "other miscellaneous electrical products and parts" declined as a share of the value of all imports of such articles from 20.1 percent in 1976 to 14.8 percent in 1977, and then rose to 15.5 percent in 1978. Item 807.00 imports of these articles declined from \$88.7 million in 1976 to \$84.6 million in 1977, and then increased to \$123.2 million in 1978, representing an overall increase of 38.9 percent.

The duty-free share of item 807.00 imports of other miscellaneous electrical products and parts declined slightly from 42.5 percent in 1976 to 41.3 percent in 1977, and then increased to 46.6 percent in 1978. The commodity group consists of metallic magnets and magnetic devices, primary and storage batteries and parts, parts of power hand tools, electrical starting and ignition equipment and parts, lighting equipment for motor vehicles, portable electric lamps, television cameras and parts, sound and visual signalling apparatus and parts, and other electrical articles and parts, not specially provided for (n.s.p.f.) exclusive of ferrite core memories. 2/ In 1978, item 807.00 imports consisted notably of electrical articles and parts, n.s.p.f. (25.1 percent), light-emitting diode indicator panels (20.2 percent), smoke detectors (16.9 percent), nickel cadmium batteries (9.9 percent), and electrical starting and ignition equipment and parts (6.7 percent).

In 1978, the principal source of item 807.00 imports of miscellaneous electrical products and parts was Mexico, followed in order of importance by Ireland, Korea, and Hong Kong. The value of these item 807.00 imports from Mexico accounted for an increasing share of all such item 807.00 imports in 1976-78, rising from 18.2 percent to 41.7 percent. Imports from Mexico were largely of electrical articles and parts, n.s.p.f., nickel cadmium batteries, and other storage batteries. Imports from Ireland, mostly smoke detectors,

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1/ Prior to 1976, import statistics for "Electric articles, and electrical parts of articles, not specially provided for" included ferrite core memories within TSUS item 688.40. In 1976, ferrite core memories were separately itemized for statistical purposes (item 688.4020). Thus, the data for other electrical articles and parts of articles, n.s.p.f. (item 688.4040) are comparable only for the 1976-78 period. Consequently, this is the period covered in this portion of the report.

2/ Electrical articles and parts, not specially provided for (item 688.4040), includes numerous and diverse types of articles, such as high-intensity lamp-radio combinations, signal generators, electronic filters, parts of light bulbs, and parts of capacitors.

rose from 10.5 to 17.0 percent of the total. Imports from Hong Kong during this period, principally electrical articles and parts, n.s.p.f., represented a significantly declining share of the total value, dropping from 21.9 percent in 1976 to 6.4 percent in 1978.

Item 807.00 is used by companies producing miscellaneous electrical articles and parts primarily to shift the highly labor-intensive elements of their production processes to lower wage rate areas abroad. In many cases, the provisions of item 807.00 are used to enable U.S. manufacturers to improve their competitiveness vis-a-vis comparable imported products.

GSP imports of miscellaneous electrical products and parts have been only moderate in volume since 1976. They represented 12.6 percent of total imports in 1978, slightly less than the 15.5 percent accounted for by item 807.00 importations. GSP imports of electrical starting and ignition equipment and parts from Brazil and smoke detectors from Hong Kong were especially significant in 1978. All of the tariff provisions which are encompassed by this commodity grouping have been accorded GSP eligibility. However, since the GSP was implemented, imports from Hong Kong under items 683.70, 683.80, and 688.40 have been specifically excluded by virtue of the competitive-need criteria of the GSP.

Equipment for making, breaking, or connecting electric circuits, and voltage regulators

Item 807.00 imports of equipment for making, breaking, or connecting electric circuits, and voltage regulators increased annually from \$67.4 million in 1975 to \$119.5 million in 1978, or by 77.3 percent during the period. However, item 807.00 imports declined as a percentage of the value of all imports of these products during 1975-78 from 27.5 percent to 20.6 percent. The ratio of the duty-free value to the total value of item 807.00 imports rose annually from 55.8 percent in 1975 to 57.7 percent in 1978.

This commodity group is composed of electrical switches, relays, fuses, lightning arresters, plugs, receptacles, lamp sockets, terminals and terminal strips, junction boxes, and other electrical apparatus and parts. Imports of parts accounted for the single largest block of item 807.00 imports (18.4 percent) within the grouping in 1978. Snap-action switches, other miscellaneous switches, and relays rated at less than 10 amperes each accounted for approximately 15 percent of total item 807.00 imports.

Mexico was the largest source of item 807.00 importations of these products in 1975-78, consistently supplying a 72 to 74 percent share of the total value of item 807.00 entries in that period. The remaining share of item 807.00 imports came from numerous and relatively small sources. The composition of imports from Mexico is basically the same as for the group as a whole.

The provisions of item 807.00 are generally employed by the producers of equipment for making, breaking, or connecting electric circuits, and voltage regulators to shift the highly labor-intensive assembly elements of their production operations to foreign locations that possess a labor cost advantage over the United States.

All of the items in the grouping are designated eligible for duty-free GSP status, with the single exception of such imports from Mexico under TSUS item 685.90 (which provides for everything discussed here except voltage regulators). Imports from eligible GSP beneficiary countries amounted to less than 7 percent of total group imports in 1978. Coincidentally, item 807.00 imports during the 1975-78 period declined as a share of total imports of these articles by about the same percentage.

#### Watches and clocks

Imports of watches and clocks, and parts thereof, entered under item 807.00 climbed each year during the period 1975-78, rising from a value of \$73.9 million in 1975 to \$208.5 million in 1978. The ratio of such imports under item 807.00 to total imports of these articles rose from 18 percent in 1975 to 29 percent in 1976 and 1977, and then declined to 23 percent in 1978. The greatest increase in item 807.00 imports occurred in 1976, when such imports jumped by 140 percent over previous year imports to \$177.6 million. This significant increase reflected, in large part, increased consumer purchases of solid-state digital watches, which had been made readily available at much lower prices owing to advances in technology, following the recession of 1975. Solid-state digital watches, modules, and subassemblies utilizing semiconductors account for the bulk of annual imports under item 807.00.

The ratio of the duty-free value to the total value of imports under item 807.00 of watches, clocks and parts in 1975-78 ranged from a high of 47 percent in 1977 to a low of 36 percent in 1978. Imports of watches, clocks, and parts entered under item 807.00 came largely from Asian countries, principally Taiwan. Other important Asian suppliers included Hong Kong, Singapore, Malaysia, and Korea.

The manufacture of watches, clocks, and parts utilizing semiconductors is particularly well suited to item 807.00 operations. Because of the small size of a watch or clock movement, freight costs are not a crucial factor in determining the cost of the end product. The use of solid-state circuitry has further reduced the size of watch and clock movements. The fabrication of these articles can be viewed in two sequential steps--the manufacture of integrated circuits and other components, which requires a high degree of technology, and the assembly of the solid-state modules, watches, and clocks, which is highly labor intensive. Therefore, it is economical for the domestic watch and clock producers to ship domestically produced integrated circuits and other components offshore for assembly, thus benefiting from much lower priced foreign labor. Industry sources estimate that their offshore labor costs for production workers are as low as 20 percent of similar domestic costs.

Currently, watches, clocks, and parts thereof are not eligible articles under GSP. However, Korea has filed a petition seeking eligibility for duty-free treatment under GSP for TSUS item 715.33 (clocks valued over \$10 each). Imports of these clocks under item 807.00 have been very small to date--\$182,165 in 1978 all from developed countries; developing countries have been the source in some recent years, although in much smaller volume.

Textile products

Textile products represented about 4.4 percent of the total value and 10.8 percent of the duty-free value of imports of all articles under item 807.00 in 1978, compared with 5.1 percent and 15.5 percent, respectively, in 1975. Wearing apparel and accessories <sup>1/</sup> of textile materials valued at \$398.5 million accounted for 97.3 percent of the value of imports of textile products under item 807.00 in 1978. The value of the duty-free portion of the total value of textile product imports under item 807.00 represented 62 to 65 percent in the period 1975-78.

The value of textile imports under item 807.00 increased at an average annual rate of nearly 20 percent during the period 1975-78, from \$237.8 million in 1975 to \$409.6 million in 1978. Imports of textiles under item 807.00 accounted for 5.8 percent of the value of all imports of textiles in 1978, down from 6.5 percent in 1975.

The value of all apparel imports increased more rapidly in 1975-78 than the value of apparel imports under item 807.00, rising at an average annual rate of 28 percent compared with less than 20 percent for item 807.00 imports. In other words, the ratio of the value of apparel imports under item 807.00 to the value of all apparel imports declined from 10.4 percent in 1975 to 8.5 percent in 1978, as shown below.

Item	1975	1976	1977	1978
Apparel imports:				
Item 807.00---million dollars--:	236	275	310	398
All other-----do-----:	2,026	2,860	3,281	4,292
Total-----do-----:	2,262	3,135	3,591	4,690
Ratio of item 807.00 imports to				
total imports-----percent--:	10.4	8.8	8.6	8.5

Body-supporting garments.--Body-supporting garments were the largest group of apparel items imported under item 807.00 in 1975-78. The value of item 807.00 imports of body-supporting garments in 1978 totaled \$96.8 million, representing 68 percent of the value of all imports of body-supporting garments. Brassieres were the most prominent of the body-supporting garments imported, with total imports in 1978 of 10.7 million dozen, valued at \$108.1 million. Of these total imports, 83 percent, or 8.9 million dozen, valued at \$90 million, were imported under item 807.00. The ratio of U.S. imports to production of brassieres in 1978 was 41 percent, compared with 31 percent in 1975.

<sup>1/</sup> Does not include footwear, headwear, or gloves.

The following tabulation shows the duty-free value, the dutiable value, and the total value of brassiere imports entered under item 807.00.

Item	1975	1976	1977	1978
Duty-free value--million dollars--	28.4	37.3	44.3	51.6
Dutiable value-----do-----	24.7	28.6	32.4	38.4
Total-----do-----	53.1	65.9	76.7	90.0
Ratio of duty-free value to total value-----percent--	53.5	56.6	57.8	57.3

The ratio of duty-free value to total value of brassiere imports under item 807.00 ranged between 54 and 58 percent of the total value. The savings in duty were significant since the rates were 32 percent ad valorem for ornamented brassieres and 18 percent ad valorem for brassieres that were not ornamented.

While the total value of item 807.00 imports of brassieres increased at an average annual rate of 22 percent for the period 1975-78, the total quantity increased at the lower average yearly rate of 13 percent for the same period.

Brassieres entered under item 807.00 were almost entirely from developing countries. Mexico, the Philippines, and the Dominican Republic accounted for about 60 percent of both the quantity and the value of brassieres entered under item 807.00 in 1978. Costa Rica, Haiti, Barbados, and El Salvador were also notable suppliers, as shown in the following table.

Source	1975	1976	1977	1978	Average annual increase
	-----Million dollars-----				Percent
Mexico-----	20.3	23.5	22.9	23.1	4
Philippine Republic-----	11.6	11.7	13.8	15.5	10
Dominican Republic-----	5.1	9.0	12.2	15.5	49
Costa Rica-----	4.1	6.2	8.8	11.2	40
Haiti-----	2.6	4.2	5.9	6.7	37
Barbados-----	.9	2.4	4.5	6.1	90
El Salvador-----	.5	1.8	2.2	4.0	100
Other-----	7.9	7.1	6.4	8.0	-
Total-----	53.0	65.9	76.7	90.1	19



Imports of brassieres entered under item 807.00 from Mexico have increased at an average annual rate of only 4 percent for the period 1975-78. Imports from El Salvador, Barbados, and the Dominican Republic increased at average annual rates of 100, 90, and 49 percent, respectively. The duty-free value of brassieres entered, by countries, under item 807.00 in 1978 ranged between 57 and 72 percent of the total value, except for the Philippines. Only 11 percent of the total value entered duty free from the Philippines because the major portion of the brassiere is manufactured in the Philippines, with certain parts, such as buckles, straps, and sometimes molded cups, supplied from the United States.

Domestic manufacturers of brassieres are the main users of the item 807.00 provision, employing foreign factories to assemble their brassieres and subsequently importing the finished product. The production of brassieres is very labor intensive because the many notions and different fabrics incorporated into a finished garment require many separate sewing operations. These sewing operations, and sometimes the packaging operation as well, are performed abroad. U.S. companies use the item 807.00 provision because of lower wage rates abroad than in the United States, and make considerable use of facilities in Mexico and Latin America because of their close proximity.

Imports of brassieres, including those entered under item 807.00, are subject to quantitative restraints under the Arrangement Regarding International Trade in Textiles, known as the Multifiber Agreement (MFA).

Brassieres are not eligible for duty-free treatment under the GSP.

Wearing apparel and accessories, except body-supporting garments.--The groups of wearing apparel items imported under item 807.00 in the greatest dollar volume after body-supporting garments are women's blouses, slacks, shorts, coats, and jackets; men's shirts, coats and jackets, and trousers; and panty hose.

In 1978, the customs value of item 807.00 imports of wearing apparel and accessories, except body-supporting garments, was \$301.6 million, representing an increase of 67 percent from the 1975 value of \$180.8 million. The value of imports of these wearing apparel articles entered under TSUS item 807.00 in 1978 represented about 7 percent of the total value of imports of wearing apparel and accessories, except body-supporting garments.

The following tabulation shows, for wearing apparel and accessories entered under item 807.00, except body-supporting garments, the duty-free value, the dutiable value, and the total value of such shipments for the years 1975-78.

Item	1975	1976	1977	1978
Duty-free value--million dollars--	124.0	139.2	151.8	187.4
Dutiable value-----do-----	56.9	66.8	76.5	114.2
Total-----do-----	180.9	206.0	228.3	301.6
Ratio of duty-free value to total value-----percent--	68.5	67.6	66.5	47 62.1

The ratio of duty-free value to total value of imports of wearing apparel, except body-supporting garments, declined from 68.5 percent in 1975 to 62.1 percent in 1978. The savings in duty were rather large, particularly for apparel of manmade fibers, where the rates range from about 36 percent of the ad valorem equivalent to 42.5 percent ad valorem.

Most of the component parts are shipped to Mexico and other Latin American countries to be sewn together and shipped back to the United States as finished garments under item 807.00. The value added abroad generally includes the cost of assembly (sewing), and, to a lesser extent, materials added, such as thread, buttons, decorative stitchery, lace, trim, and other types of ornamentation. These assembly operations are located primarily in Mexico and, to a lesser extent, in other Latin American countries, because of their available labor, low wage rates, and proximity to U.S. markets.

Apparel and accessories, including those entered under item 807.00, are subject to quantitative restraints under the MFA.

Except for certain handkerchiefs, apparel and accessories are not eligible for duty-free treatment under the GSP.

#### Principal Commodity Groups Imported Under Item 806.30

The following is a brief discussion of the most important product groups imported under TSUS item 806.30, as shown in table 5.

##### Semiconductors and parts

The total value of U.S. imports of semiconductors and parts entered under item 806.30 in 1975-78 trended downward from \$305.1 million in 1975 to \$149.4 million in 1978. Such imports accounted for 38 percent of the value of all imports of semiconductors and parts (\$802.7 million) in 1975 and decreased to 8 percent of all imports (\$1.8 billion) in 1978. The decreased use of item 806.30 was more than offset by the increased use of item 807.00 and is accounted for by the requirement that further processing of the product be performed in the United States in order to obtain a duty exemption under item 806.30 (see previous discussion of the use of item 807.00). Increasingly, U.S. semiconductor manufacturers are providing foreign facilities the equipment to complete the processing of semiconductors following the capital-intensive production of wafers in the United States. This development encourages the use of item 807.00 rather than item 806.30.

The duty-exempt share of the value of U.S. imports of semiconductors and parts under item 806.30 in 1975-78 trended downward from \$177.9 million in 1975 to \$93.6 million in 1978. However, this duty-free share of the total value of such imports represented a rising percentage of the total, increasing steadily from 58 percent in 1975 to 63 percent in 1978. The duty-exempt component consisted largely of scored wafers exported for separation into discrete "dice," which are then wired and otherwise processed prior to return to the United States for further processing.

The principal sources of imports of semiconductors under item 806.30 were developing countries located chiefly in Asia and Latin America. Malaysia was the principal single source of semiconductors, accounting for 60.4 percent of total imports under item 806.30 in 1978; the Philippines, Mexico, and Taiwan supplied most of the remainder.

Most item 806.30 semiconductor operations involved integrated circuits. The processing in foreign plants prior to further processing in the United States may occur at various stages after the scored wafer is exported from the United States; however, the principal processing done in the United States after the return of the foreign-processed articles is encapsulation.

Item 806.30 is used principally to reduce production costs. A determination as to whether to use either item 806.30 or item 807.00 is dependent on the manufacturing capability at the foreign plant and on the ability of U.S. importers to maximize the duty-exempt component of imported semiconductors and parts. In the past several years, the use of item 807.00 has increased, and the use of item 806.30 has decreased.

Specific data on cost and labor are not available. However, the largest portion of the total cost of production of semiconductors is incurred in wafer fabrication, which is performed mostly in the United States. Much of the highly skilled labor is employed in the United States, and much of the unskilled labor is employed in foreign plants.

Semiconductors and parts are not eligible for duty-free treatment under the GSP.

### Aircraft parts

The aircraft parts covered are those classified as such in the TSUS and include a wide variety of components for balloons and airships, gliders, helicopters, airplanes (military and nonmilitary), and spacecraft.

The total value of all imports of aircraft parts decreased from \$325.5 million in 1975 to \$275.6 million in 1976, but then increased to \$368.2 million in 1978. Generally, the level of imports of such items fluctuated with the level of domestic production of complete aircraft. During 1975-78, the value of aircraft parts imported under item 806.30 ranged between a high of \$49.9 million in 1975 and a low of \$22.2 million in 1976. The ratio of these item 806.30 imports of aircraft parts to total imports of such articles ranged from 8.0 percent (1976) to 10.7 percent (1978).

The duty-free value of aircraft parts imported under item 806.30 decreased from \$26.7 million in 1975 to \$10.6 million in 1978. During 1975-78, the duty-free share of item 806.30 imports of aircraft parts ranged between 53.6 percent (1975) and 26.9 percent (1977) of total imports under item 806.30.

Canada consistently has been the largest source of aircraft parts imported under item 806.30, in 1975-78 accounting for between 45 percent (1975) and 70 percent (1977) of annual imports. In 1978, Canada provided 60 percent of item 806.30 imports of aircraft parts, and Italy provided 34 percent. Other sources of aircraft parts imported under item 806.30 during 1975-78 include Brazil, Taiwan, and the United Kingdom.

U.S. aircraft manufacturers are the major importers of aircraft parts entered under item 806.30. One major U.S. producer of commercial transport aircraft, however, does not import parts of aircraft under item 806.30, claiming that the added record-keeping cost exceeds the 5-percent duty which is normally paid on such imports. Aircraft parts entering under item 806.30 include rudders, airgates, stator assemblies, wing and tail assemblies, vertical stabilizers, and fuselage and floor panels. The exported articles consisted mainly of aluminum sheets, extrusions, forgings, and fasteners. The foreign processor performs cutting, shaping, and assembly operations, and then exports the parts to the United States to be incorporated into completed aircraft.

The imports of aircraft parts under item 806.30 are indicative of the international participation among major aircraft manufacturers. Many aircraft manufacturers subcontract production of some components to foreign firms, thereby increasing the likelihood of foreign sales of the U.S. product. Several domestic aircraft manufacturers maintain foreign subsidiaries which produce components for the parent company on a continuing basis. These foreign subsidiaries, especially those in Canada, constitute the major source of item 806.30 imports of aircraft parts. One major domestic producer of aircraft purchased a plant in Canada because of a shortage of skilled labor in the United States during the Vietnam conflict (mid-1960's). The company has indicated that the size and nature of the highly specialized machines and tools used in production of parts for large commercial aircraft make movement of the equipment to the United States not economically feasible.

Aircraft parts are eligible for duty-free treatment under GSP when imported from a designated beneficiary developing country. GSP imports of such items in 1978 totaled \$2.3 million; about 70 percent came from Singapore. Other sources of GSP imports of aircraft parts in 1978 were Mexico, Taiwan, and Israel.

In accordance with the recently concluded multilateral trade negotiations aircraft agreement, imports of aircraft and aircraft parts will enter the United States duty free as of January, 1, 1980.

### Steel mill products

Imports of steel mill products under item 806.30 while small, have been growing. In 1978, when such imports were at their highest level, they represented less than 0.4 percent of all U.S. imports of steel mill products, and about 3 percent of total imports of such products from Canada, the prime source.

As shown in the following table, total imports of steel mill products entering under item 806.30 in 1975-78 increased from 23,000 tons, valued at \$10.4 million, in 1975, to 78,500 tons, valued at \$35.4 million, in 1978. During the 1975-78 period, the share of the total value of item 806.30 imports of steel mill products which entered the United States duty free was the highest in 1978, when it accounted for 76 percent of the total value.

Steel mill products: Imports under item 806.30, 1975-78

Year and item	Quantity <sup>1/</sup>	Value	Duty-free	Dutiable
	Short tons	dollars	value	value
			1,000	1,000
			dollars	dollars
1975:				
Plates, sheets, and strip-----	17,600	4,399	3,795	604
Wire-----	3,300	2,800	954	1,846
Other-----	2,400	3,175	2,176	999
Total-----	23,300	10,374	6,925	3,449
1976:				
Plates, sheets, and strip-----	37,100	6,946	5,416	1,530
Wire-----	16,000	8,473	1,955	6,518
Other-----	1,700	4,845	3,562	1,283
Total-----	54,800	20,264	10,933	9,331
1977:				
Plates, sheets, and strip-----	29,600	9,793	7,899	1,894
Wire-----	10,400	5,983	2,810	3,173
Other-----	4,500	5,072	3,791	1,281
Total-----	43,500	20,848	14,500	6,348
1978:				
Plates, sheets, and strip-----	64,600	24,378	19,404	4,974
Wire-----	5,200	3,273	1,587	1,686
Other-----	8,700	7,707	5,817	1,890
Total-----	78,500	35,358	26,808	8,550

<sup>1/</sup> Partly estimated.

Source: Compiled from official statistics of the U.S. Department of Commerce.

In 1975-78, more than 90 percent of item 806.30 imports of steel mill products were imported from Canada. In 1978, Canada accounted for 73,000 tons, or about 93 percent of the total; coated or plated (galvanized) sheets alone accounted for about 44,000 tons of the imports from Canada. Belgium was a significant source of wire imports. Mexico, the only other source of item 806.30 imports, supplied insignificant quantities. Plates, sheets, and strip accounted for 82 percent of all item 806.30 imports of steel mill products in 1978, followed by wire and pipes and tubes.

Sizeable quantities of sheets are shipped from the United States to Canada for galvanizing, coating, plating, cold rolling, pickling, or a multitude of other operations before being returned to the United States, ultimately to be used principally in automotive manufacture. The bulk of the trade in item 806.30 imports is by firms other than steel producers, such as those operating service centers and warehouses.

#### Aluminum mill products other than foil

In 1975-78, the value of total imports of aluminum mill products other than foil increased about fourfold from \$64.2 million in 1975 to \$325.9 million in 1978; imports under item 806.30, however, increased each year from \$1.5 million in 1975 to \$25.4 million in 1978, a gain of about seventeenfold. The ratio of item 806.30 imports to total imports increased from 2.3 percent in 1975 to 8.8 percent in 1977, before declining to 7.8 percent in 1978. The duty-free share of item 806.30 imports of these aluminum products during 1975-78 rose annually from 69.6 percent to 78.9 percent.

The table on the following page compiling official Department of Commerce data provides the TSUSA item numbers relative to aluminum mill products other than foil for which imports entered under item 806.30 during any year of the 1975-78 period. The aggregate annual totals for item 806.30 imports shown in this table differ somewhat from the figures shown for this product group in table 5 because the latter reflects minor adjustments to official statistics to correct cases of misreporting.

In 1975, about half of item 806.30 imports of the subject articles consisted of rods 0.375 inch in diameter and over (item 618.1540); sheets, plates, and strip, not clad (item 618.2560) and wrought aluminum, not clad, n.e.s. (item 618.2580) accounted for virtually all of the remainder (28 percent and 21 percent, respectively). In 1976 and 1977, item 806.30 imports of sheets, plates, and strips, not clad, accounted for most of the total item 806.30 imports of aluminum mill products. By 1978, item 806.30 imports of sheets and strip, not clad (plate imports were separately classified in 1978) were more than 2-1/2 times the 1977 total of all of these aluminum mill product imports and accounted for 94 percent of total item 806.30 imports of the subject articles.

The principal sources of item 806.30 imports of the subject aluminum mill products during 1975-78 were as follows, as compiled from official statistics of the U.S. Department of Commerce.

(In thousands of dollars)						
Source	1975	1976	1977	1978		
France-----	271	4,070	3,466	10,558		
Canada-----	14	90	5,205	9,178		
Japan-----	-	-	-	5,375		
Belgium-----	1,191	709	211	73		
All other-----	28	30	29	8		
Total-----	1,504	4,899	8,911	25,219		

Aluminum mill products other than foil: Imports for consumption, TSUS item 806.30 imports, and imports under the GSP, by TSUS or TSUSA items, 1975-78

TSUS or TSUSA item No.	Description	1975				1976				
		Total imports	806.30 imports	Ratio of 806.30 imports to total imports	Total imports	806.30 imports	Ratio of 806.30 imports to total imports	Total imports	806.30 imports	Ratio of 806.30 imports to total imports
		1,000 dollars	1,000 dollars	Percent	1,000 dollars	1,000 dollars	Percent	1,000 dollars	1,000 dollars	Percent
618.1540	Rods 0.375" in diameter and over	7,042	1/ 748	10.6	11,810	1/ 127	1.0	4,343	36.7	
618.1700	Angles, shapes, and sections	658	-	-	381	-	-	46	12.7	
618.2520	Circles and discs, not clad	5,987	-	-	9,529	2/ 375	3.9	1,019	10.6	
618.2540	Bars, not clad	706	-	-	1,438	-	-	389	27.0	
3/ 618.2550	Plates, not clad	-	-	-	-	-	-	-	-	
4/ 618.2560	Sheets, plates, and strip, not clad	43,685	5/ 422	0.9	61,256	6/ 3,851	6.2	6,455	10.5	
3/ 618.2565	Sheets and strip, not clad	3,977	7/ 316	7.9	7,326	1/ 544	7.4	205	2.7	
618.2580	Wrought, not clad, n.e.s.	-	-	-	-	-	-	-	-	
8/ 618.2740	Plates, sheets, and strip, clad, n/alloy	282	-	-	835	-	-	117	14.0	
9/ 618.2765	Wrought aluminum, clad, n.s.p.f.	9	-	-	43	-	-	-	-	
618.2900	Bars, sheet, etc., clad, n.e.s.	1,986	10/ 17	0.8	1,688	-	-	169	10.0	
618.4700	Pipes, tubes, and blanks, etc.	64,242	1,504	2.3	94,306	4,897	5.1	12,743	13.5	
Total										

TSUS or TSUSA item No.	Description	1977				1978				
		Total imports	806.30 imports	Ratio of 806.30 imports to total imports	Total imports	806.30 imports	Ratio of 806.30 imports to total imports	Total imports	806.30 imports	Ratio of 806.30 imports to total imports
		1,000 dollars	1,000 dollars	Percent	1,000 dollars	1,000 dollars	Percent	1,000 dollars	1,000 dollars	Percent
618.1540	Rods 0.375" in diameter and over	11,284	-	-	9,615	-	-	4,118	42.8	
618.1700	Angles, shapes, and sections	713	11/ 12	1.6	1,527	11/ 408	26.7	115	7.5	
618.2520	Circles and discs, not clad	10,901	2/ 313	2.8	16,737	2/ 374	2.2	3,333	19.9	
618.2540	Bars, not clad	1,457	2/ 16	1.0	1,568	-	-	618	39.4	
3/ 618.2550	Plates, not clad	-	-	-	5,392	2/ 146	2.7	567	10.5	
4/ 618.2560	Sheets, plates, and strip, not clad	67,734	12/ 8,455	12.4	269,641	13/ 23,670	8.7	24,120	8.9	
3/ 618.2565	Sheets and strip, not clad	7,839	14/ 17	0.2	16,754	11/ 369	2.2	1,066	6.3	
618.2580	Wrought, not clad, n.e.s.	-	-	-	-	-	-	-	-	
8/ 618.2740	Plates, sheets, and strip, clad, n/alloy	787	11/ 4	0.5	1,512	-	-	70	34.1	
9/ 618.2765	Wrought aluminum, clad, n.s.p.f.	86	-	-	2,975	11/ 222	7.4	-	-	
618.2900	Bars, sheet, etc., clad, n.e.s.	1,767	11/ 94	5.3	1,512	11/ 3	1.4	103	6.8	
618.4700	Pipes, tubes, and blanks, etc.	102,568	8,911	8.6	329,926	25,192	7.7	34,110	10.5	
Total										

1/ Belgium. 2/ France. 3/ Established Jan. 1, 1978; transferred from 618.2560. 4/ Discontinued Jan. 1, 1978, transferred to 618.2550 and 618.2565. 5/ France, 271; Belgium, 139; Italy, 8; Canada, 5. 6/ France, 3,695; Canada, 90; Belgium, 38; West Germany, 28. 7/ Belgium, 296; West Germany, 21. 8/ Discontinued Jan. 1, 1978, transferred to 618.2765. 9/ Established Jan. 1, 1978; transferred from 618.2740 and 618.2760. 10/ Canada, 9; Belgium 8. 11/ Canada. 12/ Canada, 5,095; France, 3,137; Belgium, 211; West Germany, 12. 13/ France, 10,038; Canada, 8,176; Japan, 5,375; Belgium 73; West Germany, 9. 14/ West Germany.

Source: Compiled from official statistics of the U.S. Department of Commerce. GSP imports began in 1976. Note.--Because of rounding, figures may not add to the total shown.

Although Belgium was by far the primary source in 1975, accounting for 79 percent of the total in that year, imports from France gained prominence in 1976-78 as imports from Belgium declined with a change in the composition of imports. Canada became a leading source in 1977 and Japan joined France and Canada in 1978 as a third primary source of item 806.30 imports.

The apparent reason for the increase in imports of the subject aluminum mill products under item 806.30 has been the high demand for rolled products which strained domestic rolling capacity. According to one industry source, the bulk of items exported are aluminum ingots for rolling into aluminum sheet. It was also reported that continuous cast sheets, in coils, are exported for rolling.

All of the subject articles are eligible for duty-free treatment under the GSP. GSP imports have steadily increased, from \$12.7 million in 1976 to \$34.1 million in 1978. However, the increase in GSP imports did not keep pace with the increase in total imports, and the ratio of GSP imports to total imports declined from 13.5 percent in 1976 to 10.5 percent in 1978. Countries eligible for duty-free treatment under the GSP have not been sources of imports of the subject aluminum mill products under item 806.30.



**APPENDIX A**  
**RULES AND REGULATIONS**

fact of return shall be noted on such record but the filing of the certificate on Form 3311 shall not be required.

(2) A declaration of the shipper in the insular possession in the following form:

I, \_\_\_\_\_ of \_\_\_\_\_ do hereby declare that to the best of my knowledge and belief the articles identified below were sent directly from the United State on \_\_\_\_\_, 19\_\_\_\_, to \_\_\_\_\_ (Insular possession) the carrier) articles remained in said insular possession until shipped by me directly to the United States via \_\_\_\_\_ the on \_\_\_\_\_, 19\_\_\_\_, (Name of carrier)

Marks	Numbers	Quantity	Description	Value

Dated at \_\_\_\_\_, 19\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_ (Shipper)

Such certificate and declaration shall not be required for shipments valued at \$25 or less, or in any case where the district director is satisfied by reason of the nature of the articles or otherwise that they were shipped directly to the insular possession and were returned therefrom by direct shipment, and that no drawback of duties or refund or remission of taxes was allowed when the articles were shipped from the United States.

(c) When merchandise, excluding any shipments valued at \$25 or less, arrives unaccompanied by a certificate of origin or a declaration of the shipper, or when any other document necessary to complete entry is lacking, a bond for the production thereof may be taken on Customs Forms 7551, 7553, or other appropriate form, except that a bond for production of a bill of lading shall be taken on Customs Form 7581.

(d) In determining whether an article produced or manufactured in any such insular possession contains foreign materials to the value of more than 50 per centum, a comparison shall be made between the actual pur-

chase price of the foreign material (excluding any material which at the time such article is entered, or withdrawn from warehouse, for consumption in the United States, may be imported into the United States from a foreign country, other than Cuba or the Philippine Republic, free of duty), plus the cost of transportation to such insular possession (but excluding duties and taxes, if any, assessed by the insular possession and any charges which may accrue after landing), and the final appraised value in the United States determined in accordance with section 402, Tariff Act of 1930, as amended, of the article brought into the United States.

(e) A special Customs invoice shall be required in connection with each shipment of dutiable merchandise valued over \$500 unless the shipment would have been exempt from the requirement of a special Customs invoice under § 141.83 of this chapter if it had been imported from a foreign country, or when the shipment is covered by a certificate of origin provided for in paragraph (a) of this section.

(f) Merchandise may be withdrawn from bonded warehouse under section 557, Tariff Act of 1930, as amended, for shipment to the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Johnston Island, or the Island of Guam, without payment of duty, or with refund of duty if the duties have been paid thereon, in like manner as for exportation to foreign countries. No drawback may be allowed under section 313, Tariff Act of 1930, as amended, on articles manufactured or produced in the United States and shipped to any insular possession. No drawback of internal-revenue tax is allowable under section 313 of the Tariff Act on articles manufactured or produced in the United States with the use of domestic tax-paid alcohol and shipped to Wake Island, Midway Islands, Kingman Reef, or Johnston Island. (See § 22.22 of this chapter.)

(Secs. 309, 313, 482(f), 557, 46 Stat. 690, as amended, 693, as amended, 720, as amended, 744, as amended, 77A Stat. 11; 19 U.S.C. 1202 (Gen. Hdntc. 3(a)), 1309, 1313, 1482(f), 1557.)

(28 FR 14836, Dec. 31, 1963, as amended by T.D. 73-175, 38 FR 17445, July 2, 1973; T.D. 73-220, 38 FR 22382, Aug. 20, 1973; T.D. 78-99, 43 FR 13060, Mar. 29, 1978)

§ 7.11 Guantanamo Bay Naval Station. Articles of foreign origin may enter the area (both land and water) of the Guantanamo Bay Naval Station free of duty, but such articles shall be subject to duty upon their subsequent entry into the United States.

**PART 10—ARTICLES CONDITIONALLY FREE, SUBJECT TO A REDUCED RATE, ETC.**

**ARTICLES EXPORTED AND RETURNED**

- Sec. 10.1 Domestic products; requirements on entry.
- 10.3 Drawback; internal-revenue tax.
- 10.4 Internal-revenue marks; erasure.
- 10.5 Shooks and staves; cloth boards; district director's account.
- 10.6 Certificates of foreign shipper and box maker.
- 10.7 Substantial containers or holders.
- 10.8 Articles exported for repairs, or alterations.
- 10.8a Imported articles exported and reimported.
- 10.9 Articles exported for processing.
- 10.10 Newsreel films.

**ARTICLES ASSEMBLED ABROAD WITH UNITED STATES COMPONENTS**

- 10.11 General.
- 10.12 Definitions.
- 10.13 Statutory provision: Item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202).
- 10.14 Fabricated components subject to the exemption.
- 10.15 Fabricated components not subject to the exemption.
- 10.16 Assembly abroad.
- 10.17 Valuation of exempted components.
- 10.18 Valuation of assembled articles.
- 10.19 Elements involved in determining constructed value or cost of production.
- 10.20 Cost data required if other statutory basis applicable.
- 10.21 Updating cost data and other information.
- 10.22 Marking.
- 10.23 Standards, quotas, and visas.
- 10.24 Documentation.

FREE ENTRY—ARTICLES FOR THE USE OF FOREIGN MILITARY PERSONNEL

10.30c [Reserved]

TEMPORARY IMPORTATIONS UNDER BOND

- Sec. 10.31 Entry; bond.
- 10.33 Theatrical effects.
- 10.34 Articles brought by professional artists, lecturers, or scientists.

- 10.35 Models of women's wearing apparel.
- 10.36 Commercial travelers' samples; professional equipment and tools of trade; theatrical effects and other articles.
- 10.36a Vehicles, pleasure boats and aircraft brought in for repair or alteration.
- 10.37 Extension of bonds.
- 10.38 Exportation.
- 10.39 Cancellation of bonds.
- 10.40 Refund of cash deposits.

**INTERNATIONAL TRAFFIC**

- 10.41 Instruments; exceptions.
- 10.41a Lift vans, cargo vans, shipping tanks, skids, pallets, and similar instruments of international traffic; repair components.
- 10.41b Clearance of serially numbered substantial holders or outer containers.
- ARTICLES FOR INSTITUTIONS
- 10.43 Requirements on entry.
- 10.44 Declaration of importer of record.
- 10.46 Articles for the United States.
- 10.47 Scientific specimens.

**WORKS OF ART**

- 10.48 Engravings, drawings, sculptures, etc.
- 10.49 Articles for exhibition; requirements on entry.
- 10.50 Works of American artists.
- 10.52 Painted, colored, or stained glass windows for religious institutions.
- 10.53 Antiques.
- 10.54 Gobelins and other hand-woven tapes.

**VEGETABLE OILS**

- 10.56 Vegetable oils, denaturing; release.
- POTATOES, CORN, OR MAIZE
- 10.57 Certified seed potatoes, and seed corn or maize.

**BOLTING CLOTHS**

- 10.58 Bolting cloths; marking.

**WITHDRAWAL OF SUPPLIES AND EQUIPMENT FOR VESSELS**

- 10.59 Exemption from customs duties and internal-revenue tax.
- 10.60 Forms of withdrawals; bond.
- 10.61 Withdrawal permit.
- 10.62 Bunker fuel oil.
- 10.62a Blanket withdrawals for certain merchandise.

Part 10

Title 19—Customs Duties

Chapter I—United States Customs Service

§ 10.1

Authority: R.S. 251, as amended, sec. 624, 46 Stat. 789, 77A Stat. 14; 5 U.S.C. 301, 19 U.S.C. 96, 1202 (General Headnote 11, Tariff Schedules of the United States), 1624, Secs. 10.153 appear at 38 FR 17445, July 2, 1973, unless otherwise noted.  
19 U.S.C. 1202 (General Headnote 12, Tariff Schedules of the United States), 1502. Additional authority and statutes interpreted or applied are cited in the text or following the sections affected.

10.119 Importation of repair components under item 851.65 for articles previously entered under item 851.60, Tariff Schedules of the United States.

VISUAL OR AUDITORY MATERIALS

10.121 Visual or auditory materials of an educational, scientific, or cultural character.

RATE OF DUTY DEPENDENT UPON ACTUAL USE

- 10.131 Circumstances in which applicable.
- 10.132 Examples of actual use provisions.
- 10.133 Conditions required to be met.
- 10.134 Declaration of intent.
- 10.135 Suspension of liquidation.
- 10.137 Records of use.
- 10.138 Proof of use.
- 10.139 Liquidation.

IMPORTATIONS NOT OVER \$1 AND BONA FIDE GIFTS

- 10.151 Importations not over \$5.
- 10.152 Bona fide gifts.
- 10.153 Conditions for exemption.

GENERALIZED SYSTEM OF PREFERENCES

- 10.171 General.
- 10.172 Claim for exemption from duty under the Generalized System of Preferences.
- 10.173 Evidence of the country of origin.
- 10.174 Impediment of direct shipment.
- 10.175 Imported directly defined.
- 10.176 Country of origin criteria.
- 10.177 Cost or value of materials produced in the beneficiary developing country.
- 10.178 Direct costs of processing operations performed in the beneficiary developing country.

- 10.92 Bond; form; penalty.
- 10.93 Records of receipt of wool or hair.
- 10.94 Manufacturing records.
- 10.95 Records and reports of enumerated articles of wool or hair delivered; transfer certificates.
- 10.96 Reports of use or transfer for use in violation of bond.
- 10.97 Duties, exportation or destruction.

FLUXING MATERIAL

10.98 Copper-bearing fluxing material.

ETHYL ALCOHOL

10.99 Importation of ethyl alcohol for non-beverage purposes.

UNITED STATES GOVERNMENT IMPORTATIONS

- 10.100 Entry, examination, and tariff status.
- 10.101 Immediate delivery.
- 10.102 Duty-free entries.
- 10.103 American goods returned.
- 10.104 Temporary importation entries for United States Government agencies.

WHEAT

10.106 Wheat, unfit for human consumption; other wheat.

RESOLVE AND RELIEF WORK

10.107 Equipment and supplies; admission.

PRODUCTS EXPORTED UNDER LEASE AND REIMPORTED

10.108 Entry of reimported articles exported under lease.

STRATEGIC MATERIALS OBTAINED BY BARTER OR EXCHANGE

10.110 Strategic materials acquired as a result of barter or exchange of agricultural commodities or products.

LATE FILING OF FREE ENTRY AND REDUCED DUTY DOCUMENTS

10.112 Filing free entry or reduced duty documents after entry.

INSTRUMENTS AND APPARATUS FOR EDUCATIONAL AND SCIENTIFIC INSTITUTIONS

- 10.114 General provisions.
- 10.115 Application for duty-free entry of foreign instruments.
- 10.116 Processing of applications by the Commissioner of Customs.
- 10.117 Notification to district director of final determination.
- 10.118 Disposition of articles entered under item 851.60, TSUS.

- 10.63 Landing of supplies and stores from receiving vessel in the United States.
- 10.64 Crediting or cancellation of bonds.
- 10.64a Bonded fuel laden as aircraft supplies.
- 10.65 Cigars and cigarettes.

ARTICLES EXPORTED FOR EXHIBITION, ETC.

10.66 Articles exported for temporary exhibition and returned; horses exported for horse racing and returned; procedure on entry.

10.67 Articles exported for scientific or educational purposes and returned; procedure on entry.

THEATRICAL EFFECTS, MOTION-PICTURE FILMS, COMMERCIAL TRAVELERS' SAMPLES, AND TOOLS OF TRADE

10.68 Procedure.

10.69 Samples to Great Britain and Ireland under reciprocal agreement.

ANIMALS AND BIRDS

- 10.70 Purebred animals for breeding purposes; declaration; certificate.
- 10.71 Purebred animals; bond for production of evidence; deposit of estimated duties; stipulation.
- 10.72 Horses and mules for immediate slaughter.
- 10.73 Cows for dairy purposes.
- 10.74 Animals straying or driven across boundary for pasturage; offspring.
- 10.75 Wild animals and birds; zoological collections.
- 10.76 Game animals and birds.
- 10.77 Skins bearing wool or hair as fur skins.

PRODUCTS OF AMERICAN FISHERIES

- 10.78 Entry.
- 10.79 Proof.

SALT FOR CURING FISH

- 10.80 Remission of duty; withdrawal; bond.
- 10.81 Use in any district.
- 10.82 Proof of use.
- 10.83 Bond; cancellation; extension.

AUTOMOTIVE PRODUCTS

10.84 Automotive vehicles and articles for use as original equipment in the manufacture of automotive vehicles.

MASTER RECORDS, AND METAL MATRICES

10.90 Master records and metal matrices. WOOLS AND HAIR OF THE CAMEL FOR USE IN MANUFACTURING FLOOR COVERINGS AND OTHER ARTICLES

10.91 Importation under item 308.00; entry or withdrawal under bond.

Marks	Number	Quantity	Description	Value, in U.S. coin

(2) A declaration for free entry by the owner, importer, consignee, or agent on the top portion of Customs Form 3311.

I, \_\_\_\_\_, declare that to the best of my knowledge and belief the articles herein specified are products of the United States; that they were exported from the United States, from the port of \_\_\_\_\_ on or about \_\_\_\_\_, 19\_\_\_\_, that they are returned without having been advanced in value or improved in condition by any process of manufacture or other means.

(Date) \_\_\_\_\_  
(Address) \_\_\_\_\_  
(Signature) \_\_\_\_\_  
(Capacity) \_\_\_\_\_

(3) A Certificate of Exportation on the bottom portion of Customs Form 3311 executed by the district director at the port from which the merchandise was exported. Such certificate shall show whether drawback was claimed or paid on the merchandise covered by the certificate and, if any was paid, the amount thereof. This certificate shall be issued on application of the importer, or of the district director at the importer's request, and shall be mailed by the issuing officer directly to the port at which it is to be used. If the merchandise has been exported from the port at which entry is made and the fact of exportation appears on the records of the customs-house, the fact of reimposition shall be noted on such export record. In such case the filing of the certificate on Customs Form 3311 shall not be required.

(b) If, in any case where the appraising officer's report does not show definitely that merchandise the value of which exceeds \$1,000 is of domestic origin, Customs Form 3311 has not been executed by the owner or ultimate consignee, the district director may require the execution of such form by the owner or ultimate consignee. In such a case Customs Form 3311 shall be filed within 3 months after the date of the demand therefor upon the person in whose name the entry was filed. If the owner or ultimate consignee is a corporation, such form may be signed by the president, ce president, secretary, or treasurer of the corporation, or may be signed by any employee or agent of the corporation who holds a power of attorney executed under the conditions stipulated in Subpart C, Part 141 of this chapter and a certification by the corporation that such employee or other agent has or will have knowledge of the pertinent facts. In the case of articles which are unquestionably the products of the United States and which have not been advanced in value or improved in condition, if the district director is satisfied from the character thereof or otherwise that they are free of duty under Schedule Part 1, Tariff Schedules of the United States, and if the total value of

the articles of American origin contained in the shipment does not exceed \$250, the execution of Customs Form 3311 shall not be required therefor, except when used as an entry under paragraph (g), (h), or (i) of this section.

(c) A certificate from the master of a vessel stating that products of the United States are returned without having been unladen from the exporting vessel may be accepted in lieu of the declaration of the foreign shipper required by paragraph (a)(1) of this section.

(d) If the district director is reasonably satisfied that because of the nature of the articles, or production of other evidence, the articles are imported in circumstances as to meet the requirements of item 800.00 or 805.00 and the related headnotes, they may waive the documents required by paragraphs (a) and (b) of this section, except when Customs Form 3311 is used as an entry under paragraphs (g), (h), or (i) of this section.

(e) No evidence relative to the conditions of item 800.00 shall be required in the case of articles the product of the United States in use at the time of importation as the usual coverings or containers of merchandise not subject to an ad valorem rate of duty unless such articles would be dutiable if not products of the United States under General Headnote 6, Tariff Schedules of the United States.

(f) In the case of photographic films and dry plates manufactured in the United States (except motion picture films to be used for commercial purposes) exposed abroad and entered under item 805.00, the requirements of paragraphs (a), (b), and (c) of this section are applicable except that the declaration on Customs Form 3311 to the effect that the articles "are returned without having been advanced in value or improved in condition by any process of manufacture or other means" shall be crossed out, and the entrant shall show on the form that the subject articles when exported were of U.S. manufacture and are returned after having been exposed, or exposed and developed, and, in the case of motion picture films, that they

## Chapter 1—United States Customs Service

### § 10.1

will not be used for commercial purposes. This modification shall also be made in the declaration by the foreign shipper provided for in paragraph (a)(1) of this section.

(g) In the case of aircraft and parts and equipment therefor which are returned to the United States by or for the account of an aircraft owner or operator and are intended for use in his or its own aircraft operations, either within or outside the United States, entry thereof may be made under item 800.00 on Customs Form 3311, executed by the importer and supported by proper evidence of the right to make the entry (except as provided in § 142.11(b) of this chapter), but without the other documents described in this section and without the giving of a bond to produce any of them, when there is no question that the articles are products of the United States and it satisfactorily appears that they have not been improved in condition or advanced in value while abroad and that no drawback has been or will be paid on them. In such a case, the entrant shall show on Customs Form 3311 after the words "returned to" the name and address of the aircraft owner or operator by whom or for whose account the articles were returned. The entrant shall also show on Customs Form 3311 the name of the importing conveyance, the date of its arrival, the value of the articles, and that they are intended for use in the aircraft owner's, or operator's, own aircraft operations.

(h) Entry of nonconsumable stores and equipment of a vessel may be made under item 800.00 on Customs Form 3311, in duplicate, executed by the importer and supported by proper evidence of the right to make entry (except as provided in § 142.11(b) of this chapter), when there is no question that the articles are products of the United States, and it satisfactorily appears that they have not been improved in condition or advanced in value while abroad; that no Customs drawback has been or will be paid on them, and that duty is not payable thereon because of an internal revenue tax. The declaration of the foreign shipper and the certificate of ex-

portation are not required in connection with an entry on Customs Form 3311. In satisfying himself that no Customs drawback was allowed on the articles in connection with their removal from the United States, the Customs officer may accept the written declaration of the master or other person having knowledge of the facts showing that the articles left this country on a United States vessel or a vessel operated by the United States Government as stores or equipment thereof and that they were not landed in a foreign country except for any needed repairs, adjustments, or refilling and return to the vessel from which landed or for transshipment to another vessel as stores or equipment thereof. Such declaration may be made on the reverse side of the entry on Customs Form 3311. The entrant shall show on Customs Form 3311 the name of the importing vessel, the date of its arrival, and the value of the articles.

(i) When the total value of articles of claimed American origin contained in any shipment does not exceed \$250 and such articles are found to be unquestionably products of the United States and do not appear to have been advanced in value or improved in condition while abroad and no quota is involved, free entry thereof may be made under item 800.00 on Customs Form 3311, executed by the owner, importer, consignee, or agent and filed in duplicate, without regard to the requirement of a certificate of exportation or evidence of similar purport, unless the Customs officer has reason to believe that Customs drawback or exemption from internal revenue tax, or both, were probably allowed on exportation of the articles or that they are otherwise subject to duty. The entrant shall show on Customs Form 3311 the name of the importing conveyance, the date of its arrival, the name of the country from which the articles were returned to the United States, and the value of the articles. The entrant shall also produce evidence of his right to make entry (except as provided in § 142.11(b) of this chapter). If the Customs officer is not entirely certain that the articles to

§ 10.3

Chapter 1—United States Customs Service

Title 19—Customs Duties

be entered under this paragraph by a nominal consignee are products of the United States, the actual owner or ultimate consignee thereof may be required to execute a Customs Form 3311.

(46 Stat. 759; 19 U.S.C. 1202) (T.D. 72-119, 37 FR 8867, May 2, 1972 as amended by T.D. 78-99, 43 FR 13080, Mar. 29, 1978; 43 FR 20003, May 10, 1978)

§ 10.3 Drawback; internal-revenue tax.

(a) Except as prescribed in § 10.1(f) or in paragraphs (c) and (f) of this section, no free entry shall be allowed under schedule 8, part 1, Tariff Schedules of the United States, in the final liquidation of an entry unless the district director of Customs is satisfied by the certificate of exportation or other evidence or information that no drawback was allowed in connection with the exportation from the United States, and unless no internal-revenue tax is imposed on the importation of like articles not previously exported from the United States or, if such tax is being imposed at the time of entry for consumption or withdrawal from warehouse for consumption, the district director of Customs is satisfied that an internal-revenue tax on production or importation was paid in respect of the imported article before it was exported from the United States and was not refunded. Except as pro-

any internal-revenue tax which would be payable at the time of importation if the returned article were wholly of foreign origin, but in no such case shall there be assessed more than an amount equal to the duty and tax that would apply if the returned article were wholly of foreign origin and originally imported. (See § 10.7(a).) Except as provided for in § 10.1(f), if the imported article is of a kind which would be subject to an internal-revenue tax if of foreign origin and payment of an internal-revenue tax before exportation without refund thereof is not established, duty shall be assessed on the imported article in an amount equal to the internal-revenue tax imposed at the time of entry for consumption or withdrawal from warehouse for consumption on like articles of foreign origin, plus the amount of any drawback allowed on the exportation of the article from the United States; but if no drawback was allowed, the duty equal to internal-revenue tax shall be the total duty to be assessed. If an allowance of drawback

on the exportation from the United States of the imported article is established, duty shall be assessed in an amount equal to such drawback, plus an amount equal to any internal-revenue tax which may be assessable in accordance with this paragraph; but in no case shall duty equal to drawback or to drawback and internal-revenue tax, be assessed in an amount in excess of the ordinary Customs duty and internal-revenue tax applicable to like articles of foreign origin. In any case, where payment of internal-revenue tax before exportation without refund thereof is established, no duty equal to an internal-revenue tax currently in force shall be assessed.

(b) In the absence of satisfactory evidence as to the nonallowance of drawback or the amount thereof allowed on the following articles of American manufacture or production, duty shall be assessed thereon in the amounts respectively indicated, the amount shown in each case being considered the fair average amount of drawback allowed on such articles:

Article	Duty assessment
Drums, metal (when not exempt from duty in accordance with sec. 10.3(c)).	24 cents each.
Hosiery, nylon.	45 cents per dozen.
Lead compound, tetraethyl.	\$0.006 per pound.
Lithopone.	\$0.00143 per pound.
Oxide, zinc.	\$0.0065 per pound.
Piece goods, cotton:	
Bleached.	\$0.02875 per square yard.
Dyed.	\$0.02888 per square yard.
Printed.	\$0.02697 per square yard.
Piece goods, nylon: Dyed.	\$0.24320 per square yard.
Piece goods, rayon:	
Printed.	\$0.04070 per square yard.
Other than printed (white, piece dyed or yarn dyed).	\$0.07089 per square yard.
Tallow, refined, inedible.	\$0.007 per pound.

(c) The following articles shall be admitted free of duty, even though exported from the United States with benefit of drawback:

- (1) Any article of a kind which would be admitted free of duty otherwise than under schedule 8, part 1, Tariff Schedules of the United States if of foreign origin;
- (2) Substantial containers or holders of domestic manufacture, including shooks and staves when returned as boxes or barrels, when in use at the time of importation as the usual coverings or

time of importation as the usual containers of merchandise;

(3) Any article provided for in item 804.00 Tariff Schedules of the United States, with respect to which the district director has determined that the collection of duty under such item 804.00 would involve an expense and inconvenience to the Government disproportionate to the probable amount of such duty; and

(4) Other articles of domestic manufacture which are in use at the time of importation as the usual coverings or

ed drawback and internal-revenue tax which would be allowable or refundable if the imported merchandise used in the manufacture or production of the returned article were dutiable or taxable at the rate applicable to such merchandise on the date of entry, but in no case more than the duty and tax that would apply if the article were wholly of foreign origin;

"(b) Tobacco products and cigarette papers and tubes classifiable under such item may be released from customs custody, without payment of that part of the duty attributable to the internal-revenue tax, for return to internal-revenue bond as provided by section 5704(d) of the Internal Revenue Code of 1954; and

"(c) In order to facilitate the ascertainment and collection of the duty provided for, the Secretary of the Treasury is authorized to ascertain and specify the amounts of duty equal to drawback or internal-revenue tax which shall be applied to articles or classes or kinds of articles, and to exempt from the assessment of duty articles or classes or kinds of articles with respect to which the collection of such duty involves an expense and inconvenience to the Government which is disproportionate to the probable amount of such duty." (Schedule 8, Part 1A heading 2 Tariff Schedules of the United States.)

"Articles previously exported from the United States which are excepted from free entry under any of the foregoing items by heading 1 of this subpart, and are not otherwise free of duty (are subject to) a duty (in lieu of any other duty or tax) equal to the sum of any duty and internal-revenue tax imposed upon the importation of like articles not previously exported, but in no case in excess of the sum of any customs drawback proved to have been allowed upon such exportation of the article and any internal-revenue tax imposed, at the time such article, is entered, upon the importation of like articles not previously exported." (Item 804.00, Tariff Schedules of the United States.)

"For the purposes of item 804.00— "(a) when because of the destruction of customs records or for other cause it is impracticable to establish whether drawback was allowed, or the amount allowed, on a returned article, there shall be assessed there-

of port) on \_\_\_\_\_ (Date of exportation) by \_\_\_\_\_ (Name and address of exporter) without benefit of drawback; that the articles are being reimported by \_\_\_\_\_ or for the account of \_\_\_\_\_, and, that the attached declaration from \_\_\_\_\_ (Name of foreign shipper) is correct in every respect.

(Date) \_\_\_\_\_ (Signature)

(Address) \_\_\_\_\_ (Title)

(c) If the district director concerned is reasonably satisfied because of the nature of the articles or production of other evidence that the requirements of item 801.10, Tariff Schedules of the United States, and the related headnotes have been met, he may waive the production of the documents provided for in paragraph (b) of this section.

(Secs. 484, 624, 46 Stat. 722, as amended, 759; 19 U.S.C. 1202, 1484) [T.D. 72-221, 37 FR 17469, Aug. 29, 1972]

§ 10.9 Articles exported for processing.

(a) Before the exportation of articles subject, on return to the United States, to duty on the value of the processing performed abroad as provided for in item 806.30, a certificate of registration (top portion of Customs Form 4455), shall be filed (in an original only) by the owner or exporter with the District Director of Customs at a time prior to the departure of the exporting conveyance which will permit an examination of the articles. A statement shall be included on the reverse side of Customs Form 4455 by the exporter or owner substantially as follows:

The articles described in this certificate were manufactured in the United States by \_\_\_\_\_ (Name and address) or, if of foreign origin, were subjected to \_\_\_\_\_ (show processes of manufacture, such as molding, casting, machining, etc.) in the United States by \_\_\_\_\_ (Name and address). The articles in their changed conditions will be returned for further processing by \_\_\_\_\_ (Name and address); or, if further processing of the articles in the United States will be performed by a person not presently known, the rea-

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sons for believing the articles will be returned for further processing are \_\_\_\_\_ and the reason the person is not presently known is \_\_\_\_\_

(b) The applicant shall be notified by the district director of the place to which he shall deliver the articles for examination. All expense in connection with the delivery of the articles, cording, sealing, marking, and transfer to the exporting conveyance, shall be borne by the exporter. The articles shall be exported under Customs supervision, except those articles exported by mail which can be identified by manufacturer's mark or number. A photograph or other means of identification shall be furnished when required by the Customs officer.

(c) When the report of the Customs officer showing the examination of the articles and their lading on the exporting conveyance or their delivery for mailing has been endorsed on the Customs Form 4455 covering such articles, the form shall be given to the exporter for use in connection with the return of the articles. If the articles are being exported through the mails and the Customs Form 4455 (Certificate of Registration) has been completed in duplicate, the Customs officer shall enclose the duplicate copy of the form in the package being exported. The owner or exporter, in all other cases, may enclose a duplicate copy of the certificate with the articles being exported in any manner for processing. In order to facilitate the entry of an article, regardless of the mode of exportation, the foreign shipper may include a duplicate copy of the registration certificate, completed prior to exportation, in the returned package.

(d) When articles other than those exported by mail or parcel post are examined and registered at one port and exported for processing through another port, they shall be forwarded to the port of exportation under a transportation and exportation entry.

(e) There shall be filed in connection with an entry covering articles entered under the provisions of item 806.30, a declaration by the person who per-

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formed the processing abroad in substantially the following form:

\_\_\_\_\_, (Place and date) I, \_\_\_\_\_, declare that the articles herein specified are the articles which, in the condition in which they were exported from the United States, were received by me (us) on \_\_\_\_\_, 19\_\_\_\_, from \_\_\_\_\_ (Name and address)

Marks and numbers	Description of articles and of processing	Full cost or (when no charge is made) fair market value of processing*	Total value of article after processing

\*See Headnote 2, Part 1B, Schedule 4, Tariff Schedules of the United States.

(f) There shall be filled in connection with the entry the Certificate of Registration (Customs Form 4455) and a declaration made by the owner, importer, consignee, or agent having knowledge of the facts that the articles entered in their processed condition are the same articles covered by the Certificate of Registration. This declaration shall also show that the full cost or (when no charge is made) fair market value of the processing is correctly stated in the entry. There shall be included a concise statement as to the nature of the processing performed outside the United States immediately prior to the current importation and to the processing to be performed thereafter in the United States, showing the name and address of the processor who will do the subsequent processing. When all of the merchandise covered by the Certificate of Registration (Customs Form 4455) is not entered at one time or at one port of entry, in the case of importations not exceeding \$250 in value, the district director at the port where any portion of the merchandise is entered shall note the quantity entered on the registration certificate and return the certificate to the submitter thereof for use in connection with any further importation covered by such certificate.

(g) When all the merchandise covered by the Certificate of Registration (Customs Form 4455) is not entered at one time or at one port of entry, in the case of importations valued in excess of \$250, there shall be filed with the entry at the time of entry the certification of the owner, importer, consignee, or agent having knowledge of the facts, that the articles entered in their processed condition are a portion of the articles covered by such certificate of registration. This certificate shall be filed in lieu of the Certificate of Registration (Customs Form 4455) in the following form:

I hereby certify that the merchandise covered by entry No. \_\_\_\_\_ dated \_\_\_\_\_ is a portion of the merchandise exported, under Customs Form \_\_\_\_\_ (Certificate of registration No.) dated \_\_\_\_\_ to \_\_\_\_\_ (Name of foreign consignee), for the purpose and with the intent of processing the metal articles in the foreign country and the further processing of the metal articles upon subsequent importation into the United States.

I further certify that original Customs Form 4455 has been charged with the quantities herein, identified with the entry and port, and will be maintained at \_\_\_\_\_ (Firm and address)



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for a period of 2 years after the final liquidation of the final quantity covered by such Certificate of Registration, for verification by appropriate Customs officers.

(h) The Certificate of Registration (Customs Form 4455) referred to in paragraph (g) of this section shall be retained by the firm therein referred to for a period of 2 years from the date of final liquidation of the final quantity covered by the Certificate of Registration for verification by appropriate Customs officers. Each quantity entered shall be accounted for in such a manner as to identify the specific entry (entry number), and port of entry with the total quantity of the exported articles on the reverse side of the Certificate of Registration (Customs Form 4455) until the total quantity has been entered.

(i) If the district director concerned is satisfied, because of the nature of the articles or production of other evidence, that the articles are imported in circumstances meeting the requirements of item 806.30 and related headings, he may waive the declaration provided for in paragraphs (e) and (f) of this section.

(j) In the event there has been compliance with the registration requirements (Customs Form 4455) set forth in paragraph (a) of this section and such form (Customs Form 4455) is not available at the time of entry, the district director may waive the production of Customs Form 4455 provided the merchandise is entered at one time at one port of entry, and he is satisfied that the returned merchandise meets the requirements of item 806.30, Tariff Schedules of the United States, and the related headings.

(k) In any case where an imported article was exported for processing without compliance with the registration requirements of this section, the district director may waive the Customs Form 4455 if he is satisfied that the returned merchandise is entitled to entry under item 806.30, and that the failure to comply with the registration requirements was due to inadvertence, mistake, or inexperience, and not to negligence or bad faith. The district director may also, in his discretion, waive the registration require-

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ments of this section, prior to exportation of the articles, upon application in writing by an exporter-importer located within his district when it is indicated that the duty on the merchandise would be less than \$25 if not within the purview of item 806.30, and it is indicated that the shipment on its return to the United States will be covered by a mail or other informal entry. Customs Form 4455, appropriately modified, may be used by the district director in issuing the waiver.

(l) The district director shall require at the time of entry a deposit of estimated duties based upon the full cost or fair market value, as the case may be, of the processing. The cost or fair market value, as the case may be, of the processing outside the United States which is set forth in the invoice and entry papers as the basis for the assessment of duty under item 806.30, shall be limited to the cost or value of the processing actually performed abroad (including all domestic and foreign articles used in the processing, but does not include the exported United States metal article) and shall not include any of the expenses incurred in this country, whether by way of engineering costs, preparation of plans or specifications, and the furnishing of tools or equipment for doing the processing abroad, or otherwise.

(R.S. 251, as amended, 77A Stat. 14, sec. 624, 46 Stat. 759; 19 U.S.C. 66, 1202 (Gen. Hants. 11), 1624)

(T.D. 72-119, 37 FR 8870, May 2, 1972, as amended by T.D. 73-136, 38 FR 13481, May 22, 1973)

§ 10.10 Newsreel films.

Where free entry is claimed for newsreel films under the provisions of item 724.05, Tariff Schedules of the United States,\* there shall be furnished in connection with the entry a statement of the cameraman, shipper, or other person having knowledge of the facts, identifying the films with the invoice and stating that the basic films have to the best of his knowledge and belief been exposed abroad

\*Newsreels, not developed, of current events abroad . . . (Item 724.05, Tariff Schedules of the United States.)

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and that they are shipped for use as newsreel of current events abroad. The invoice shall state the footage and title of each subject.

ARTICLES ASSEMBLED ABROAD WITH UNITED STATES COMPONENTS

§ 10.11 General.

(a) Section 10.12 through 10.23 set forth definitions and interpretative regulations adopted by the Commissioner of Customs pertaining to the construction of item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202) and related provisions of law. These provisions concern claims for the exemption from duty provided by item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), for American-made fabricated components which are returned to the United States as parts of articles assembled abroad. The examples included in these sections described specific situations in which the exemption may or may not be applicable. The definitions and regulations that follow are promulgated to inform the public of the constructions and interpretations that the United States Customs Service shall give to relevant statutory terms and to assure the impartial and uniform assessment of duties upon merchandise claimed to be partially exempt from duty under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), at the various ports of entry. Nothing in these regulations purports or is intended to restrict the legal right of importers or others to a judicial review of the matters contained therein.

(b) Section 10.24 sets forth the documentary requirements applicable to the entry of assembled articles claimed to be subject to the exemption provided under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202). Allowance of an importer's claim is dependent upon meeting the statutory requirements for the exemption under item 807.00 and his complying with the documentary requirements set forth in § 10.24.

(T.D. 75-230, 40 FR 43021, Sept. 18, 1975)

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§ 10.12 Definitions.

As used in §§ 10.11 through 10.24, the following terms shall have the meanings indicated:

(a) *American-made.* The term "American-made" is used to refer to a product of the United States as defined in paragraph (e) of this section.

(b) *Assembly.* "Assembly" means the fitting or joining together of fabricated components.

(c) *Exemption.* "Exemption" means the deduction of the cost or value of products of the United States which were assembled abroad in accordance with the requirements of item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), from the full value of the assembled article.

(d) *Fabricated component.* "Fabricated component" means a manufactured article ready for assembly in the condition as exported except for operations incidental to the assembly.

(e) *Product of the United States.* A "product of the United States" is an article manufactured within the Customs territory of the United States and may consist wholly of United States components or materials, of United States and foreign components or materials, or wholly of foreign components or materials. If the article consists wholly or partially of foreign components or materials, the manufacturing process must be such that the foreign components or materials have been substantially transformed into a new and different article, or have been merged into a new and different article.

(T.D. 75-230, 40 FR 43021, Sept. 18, 1975)

§ 10.13 Statutory provision: Item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202).

Item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), provides that articles assembled abroad in whole or in part of fabricated components, the product of the United States, which (a) were exported in condition ready for assembly without further fabrication, (b) have not lost their physical identity in such articles by change in form, shape, or otherwise, and (c) have not been ad-

vanced in value or improved in condition abroad except by being assembled and except by operations incidental to the assembly process such as cleaning, lubricating, and painting, are subject to a duty upon the full value of the imported article, less the cost or, if no charge is made, the value of such products of the United States. The rate of duty which is assessed upon the dutiable portion of the imported article is that which is applicable to the imported article as a whole under the appropriate provision of the Tariff Schedules of the United States (19 U.S.C. 1202) for such article. If that provision requires a specific or compound rate of duty, the total duties assessed on the imported article are reduced in such proportion as the cost or value of the returned United States components which qualify for the exemption bears to the full value of the assembled article.

*Example 1.* A transistor radio is assembled abroad from foreign-made components and American-made transistors. Upon importation, the transistor radio is subject to the ad valorem rate of duty applicable to transistor radios upon the value of the radio less the cost or value of the American-made transistors assembled therein.

*Example 2.* A solid-state watch movement is assembled abroad from foreign-made components and an American-made integrated circuit. If the movement in question is subject to the specific rate of duty of 75 cents if the value of the assembled movement is \$30, and if the value of the American-made integrated circuit is \$10, then the value of the integrated circuit represents one third of the total value of the assembled article and the duty on the assembled article will be reduced by one third (\$25). Therefore, the duty on the assembled movement is 50 cents.

[T.D. 75-230, 40 FR 43021, Sept. 18, 1975]

§ 10.14 Fabricated components subject to the exemption.

(a) *Fabricated components, the product of the United States.* Except as provided in § 10.15, the exemption provided under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), applies to fabricated components, the product of the United States. The components must be in condition ready for assembly without further fabrication at the time of their

different article emerges, having a distinctive name, character, or use, which is different from that originally possessed by the article or material before being subject to the manufacturing process. The mere finishing or modification of a partially or nearly complete foreign product in the United States will not result in the substantial transformation of such product and it remains the product of a foreign country.

*Example 1.* A cast metal housing for a valve is made in the United States from imported copper ingots, the product of a foreign country. The housing is a product of the United States because the manufacturing operations performed in the United States to produce the housing resulted in a substantial transformation of the foreign copper ingots.

*Example 2.* An integrated circuit device is assembled in a foreign country and imported into the United States where its leads are formed by bending them to a specified angle. It is then tested and marked. The imported article does not become a product of the United States because the operations performed in the United States do not result in a substantial transformation of the foreign integrated circuit device.

*Example 3.* A circuit board assembly for a computer is assembled in the United States by soldering American-made and foreign-made components onto an American-made printed circuit board. The finished circuit board assembly has a distinct electronic function and is ready for incorporation into a computer. The foreign-made components have undergone a substantial transformation by becoming permanent parts of the circuit board assembly. The circuit board assembly, including all of its parts is regarded as a fabricated component, the product of the United States, for purposes of item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202).

[T.D. 75-230, 40 FR 43022, Sept. 18, 1975]

§ 10.15 Fabricated components not subject to the exemption.

Fabricated components which are not products of the United States are excluded from the exemption. In addition, the exemption is not applicable to any component exported from the Customs territory of the United States:

(a) From continuous Customs custody with remission, abatement, or refund of duty;

(b) With benefit of drawback;

(c) To comply with any law of the United States or regulation of any Federal agency requiring exportation; or

(d) After manufacture or production in the United States under item 864.05, Tariff Schedules of the United States (19 U.S.C. 1202).

*Example.* Partially completed components of an electric motor are imported in several separate shipments and are entered under a temporary importation bond to be manufactured into finished motors under the provisions of item 864.05, Tariff Schedules of the United States (19 U.S.C. 1202). The components are completed and assembled into finished electric motors. The finished motors are exported and are assembled abroad into electric fans which are subsequently imported into the United States. Irrespective of the fact that the assembly of the motors might involve such a substantial change that the motor could be considered a product of the United States, no exemption may be given for the value of the electric motors, since they were exported after manufacture or production in the United States under the provision of item 864.05, Tariff Schedules of the United States (19 U.S.C. 1202).

[T.D. 75-230, 40 FR 43023, Sept. 18, 1975]

§ 10.16 Assembly abroad.

(a) *Assembly operations.* The assembly operations performed abroad may consist of any method used to join or fit together solid components, such as welding, soldering, riveting, force fitting, gluing, laminating, sewing, or the use of fasteners, and may be preceded, accompanied, or followed by operations incidental to the assembly as illustrated in paragraph (b) of this section. The mixing or combining of liquids, gases, chemicals, food ingredients, and amorphous solids with each other or with solid components is not regarded as an assembly.

*Example 1.* A television yoke is assembled abroad from American-made magnet wire. In the foreign assembly plant the wire is de-spooled and wound into a coil, the wire cut from the spool, and the coil united with other components, including a terminal panel and housing which are also American-made. The completed article upon importation would be subject to the ad valorem rate of duty applicable to television parts upon the value of the yoke less the cost or value of the American-made wire, terminal panel and housing, assembled therein. The wind-



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ing and cutting of the wire are either assembly steps or steps incidental to assembly.

*Example 2.* An aluminum electrolytic capacitor is assembled abroad from American-made aluminum foil, paper, tape, and Mylar film. In the foreign assembly plant the aluminum foil is trimmed to the desired width, cut to the desired length, interleaved with paper, which may or may not be cut to length or despoiled from a continuous length, and rolled into a cylinder wherein the foil and paper are cut and a section of sealing tape fastened to the surface to prevent these components from unwinding. Wire or other electric connectors are bonded at appropriate intervals to the aluminum foil of the cylinder which is then inserted into a metal can, and the ends closed with a protective washer. As imported, the capacitor is subject to the ad valorem rate of duty applicable to capacitors upon the value less the cost or value of the American-made foil, paper, tape, and Mylar film. The operations performed on these components are all either assembly steps or steps incidental to assembly.

*Example 3.* The manufacture abroad of cloth on a loom using thread or yarn exported from the United States on spools, cops, or pirns is not considered an assembly but a weaving operation, and the thread or yarn does not qualify for the exemption. However, American-made thread used to sew buttons or garment components is qualified for the exemption because it is used in an operation involving the assembly of solid components.

(b) *Operations incidental to the assembly process.* Operations incidental to the assembly process whether performed before, during, or after assembly, do not constitute further fabrication, and shall not preclude the application of the exemption. The following are examples of operations which are incidental to the assembly process:

- (1) Cleaning;
- (2) Removal of rust, grease, paint, or other preservative coating;
- (3) Application of preservative paint or coating, including preservative metallic coating, lubricants, or protective encapsulation;
- (4) Trimming, filling, or cutting off of small amounts of excess materials;
- (5) Adjustments in the shape or form of a component to the extent required by the assembly being performed abroad;
- (6) Cutting to length of wire, thread, tape, foil, and similar products exported in continuous length; separation by

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cutting of finished components, such as prestamped integrated circuit lead frames exported in multiple unit strips; and

(7) Final calibration, testing, marking, sorting, pressing, and folding of assembled articles.

(c) *Operations not incidental to the assembly process.* Any significant process, operation, or treatment other than assembly whose primary purpose is the fabrication, completion, physical or chemical improvement of a component, or which is not related to the assembly process, whether or not it effects a substantial transformation of the article, shall not be regarded as incidental to the assembly and shall preclude the application of the exemption to such article. The following are examples of operations not considered incidental to the assembly as provided under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202):

(1) Melting of exported ingots and pouring of the metal into molds to produce cast metal parts;

(2) Cutting of garment parts according to pattern from exported material;

(3) Painting primarily intended to enhance the appearance of an article or to impart distinctive features or characteristics;

(4) Chemical treatment of components or assembled articles to impart new characteristics, such as shower-proofing, permapressing, sanforizing, dyeing or bleaching of textiles;

(5) Machining, polishing, burnishing, peening, plating (other than plating incidental to the assembly), embossing, pressing, stamping, extruding, drawing, annealing, tempering, case hardening, and any other operation, treatment or process which imparts significant new characteristics or qualities to the article affected.

(d) *Joining of American-made and foreign-made components.* An assembly operation may involve the use of American-made components and foreign-made components. The various requirements for establishing entitlement to the exemption apply only to the American-made components of the assembly.

*Example.* Diodes are assembled abroad from American-made components. The

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process includes the encapsulation of the assembled components in a plastic shell. The plastic used for the encapsulation is in the form of a pellet, and is of foreign origin. After the prefabricate diode components are assembled, the assembled unit is placed in a transfer molding machine, where, by use of the pellet, molten epoxy is caused to flow around the perimeters of the assembled components, forming upon solidification a plastic body for the diode. Upon importation, exemption may be granted for the value of the American-made components, but not for the value of the plastic pellet. If the plastic pellet used for encapsulation was of United States origin, its value would still be a part of the dutiable value of the diode, because the plastic pellet is not a fabricated component of a type designed to be fitted together by assembly, but merely a premeasured quantity of material which was applied to the assembled unit by a process not constituting an assembly.

(e) *Subassembly.* An assembly operation may involve the joining or fitting of American-made components into a part or subassembly of an article, followed by the installation of the part or subassembly into the complete article.

*Example.* Rolls of foil and rolls of paper are exported and cut to specific length abroad and interleaved and rolled to form the electrodes and dielectric of a capacitor. Following this procedure, the rolls are assembled with cans and other parts to form a complete capacitor. The foil and paper are entitled to the exemption.

(f) *Packing.* The packing abroad of merchandise into containers does not in itself qualify either for the exemption or their contents for the exemption. However, assembled articles which otherwise qualify for the exemption and which are packaged abroad following their assembly will not be disqualified from the exemption by reason of their having been so packaged, whether for retail sale or for bulk shipment. The tariff status of the packing materials or containers will be determined in accordance with General Headnote 6, Tariff Schedules of the United States (19 U.S.C. 1202).

(T.D. 75-230, 40 FR 43023, Sept. 18, 1975)

§ 10.17 Valuation of exempted components.

The value of fabricated components to be subtracted from the full value of

the assembled article is the cost of the components when last purchased, f.o.b. United States port of exportation or point of border crossing as set out in the invoice and entry papers, or, if no purchase was made, the value of the components at the time of their shipment for exportation, f.o.b. United States port of exportation or point of border crossing, as set out in the invoice and entry papers. However, if the appraising officer concludes that the cost or value of the fabricated components so ascertained does not represent a reasonable cost or value, then the value of the components shall be determined in accordance with section 402 or section 402a, Tariff Act of 1930, as amended (19 U.S.C. 1401a, 1402).

(T.D. 75-230, 40 FR 43024, Sept. 18, 1975)

§ 10.18 Valuation of assembled articles.

(a) *Statutory basis used in valuation.* As in the case of the appraisalment of any other imported merchandise (see subpart C of Part 152 of this chapter), the full value of assembled articles imported under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), is determined in accordance with the appropriate statutory basis.

(b) *Use of constructed value or cost of production as basis for valuation.* A preponderance of the merchandise entitled to the item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), exemption, is appraised on the basis of constructed value or cost of production.

(1) *Constructed value.* Constructed value is the statutory basis of appraisalment authorized by section 402(d), Tariff Act of 1930, as amended (19 U.S.C. 1401a(d)), and is applicable to imported articles which are not on a list compiled by the Department of the Treasury, known as the "final list" (T.D. 54521).

(2) *Cost of production.* Cost of production is the statutory basis of appraisalment authorized by section 402a(f), Tariff Act of 1930, as amended (19 U.S.C. 1402(f)), and is applicable to imported articles which are on the "final list" (T.D. 54521).

[T.D. 75-230, 40 FR 43024, Sept. 18, 1975]

§ 10.19 Elements involved in determining constructed value or cost of production.

Both constructed value and cost of production of assembled articles are determined from the following cost data:

(a) *Cost of materials.* The cost of materials to be reported in connection with a claim for an item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), exemption, where constructed value or cost of production is the basis of appraisalment includes, but is not limited to:

(1) The cost or value of all American-made components and other American-made materials f.o.b. the United States port of exportation or point of border crossing. If these items were purchased, there should be included, in addition to the purchase price, all costs incurred up to the time of the items' arrival at the port of exportation, such as packing, freight, insurance, warehousing, sorting, and repacking. If the items were not purchased, the estimated market value f.o.b. port of exportation or point of border crossing shall be used, based on the normal selling price to independent purchasers or other available market information. If market value information is not available, the value of the items shall be the sum of all costs incurred in producing the items, including general expenses, an amount for profit, and all costs incurred from the time the items are completed to the time they arrive at the port of exportation or point of border crossing.

(2) Freight, insurance, lading and unloading, and other costs incurred in transporting the American-made components and materials from the port of exportation or point of border crossing to the assembler's plant;

(3) The cost or value of all other components and materials added in the country of assembly as well as the costs incurred in transporting these components and materials to the assembler's plant, including packing, freight, insurance, and lading and un-

(4) The value of waste or spoilage, including scrap, such as trimmings, cuttings, and turnings from a lathe, and United States components delivered to the assembler and found to be unusable. The value of waste or spoilage shall be determined from the actual cost of the materials less the market value of recovered scrap or rejected components. Where the assembler returns rejected components to its supplier and receives credit for the rejected components so returned, the credit received by the assembler may be applied as an offset against the assembler's cost of materials; and

(5) Taxes on materials assessed by the country of assembly, but remitted or refunded upon exportation of the finished articles from the country of assembly, such as sales taxes and value added taxes. Such taxes are included under the cost of materials when cost of production is the basis of valuation, but are excluded when constructed value is the basis of valuation.

(b) *Cost of fabrication.* The cost of fabrication of an assembled article includes, but is not limited to:

(1) All actual labor costs involved in the assembly operations, including fringe benefits such as paid holidays, vacations, social security, school taxes, seventh-day pay, on-the-job training, housing allowance, and idle time. Deviation from normal production efficiency to adjust for actual production should be reflected, if necessary, to insure that the total actual labor costs incurred in the assembly are shown in the cost data sheets. For instance, if the efficiency of the production workers does not meet projected expectations, with a consequent increase in unit labor costs, the increased costs should be reflected in the cost data furnished Customs. The costs of engineering, supervisory functions, quality control, and similar personnel expenses shall be included;

(2) Cost of dies, molds, tooling, special machinery, and similar equipment costs which are allocable to the particular merchandise under consideration (as opposed to general costs for plant equipment or machinery, which are included under general expenses);

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(3) Costs of research, development, design, engineering, and blueprints, except where they are directly allocable to American-made components. Where they are directly allocable to American-made components they are to be included in the value of those components, and are not to be included in the cost of fabrication.

(4) Costs of inspecting and testing by the assembler; and

(5) Costs of subcontract work, including the general expenses and profit involved in such work, when a foreign assembler has a portion of the assembly work accomplished by a subcontractor. These costs are considered to be part of the cost of fabrication to the foreign assembler.

(c) *General expenses.* General expenses, which are all of the assembler's expenses other than the cost of components, materials, fabrication, and packaging, include, but are not limited to:

(1) Building rent or depreciation;

(2) Costs for utilities, including heat, light, power, and water;

(3) Telephone, telegraph, and cable costs;

(4) Depreciation of machinery and equipment other than dies, molds, tooling, special machinery, and similar equipment allocable to the particular merchandise under consideration;

(5) Expenses for maintenance, repairs, and renewals;

(6) Fire and liability insurance costs;

(7) Taxes on buildings;

(8) Factory storage costs;

(9) Expenses for office and factory supplies;

(10) Administration salaries and expenses (executives, managers, and office workers' salaries), and salesmen's salaries, commissions, and expenses;

(11) Travel expenses;

(12) Advertising expenses;

(13) Licensing fees paid to a foreign government;

(14) Legal expenses;

(15) Nonrefundable expenses relating to the importation of articles into a foreign country, such as foreign brokerage fees;

(16) Auditing expenses of the foreign assembly operation;

(17) Start up costs (other than on-the-job training costs). These include legal fees for the consultant or entrepreneur, a fee for setting up the assembler corporation, costs for construction of buildings and installation of manufacturing machinery, engineering fees and material costs to acquire electricity or other power for the plant, fees for the issuance of any permits required, the cost of a bond given to show good faith, charges for telephone service, roads and rail spurs, charges for securing a labor force as well as for their pre-training, costs of trusts established to satisfy foreign ownership, the cost of a plant bond to insure exportation of all materials imported into a foreign country for assembly and to insure return of all imported machinery, and expenses of relocating plant management and production supervisors and their families. Start up costs may be amortized over the period of time for which such expenditures are ordinarily amortized by assemblers of the same general class or kind of merchandise in the country of exportation, in keeping with generally accepted accounting practices; and

(18) All other general administrative and overhead expenses including janitorial services, security services, and the services of a foreign warehouse officer.

(d) *Profit.* The assembler's actual profit or loss and the basis upon which it was calculated must be reported. Appraisalment by Customs shall be based on the amount of profit which is found to be usual or ordinary in the trade, subject to limitations and requirements more particularly described in the applicable statutory provisions.

(e) *Packing expenses.* All costs of packing or otherwise preparing assembled articles for shipment to the United States must be reported. These costs include, but are not limited to, the cost of containers, the cost of packing materials such as excelsior, straw, and string, the cost of spraying and fumigating packing materials, and the cost of labor for packing. Packing materials of United States origin may be separately exempt from duty under the exemption provided in item 800.00,

**§ 10.20**

**Tariff Schedules of the United States** (19 U.S.C. 1202), for American goods returned without advancement in value or improvement in condition while abroad.

(T.D. 75-230, 40 FR 43024, Sept. 18, 1975)

**§ 10.20** Cost data required if other statutory basis applicable.

Where it is determined that ap- praisal is to be made on a value base other than constructed value or cost of production, the importer shall be required to submit cost data of a different nature than required in this part.

*Example.* If United States value is determined to be the proper basis of valuation, the importer may be required to furnish information on his resale price at the whole-sale level in the United States, his general expenses and profit on the resale, and other data which is needed to determine United States value, rather than the cost data re- quired to establish constructed value or cost of production.

(T.D. 75-230, 40 FR 43025, Sept. 18, 1975; 40 FR 45163, Oct. 1, 1975)

**§ 10.21** Updating cost data and other in- formation.

When a claim for the exemption is predicated on estimated cost data fur- nished either in advance of or at the time of entry, this fact should be clearly stated in writing at the time of entry, and suspension of liquidation may be requested by the importer or his agent pending the furnishing of actual cost data. Actual cost data must be submitted as soon as accounting procedures permit. To insure that in- formation used for Customs purposes is reasonably current, the importer shall ordinarily be required to furnish updated cost and assembly data at least every six months, regardless of whether he considers that significant changes have occurred. The 6-month period for the submission of updated cost or other data may be extended by

I, \_\_\_\_\_ declare that to the best of my knowledge and belief the \_\_\_\_\_ were assembled in whole or in part from fabricated components listed and described below, which are products of the United States:

Marks of identi- fication, numbers	Description of component	Quantity	Unit value at time and place of export from United States <sup>1</sup>	Port and date of export from United States	Name and address of manufacturer
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the district director if such extension is appropriate for the type of mer- chandise involved, or because of the accounting period normally used in the trade, or because of other relevant circumstances.

(T.D. 75-230, 40 FR 43025, Sept. 18, 1975)

**§ 10.22** Marking.

Assembled articles entitled to the ex- emption are considered products of the country of assembly for the pur- poses of the country of origin marking requirements of section 304, Tariff Act of 1930, as amended (19 U.S.C. 1304). If an imported assembled article is made entirely of American-made mate- rials, the United States origin of the material may be disclosed by using a legend such as "Assembled in \_\_\_\_\_ from material of U.S. origin," or a sim- ilar phrase.

(Sec. 304, 46 Stat. 687, as amended (19 U.S.C. 1304))

(T.D. 75-230, 40 FR 43025, Sept. 18, 1975)

**§ 10.23** Standards, quotas, and visas.

All requirements and restrictions ap- plicable to imported merchandise, such as labeling, radiation standards, flame-retarding properties, quotas, and visas, apply to assembled articles eligible for the exemption in the same manner as they would apply to all other imported merchandise.

(T.D. 75-230, 40 FR 43025, Sept. 18, 1975)

**§ 10.24** Documentation.

(a) *Documents required.* The follow- ing documents shall be filed in connec- tion with the entry of assembled arti- cles claimed to be subject to the ex- emption under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202).

(1) *Declaration by the assembler.* A declaration by the person who per- formed the assembly operations abroad shall be filed in substantially the following form:

<sup>1</sup>In accordance with Headnote 3, part 1B, schedule 8, Tariff Schedules of the United States (19 U.S.C. 1202).

Description of the operations performed abroad on the exported components (in sufficient detail to enable Customs officers to determine whether the operations performed are within the preview of item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202) (attach supplemental sheet if more space is required)):

_____	Signature
_____	Capacity

(2) *Endorsement by the importer.* An endorsement, in substantially the fol- lowing form, shall be signed by the im- porter:

I declare that to the best of my knowledge and belief the (above), (attached) declara- tion, and any other information submitted herewith, or otherwise supplied or referred to, is correct in every respect and there has been compliance with all pertinent head- notes of the Tariff Schedules of the United States (19 U.S.C. 1202).

_____	Signature
_____	Capacity

(b) *Revision of format.* In specific cases, the district director may revise the format of either of the documents specified in paragraph (a) of this sec- tion and may make such changes as conditions warrant, provided the data and information required to be sup- plied in these documents are present- ed. For example, if the components were furnished by the importer, the information on components may be supplied as part of the importer's en- dorsement, rather than as part of the assembler's declaration.

(c) *Reference to previously filed doc- uments.* In lieu of filing duplicate lists of components and descriptions of as- sembly operations with each entry, the documents specified in paragraph (a) of this section may refer to assem- bly descriptions and lists of compo- nents previously filed with and ap- proved by the district director, or to records showing costs, names of manu- facturers, and other necessary data on

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**§ 10.24**

components, provided the importer has arranged with the district director to maintain such records and keep them available for examination by au- thorized Customs officers.

(d) *Waiver of specific details for each entry.* There are cases where large quantities of United States com- ponents are purchased from various sources or exported at various ports and dates on a continuing basis, so that it is impractical to identify the exact source, port and date of export for each particular component includ- ed in an entry of merchandise claimed to be subject to the exemption under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202). In these cases, specific details such as the port and date of export and the name of the manufacturer of the United States components may be waived if the district director is satisfied that the importer and assembler have es- tablished reliable controls to insure that all components for which the ex- emption is claimed are in fact products of the United States. These controls shall include strict physical segrega- tion of United States and foreign com- ponents, as well as records of United States components showing quantities, sources, costs, dates shipped abroad, and other necessary information. These records shall be maintained by the importer and assembler in such manner as to be readily available for audit, inspection, copying, reproduc- tion or other official use by authorized Customs officers.

(e) *Waiver of documents.* When the district director is satisfied that un- usual circumstances make the produc- tion of either or both of the docu- ments specified in paragraph (a) of this section, or of any of the informa- tion set forth therein, impractical and is further satisfied that the require- ments of item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), and related headnotes have been met,

he may waive the production of such document(s) or information.

(f) *Unavailability of documents at time of entry.* If either or both of the documents specified in paragraph (a) of this section are not available at the time of entry, an appropriate bond for the production of the document(s) may be given pursuant to §§ 113.41-113.46 and 141.66 of this chapter.

(g) *Responsibility of correctness.* Subject to the civil and criminal sanctions provided by law for false or fraudulent entries, the importer has the ultimate responsibility for supplying all information needed by the Customs Service to process an entry, and for the completeness and truthfulness of such information. If certain information cannot be supplied by the assembler, it must be provided by the importer.

[T.D. 75-230, 40 FR 43025, Sept. 18, 1975]

**FREE ENTRY—ARTICLES FOR THE USE OF FOREIGN MILITARY PERSONNEL**

§ 10.30c [Reserved]

**TEMPORARY IMPORTATIONS UNDER BOND**

§ 10.31 Entry; bond.

(a) Entry of articles brought into the United States temporarily and claimed to be exempt from duty under Schedule 8, Part 5C, Tariff Schedules of the United States, shall, unless covered

30 FR 11318, Sept. 3, 1965.

"1. (a) The articles described in the provisions of this subpart, when not imported for sale or for sale on approval, may be admitted into the United States without the payment of duty, under bond for their exportation within 1 year from the date of importation, which period, in the discretion of the Secretary of the Treasury, may be extended, upon application, for one or more further periods which, when added to the initial 1 year, shall not exceed a total of 3 years, except that (1) articles imported under item 864.75 shall be admitted under bond for their importation within 6 months from the date of importation and such 6-month period shall not be extended, and (2) in the case of professional equipment and tools of trade admitted into the United States under item 864.50 which have been seized (other than by seizure made at the suit of private persons), the requirement of reexportation shall be suspended for the duration of the seizure. For purposes of this

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headnote, an aircraft engine or propeller, or any part or accessory of either, imported under item 864.50, which is removed physically from the United States as part of an aircraft departing from the United States in international traffic shall be treated as exported.

"(b) For articles admitted into the United States under item 864.50, entry shall be made by the nonresident importing the articles or by an organization represented by the nonresident which is established under the laws of a foreign country or has its principal place of business in a foreign country. 2. Merchandise may be admitted into the United States under item 864.05 only on conditions that—

"(a) such merchandise will not be processed into an article manufactured or produced in the United States if such article is—

(i) alcohol, distilled spirits, wine, beer, or any dilution or mixture of any or all of the foregoing;

(ii) a perfume or other commodity containing ethyl alcohol (whether or not such alcohol is denatured), or

(iii) a product of wheat; and

"(b) if any processing of such merchandise results in an article (other than an article described in (a) of this headnote) manufactured or produced in the United States—

(1) a complete accounting will be made to the Customs Service for all articles, wastes, and irrecoverable losses resulting from such processing, and

(2) all articles and valuable wastes resulting from such processing will be exported or destroyed under customs supervision within the bonded period.

"3. Upon satisfactory proof that any article admitted under item 864.30 has been destroyed because of its use for any purpose provided for therein, the obligation under the bond to export such article shall be treated as satisfied.

"4. Collectors of customs may defer the execution of a bond for not to exceed 90 days and craft entered under item 864.35 to take part in races or other specific contests for other than money prizes, but unless any such vehicle or craft is exported or the bond is given within the period of such deferment, such vehicle or craft shall be subject to forfeiture.

"5. Articles may be admitted under item 864.75 only on condition that the Secretary of the Treasury shall have found that the foreign country from which the articles were imported allows, or will allow, substantially reciprocal privileges in respect of similar imports to such country from the United States; and if the Secretary finds that a foreign country has discontinued, or will discontinue, such privileges, or will discontinue

Footnotes continued on next page

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by an A.T.A. or E.C.S. carnet provided for in Part 114 of this chapter, be

Footnotes continued from last page continue, the allowance of such privileges, the privileges of item 864.75 shall not apply thereafter in respect of imports from such foreign country.

"Item 864.05 Articles to be repaired, altered, or processed (including processes which result in articles manufactured or produced in the United States) . . . ."

"Item 864.10 Models of women's wearing apparel imported by manufacturers for use solely as models in their own establishments . . . ."

"Item 864.15 Articles imported by illustrators and photographers for use solely as models in their own establishments, in the illustrating of catalogues, pamphlets, or advertising matter . . . ."

"Item 864.20 Samples solely for use in taking orders for merchandise . . . ."

"Item 864.25 Articles solely for examination with a view to reproduction, or for such examination and reproduction (except photogravure printing plates for examination and reproduction); and motion-picture advertising films . . . ."

"Item 864.30 Articles intended solely for testing, experimental, or review purposes, including plans, specifications, drawings, blue-prints, photographs, and similar articles for use in connection with experiments or for study . . . ."

"Item 864.35 Automobiles, motorcycles, bicycles, airplanes, airships, balloons, boats, racing shells, and similar vehicles and craft, and the usual equipment of the foregoing; all the foregoing which are brought temporarily into the United States by nonresidents for the purpose of taking part in races or other specific contests . . . ."

"Item 864.40. Locomotives and other railroad equipment brought temporarily into the United States for use in clearing obstructions, fighting fires, or making emergency repairs on railroads within the United States, or for use in transportation otherwise than in international traffic when the Secretary of the Treasury finds that the temporary use of foreign railroad equipment is necessary to meet an emergency . . . ."

"Item 864.45 Containers for compressed gases, filled or empty, and containing or other articles in use for covering or holding merchandise (including personal or household effects) during transportation and suitable for reuse for that purpose . . . ."

"Item 864.50 Professional equipment, tools of trade, repair components for equipment or tools admitted under this item, and camping equipment; all the foregoing imported by or for nonresidents sojourning temporarily in the United States and for the use of such nonresidents . . . ."

made on Customs Form 7501, except that, when § 10.36 or § 10.36a is applicable, or the aggregate value of the article is not over \$250, the form prescribed for the informal entry of importations by mail, in baggage, or other, as the case may be, may be used. When entry is made on Customs Form 7501, it shall be in original only except in the case of entries under item 864.05, in which case a duplicate copy shall be required for statistical purposes. When articles are entered under a carnet, the importation voucher of the carnet shall serve as the entry. In addition to the data usually shown on a regular consumption entry, there shall be set forth on each temporary importation bond entry (1) the item number under which entry is claimed, (2) a statement of the use to be made of the articles in sufficient detail to enable the district director of Customs to determine whether they are entitled to entry as claimed, and (3) a declaration that the articles are not to be put to any other use and that they are not imported for sale or sale on approval.

"Item 864.55 Articles of special design for temporary use exclusively in connection with the manufacture or production of articles for export . . . ."

"Item 864.60 Animals and poultry brought into the United States for the purpose of breeding, exhibition, or competition for prizes, and the usual equipment therefor . . . ."

"Item 864.65 Theatrical scenery, properties, and apparel brought into the United States by proprietors or managers of theatrical exhibitions arriving from abroad for temporary use by them in such exhibitions . . . ."

"Item 864.70 Paintings, pastels, drawings, sketches, engravings, etchings, lithographs, woodcuts, photographic pictures, and philosophical and scientific apparatus brought into the United States by professional artists, lecturers, or scientists arriving from abroad for use by them for exhibition and in illustration, promotion, and encouragement of art, science, or industry in the United States . . . ."

"Item 864.75 Automobiles, automobile chassis, automobile bodies, cutaway portions of any of the foregoing, and parts for any of the foregoing, finished, unfinished, or cutaway, when intended solely for show purposes . . . ." (Schedule 8, part 5C, Tariff Schedules of the United States.)

APPENDIX B  
STATISTICAL TABLES

Table 1.--U.S. imports for consumption under TSUS items 807.00 and 806.30, 1966-78

Year	(In millions of dollars)				Value of U.S. products				
	Total value		Dutiable value		807.00		806.30		Total
	807.00	806.30	Total	807.00	806.30	Total	807.00	806.30	Total
1966	889.8	63.2	953.0	776.5	29.0	805.5	113.3	34.2	147.5
1967	931.6	103.5	1,035.1	785.0	52.2	837.2	146.6	51.3	197.9
1968	1,432.0	122.4	1,554.4	1,206.2	57.5	1,263.7	225.7	64.9	290.6
1969 1/	1,646.2	192.6	1,838.8	1,307.3	89.4	1,396.7	338.9	103.2	442.1
1970	2,004.2	204.0	2,208.2	1,570.5	101.3	1,671.8	433.7	102.6	536.3
1971	2,566.4	199.4	2,765.8	2,030.8	75.1	2,105.9	535.6	124.3	659.9
1972	3,090.5	318.3	3,408.8	2,410.1	130.3	2,540.4	680.4	187.9	868.3
1973	3,784.5	462.6	4,247.1	3,025.4	212.9	3,238.3	759.1	249.7	1,008.8
1974	4,828.1	543.7	5,371.8	3,818.6	240.4	4,059.0	1,009.5	303.3	1,312.8
1975 2/	4,707.8	454.6	5,162.4	3,703.9	192.6	3,896.5	1,003.9	262.0	1,265.9
1976 2/	5,247.5	474.0	5,721.5	3,976.2	199.2	4,175.4	1,271.3	274.8	1,546.1
1977	6,723.4	465.1	7,188.5	5,021.4	190.7	5,212.1	1,702.0	274.4	1,976.4
1978	9,337.2	398.1	9,735.3	6,988.9	154.8	7,143.7	2,348.3	243.2	2,591.5

1/ Data on 806.30 for 1969 are estimated; they were compiled from an analysis of entry documents supplied by the Department of Commerce and responses to U.S. International Trade Commission questionnaires.

2/ Imports under item 806.30 were slightly understated for 1975 and 1976 in earlier issues of this tabulation.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted. Minor adjustments to official statistics were made to correct cases of misreporting.

Note.--Data is summarized by country groupings in tables 2, 3, 4, and 5. Communist countries are those currently subject to column 2 rates in the Tariff Schedules of the United States. "Developed" and "less developed" country categories are based on those used by the Bureau of the Census to report official trade statistics, except for Poland and Romania, which are reported by Census as Communist. Since these countries are not currently subject to column 2 rates, they are classified here in accord with their GSP treatment, i.e., Poland is "developed" and Romania is "less developed."

Table 2.--U.S. imports under TSUS item 807.00, by principal sources, 1975-78

Category and country	1975				1976				1977				1978			
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	
Grand total	4,707.8	1,003.9	3,703.9	5,247.5	1,271.3	3,976.2	6,723.4	1,702.0	5,021.4	9,337.2	2,348.3	6,988.9				
Total, developed countries	2,810.8	195.1	2,615.7	2,816.4	235.7	2,580.7	3,720.2	306.0	3,414.2	5,254.3	365.8	4,888.5				
West Germany	1,277.6	17.0	1,260.6	924.4	15.2	909.2	1,522.9	41.8	1,481.1	2,055.4	34.7	2,030.7				
Japan	349.1	13.9	335.2	755.9	28.7	727.2	937.9	36.0	901.9	1,418.9	46.1	1,372.8				
Canada	453.2	107.6	345.6	536.5	138.2	398.3	589.4	141.7	447.8	806.0	181.3	624.7				
United Kingdom	239.9	17.1	222.9	206.5	17.4	189.1	221.5	27.0	194.5	347.1	35.9	311.2				
Sweden	199.0	5.2	193.8	159.3	3.3	156.1	164.4	10.5	153.9	243.7	6.4	237.3				
Belgium and Luxembourg	157.3	3.6	153.7	63.9	2.1	61.9	5.1	1.0	4.1	12.7	1.7	11.1				
France	46.8	18.2	28.6	60.4	14.9	45.4	168.7	32.4	136.2	179.5	39.6	140.0				
Ireland	23.6	4.3	19.3	37.1	6.8	30.4	36.0	7.4	28.6	55.3	9.2	46.1				
Denmark	27.4	2.9	24.5	31.0	3.3	27.7	25.8	2.2	23.6	34.4	2.3	32.0				
Netherlands	17.8	2.3	15.4	19.5	2.5	17.0	23.7	2.7	21.0	38.6	3.4	35.2				
Switzerland	5.7	.9	4.8	7.5	.8	6.7	3.7	.7	3.0	8.5	1.0	7.5				
Italy	7.5	1.4	6.1	4.8	.9	3.9	7.7	.8	6.9	28.2	2.4	25.8				
Austria	3.6	.3	3.3	4.5	.6	3.9	5.0	.7	4.3	3.6	.5	3.1				
Australia	1.4	.3	1.0	2.8	.4	2.3	3.5	.7	2.7	2.4	.3	2.0				
Norway	.7	.1	.6	.8	.1	.8	.9	.1	.8	2.1	.2	1.9				
Other	.2	1/	.2	1.5	.6	.8	3.9	.4	3.5	7.9	.8	7.1				
Total, less developed countries	1,896.8	808.8	1,088.1	2,430.5	1,035.5	1,395.0	3,002.7	1,395.8	1,606.8	4,081.3	1,982.3	2,099.0				
Mexico	914.6	473.1	441.5	1,038.1	544.9	513.2	1,106.9	596.4	510.5	1,489.9	791.1	698.8				
Taiwan	263.0	46.7	216.4	307.7	49.2	258.5	408.2	101.8	306.4	489.8	104.8	385.0				
Singapore	146.9	34.1	112.9	221.4	72.4	149.0	279.1	112.5	166.6	369.2	183.4	185.8				
Hong Kong	137.6	39.4	98.1	174.2	49.5	124.7	247.8	87.0	160.8	282.8	101.1	181.7				
Republic of Korea	80.2	44.8	35.4	159.4	87.0	72.3	246.2	143.2	102.9	274.6	156.9	117.7				
Malaysia	66.5	21.5	45.0	138.3	56.3	82.0	204.1	110.1	94.0	397.9	247.6	150.3				
Haiti	54.7	40.2	14.5	78.1	56.6	21.5	84.2	61.2	23.0	104.9	76.1	28.7				
Brazil	73.0	22.1	50.9	76.5	12.9	63.6	119.3	16.3	103.0	140.8	18.1	122.7				
El Salvador	30.5	16.3	14.2	56.0	21.9	34.1	74.2	39.8	34.5	97.0	52.7	44.4				
Dominican Republic	15.8	11.9	3.9	29.3	21.3	8.0	45.6	31.6	14.0	64.2	43.5	20.7				
Philippines	20.7	4.9	15.9	27.2	8.7	18.5	54.0	25.7	28.4	155.8	88.7	67.1				
Costa Rica	12.0	8.2	3.8	21.7	14.4	7.2	26.2	17.0	9.2	33.5	21.2	12.3				
Colombia	20.4	14.4	6.0	14.3	9.2	5.1	14.6	9.0	5.5	21.5	13.3	8.2				
Barbados	9.7	5.5	4.2	12.7	7.2	5.4	16.0	9.9	6.0	26.1	15.7	10.4				
Jamaica	10.4	6.4	4.0	7.9	4.2	3.7	8.7	4.7	3.9	9.0	4.5	4.5				
Leeward and Windward Islands	4.0	1.3	2.8	5.6	1.8	3.8	.6	.3	.4	2.4	1.5	.8				



Table 2.--U.S. imports under TSUS item 807.00, by principal sources, 1975-78--Continued  
(In millions of dollars)

Category and country	1975			1976			1977			1978		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Belize 2/	3.4	2.4	1.0	5.5	3.3	2.3	7.7	5.2	2.5	7.7	5.3	2.4
Israel	10.1	4.7	5.4	2.4	.7	1.7	2.0	.6	1.4	7.8	.8	7.1
Honduras	1.8	1.3	.5	2.1	1.5	.7	2.6	1.7	.9	3.9	2.7	1.3
Yugoslavia	1.7	1.0	.8	1.9	1.2	.7	1.7	1.1	.5	1.4	.8	.6
Nicaragua	.7	.5	.2	1.8	1.3	.5	6.3	4.4	1.9	10.5	7.0	3.5
Trinidad	3.2	2.0	1.2	1.7	1.2	.5	1.4	1.0	.4	1.5	1.0	.5
Portugal	3.9	1.7	2.2	1.3	.3	1.0	1.0	.8	.2	.4	.1	.3
Spain	.6	.2	.4	1.0	.1	.8	.2	.0	.2	2.5	.5	2.0
Netherlands Antilles	1.5	.4	1.1	.9	.2	.7	1.4	.5	1.0	1/	1/	1/
Guatemala	1.3	.7	.7	.2	.1	.1	.1	.1	.0	17	17	17
Other	8.3	3.3	4.9	23.4	8.0	15.3	42.5	14.6	27.8	86.2	43.9	42.3
Communist countries, total	.2	1/	.2	.7	.1	.5	.4	1/	.3	1.6	.1	1.4

1/ Less than \$50,000.

2/ Formerly British Honduras.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Note.--Minor adjustments to official statistics were made to correct cases of misreporting. Because of rounding, figures may not add to the totals shown. All of the less developed countries except Spain are designated beneficiary countries for GSP treatment. Some beneficiaries are also included in the "other" categories. Although Australia and New Zealand are not designated beneficiary countries, their associated island territories are designated beneficiary countries.



Table 3.--Percentage distribution of the value of U.S. imports under TSUS item 807.00, by principal sources, 1975-78

Category and country	(In percent)											
	1975			1976			1977			1978		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Grand total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total, developed countries	59.7	19.4	70.6	53.7	18.5	64.9	55.3	18.0	68.0	56.3	15.6	69.9
West Germany	27.1	1.7	34.0	17.6	1.2	22.9	22.6	2.5	29.5	22.1	1.5	29.1
Japan	7.4	1.4	9.1	14.4	2.3	18.3	13.9	2.1	18.0	15.2	2.0	19.6
Canada	9.6	10.7	6.0	10.2	10.9	8.8	8.8	8.3	8.9	8.6	7.7	8.9
United Kingdom	5.1	1.7	3.9	3.9	1.4	4.8	3.3	1.6	3.9	3.7	1.5	4.5
Sweden	4.2	.5	5.2	3.0	.3	3.9	2.4	.6	3.1	2.6	.3	3.4
Belgium and Luxembourg	3.3	.4	4.1	1.2	.2	1.6	.1	.1	.1	.1	.1	.2
France	1.0	1.8	.8	1.2	1.2	1.1	2.5	1.9	2.7	1.9	1.7	2.0
Ireland	.5	.4	.5	.7	.5	.8	.5	.4	.6	.6	.4	.7
Denmark	.6	.3	.7	.6	.3	.7	.4	.1	.5	.4	.1	.5
Netherlands	.4	.2	.4	.4	.2	.4	.4	.2	.4	.4	.1	.5
Switzerland	.1	.1	.1	.1	.1	.2	.1	.1	.1	.1	.1	.1
Italy	.2	.1	.2	.1	.1	.1	.1	.1	.1	.3	.1	.4
Austria	.1		.1	.1		.1	.1		.1			
Australia												
Norway												
Other												
Total, less developed countries	40.3	80.6	29.4	46.3	81.5	35.1	44.7	82.0	32.0	43.7	84.4	30.0
Mexico	19.4	47.1	11.9	20.2	42.9	12.9	16.5	35.0	10.2	16.0	33.7	10.0
Taiwan	5.6	4.6	5.8	5.9	3.9	6.5	6.1	6.0	6.1	5.2	4.5	5.5
Singapore	3.1	3.4	3.0	4.2	5.7	3.7	3.7	6.6	3.3	4.0	7.8	2.7
Hong Kong	2.9	3.9	2.6	3.3	3.9	3.1	3.7	5.1	3.2	3.0	4.3	2.6
Republic of Korea	1.7	4.5	1.0	3.0	6.8	1.8	3.7	8.4	2.1	2.9	6.7	1.7
Malaysia	1.4	2.1	1.2	2.6	2.1	4.4	3.0	6.5	1.9	4.3	10.5	2.2
Haiti	1.2	4.0	.4	1.5	4.5	.5	1.3	3.6	.5	1.1	3.2	.4
Brazil	1.5	2.2	1.4	1.5	1.0	1.6	1.8	1.0	2.1	1.5	.8	1.8
El Salvador	.6	1.6	.4	1.1	1.7	.9	1.1	2.3	.7	1.0	2.2	.6
Dominican Republic	.3	1.2	.1	.6	1.7	.2	.7	1.9	.3	.7	1.9	.3
Philippines	.4	.5	.4	.5	.7	.8	.8	1.5	.6	1.7	3.8	1.0
Costa Rica	.3	.8	.1	.4	1.1	.2	.4	1.0	.2	.4	.9	.2
Colombia	.4	1.4	.2	.3	.7	.1	.2	.5	.1	.2	.6	.1
Barbados	.2	.5	.1	.2	.6	.1	.2	.6	.1	.3	.7	.1
Jamaica	.2	.6	.1	.2	.3	.1	.1	.3	.1	.1	.2	.1
Leeward and Windward Islands	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
Belize	.1	.2	.1	.1	.3	.1	.1	.3	.1	.1	.2	.1

See footnotes at end of table.

Table 3.--Percentage distribution of the value of U.S. imports under TSUS item 807.00, by principal sources, 1975-78--Continued

Category and country	(In percent)											
	1975			1976			1977			1978		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Israel	.2	.5	.1	1/	.1	1/	1/	1/	1/	.1	1/	1/
Honduras	1/	.1	1/	1/	.1	1/	1/	.1	1/	1/	.1	1/
Yugoslavia	1/	.1	1/	1/	.1	1/	1/	.1	1/	1/	.1	1/
Nicaragua	1/	1/	1/	1/	.1	1/	1/	.3	1/	1/	.3	1/
Trinidad	.1	.2	1/	1/	.1	1/	1/	.1	1/	1/	.1	1/
Portugal	.1	.2	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/
Spain	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/
Netherlands Antilles	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/
Guatemala	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/
Other	.2	.3	.1	1/	1/	1/	1/	.4	1/	1/	.9	1/
Total, Communist countries	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1.8	1/

1/ Less than 0.05 percent.

2/ Formerly British Honduras.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Note.--Minor adjustments to official statistics were made to correct cases of misreporting. Because of rounding, figures may not add to the totals shown. All less developed countries except Spain are designated beneficiary countries for GSP treatment. Some beneficiaries are also included in the "other" categories. Although Australia and New Zealand are not designated beneficiary countries, their associated island territories are designated beneficiary countries.

Table 4.--U.S. imports under TSUS item 806.30, by principal sources, 1975-78

Category and country	(In millions of dollars)							
	1975		1976		1977		1978	
	Total value	Duty-free value	Total value	Duty-free value	Total value	Duty-free value	Total value	Duty-free value
Grand total	634.5	262.0	474.0	274.8	465.1	199.2	398.1	243.2
Total, developed countries	89.7	47.6	41.9	52.1	160.9	45.4	192.7	114.7
Canada	57.6	31.6	26.0	30.8	102.6	20.4	84.9	76.0
Belgium and Luxembourg	5.9	3.0	2.8	4.2	10.9	7.9	5.4	5.6
West Germany	7.1	2.1	4.9	6.1	15.5	6.3	9.1	6.4
Italy	1.7	1.5	4.9	3.6	15.0	3.8	4.3	10.7
France	4.3	2.6	1.7	2.9	4.2	1.3	3.2	1.0
Switzerland	1.8	1.0	4.8	1.9	3.9	1.9	2.2	1.8
United Kingdom	1.6	0.8	2.2	1.1	3.1	1.1	1.4	1.7
Japan	1.5	0.8	1.3	0.8	1.4	0.5	1.5	0.8
Sweden	1.8	0.3	1.1	0.3	1.2	0.8	1.1	0.6
Netherlands	0.7	0.2	0.9	0.3	1.6	0.5	1.8	0.4
Norway	0.7	0.2	0.4	0.4	2.4	0.9	1.9	0.8
Other	0.7	0.2	0.4	0.4	2.4	0.9	1.9	0.8
Total, less developed countries	364.9	214.3	150.6	222.9	304.1	153.6	205.3	128.6
Malaysia	101.2	50.7	50.5	49.8	104.9	44.1	59.3	45.6
Mexico	105.2	79.3	26.0	77.3	48.6	22.3	34.7	13.9
Singapore	66.1	32.3	33.8	40.5	64.6	29.0	41.5	23.1
Philippines	24.9	15.1	9.8	28.4	35.0	20.6	22.7	12.3
Republic of Korea	31.8	17.0	14.8	20.9	9.8	12.2	6.7	3.1
Taiwan	18.3	10.3	8.0	14.3	21.3	13.3	12.1	9.2
Hong Kong	10.4	6.1	4.3	10.8	11.5	8.2	6.5	5.0
Netherlands Antilles	2.5	1.4	1.1	1.4	1.3	1.3	1.7	1.7
Portugal	0.1	1/	0.1	0.6	0.7	0.6	0.7	0.6
Thailand	2.5	1.1	1.4	0.4	4.7	2.2	3.6	1.1
Brazil	0.5	0.3	0.2	0.2	1.6	0.2	1.1	0.5
Israel	0.2	1/	0.1	0.2	0.7	0.1	0.5	0.3
Indonesia	0.6	0.4	0.3	0.1	1.1	0.1	1.1	0.0
South Vietnam	0.5	0.3	0.2	0.1	0.7	0.1	0.7	0.1
Barbados	1/	1/	1/	1/	0.4	0.4	1.4	0.9
Spain	1/	1/	1/	1/	0.0	0.0	1.7	0.5
Haiti	1/	1/	1/	1/	0.0	0.0	1/	1/
Jamaica	1/	1/	1/	1/	0.0	0.0	0.0	0.0
Greece	1/	1/	1/	1/	0.0	0.0	0.0	0.0
Other	1/	1/	1/	0.4	0.5	0.4	6.1	3.3
Total, communist countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1/ Less than \$50,000.

2/ Effective Jan. 1, 1977, South Vietnam no longer reported separately.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Note.--Minor adjustments to official statistics were made to correct cases of misreporting. Because of rounding, figures may not add to the totals shown. All of the less developed countries except Indonesia, South Vietnam, Spain, and Greece are designated beneficiary countries for GSP treatment. Some beneficiaries are also included in the "other" categories. Although Australia and New Zealand are not designated beneficiary countries, their associated island territories are designated beneficiary countries.

Table 5.--Percentage distribution of the value of U.S. imports under TSUS item 806.30, by principal sources, 1975-78

Category and country	1975		1976		1977		1978	
	Total value	Duty-free value	Total value	Duty-free value	Total value	Duty-free value	Total value	Duty-free value
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Grand total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total, developed countries	19.7	18.1	21.7	18.9	22.7	30.9	39.8	48.4
Canada	12.7	12.0	13.6	11.2	10.3	20.9	23.9	30.1
Belgium and Luxembourg	1.3	1.1	1.5	1.5	4.0	2.0	2.9	1.0
West Germany	1.4	1.2	1.7	2.2	3.1	3.3	3.4	6.6
Italy	1.6	.8	2.6	.6	1.9	1.6	5.7	1.3
France	.4	.6	.1	1.3	.7	1.2	.5	3.3
Switzerland	.9	1.0	.9	1.1	1.0	.8	.9	1.3
United Kingdom	.4	.4	.4	.4	.6	.7	.4	.3
Japan	.4	.3	.4	.3	.3	.3	.4	1.5
Sweden	.1	.1	.2	.1	.4	.1	.1	.2
Netherlands	.4	.4	.4	.2	.3	.4	.5	.5
Norway	-.2	-.1	-.2	-.3	-.5	-.3	-.8	-.7
Other	.2	.1	.2	.1	.5	.3	.4	.3
Total, less developed countries	80.3	81.5	78.5	79.4	77.8	65.3	60.0	51.6
Malaysia	22.3	19.3	26.3	19.8	22.3	22.6	23.9	22.7
Mexico	23.1	30.2	13.6	16.3	11.3	10.4	7.3	12.5
Singapore	14.5	12.3	17.6	14.7	14.7	13.9	12.1	4.9
Philippines	5.5	5.7	5.1	10.3	10.4	7.5	6.5	5.3
Republic of Korea	7.0	6.5	7.7	7.0	6.2	2.1	1.6	.4
Taiwan	4.0	3.9	4.2	5.8	6.7	4.6	4.8	2.7
Hong Kong	2.3	2.3	2.2	4.0	4.2	2.4	2.6	.4
Netherlands Antilles	.5	.5	.6	.6	.7	-.2	-.2	-.4
Portugal	1/	1/	.1	.5	.8	-.2	-.2	-.2
Thailand	-.1	-.1	-.1	.1	.1	1.0	.6	.1
Brazil	.5	.4	.7	.1	.1	.3	.3	.3
Israel	.1	.1	.1	.1	.1	.2	.1	.1
Indonesia	1/	1/	1/	1/	1/	1/	1/	1/
South Vietnam 2/	.1	.2	.2	1/	1/	1/	1/	1/
Barbados	.1	.1	.1	1/	1/	.1	.1	.4
Spain	1/	1/	1/	1/	1/	1/	1/	.2
Haiti	1/	1/	1/	1/	1/	1/	1/	1/
Jamaica	1/	1/	1/	1/	1/	1/	1/	1/
Greece	1/	1/	1/	1/	1/	1/	1/	1/
Other	1/	1/	1/	.1	1/	.1	1/	1.3
Total, communist countries	-.2	-.1	-.2	-.3	-.5	-.3	-.8	-.7

1/ Less than 0.05 percent.

2/ Effective Jan. 1, 1977. South Vietnam no longer reported separately.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Note.--Minor adjustments to official statistics were made to correct cases of misreporting. Because of rounding, figures may not add to the totals shown. All of the less developed countries except Indonesia, South Vietnam, Spain, and Greece are designated beneficiary countries for GSP treatment. Some beneficiaries are also included in the "other" categories. Although Australia and New Zealand are not designated beneficiary countries, their associated island territories are designated beneficiary countries.

Table 6.--U.S. imports for consumption under TSUS item 807.00, by commodity groups, 1975-78  
(In thousands of dollars)

Commodity group	1975			1976			1977			1978		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Grand total (all products)	4,707,796	1,003,869	3,703,927	5,247,545	1,271,317	3,976,228	6,723,389	1,702,015	5,021,374	9,337,166	2,348,273	6,988,893
Schedule 1 (agricultural products), total	647	315	332	1,436	260	1,176	412	30	383	263	54	209
Schedule 2 (lumber and paper products), total	20,619	12,965	7,654	26,309	19,858	6,451	30,912	23,580	7,332	33,744	24,507	9,237
Schedule 3 (textile products), total	237,816	155,240	82,575	277,392	180,777	96,614	311,567	201,321	110,246	409,601	252,743	156,857
Body-supporting garments	55,468	30,279	25,189	69,460	40,202	29,258	81,825	48,524	33,301	96,826	57,075	39,751
Women's, girls', and infants' dresses	12,100	8,005	4,096	13,349	8,701	4,649	12,791	8,232	4,559	19,110	12,204	6,906
Women's, girls', and infants' slacks and shorts	32,771	25,317	7,254	32,937	24,979	7,958	34,095	25,882	8,213	34,175	24,416	9,759
Women's, girls', and infants' suits, coats, jackets, and skirts	25,496	17,537	7,959	23,229	15,998	7,231	27,240	18,421	8,819	33,859	21,969	11,890
Men's, girls', and infants' blouses	25,962	16,463	9,499	26,121	16,530	9,591	27,278	16,550	10,727	52,993	33,566	19,428
Men's and boys' trousers, slacks, and outer shorts	11,314	8,058	3,256	18,771	13,365	5,406	21,581	15,780	5,801	28,570	20,682	7,888
Certain textile rainwear coated, filled, or laminated with rubber or plastics	92	36	56	72	37	35	51	25	25	35	26	9
Underwear	4,753	3,507	1,246	4,266	3,298	968	3,810	2,931	879	5,061	3,687	1,374
Men's and boys' shirts	29,898	18,866	11,032	30,485	17,538	12,947	21,819	9,109	12,709	31,618	14,472	17,146
Men's and boys' other wearing apparel	22,181	16,024	6,157	29,947	21,196	8,751	42,730	29,884	12,847	56,637	33,507	23,130
Women's, girls', and infants' other wearing apparel	16,282	9,973	6,309	26,837	17,600	9,237	36,815	24,945	11,871	39,589	22,921	16,668
Other textile articles	1,500	976	524	1,918	1,335	583	1,532	1,038	494	11,127	8,220	2,908
Schedule 4 (chemical products), total	840	549	291	840	549	291	840	549	291	840	549	291
Schedule 5 (ceramic products), total	2,992	759	2,233	2,879	433	2,446	5,152	729	4,423	9,879	2,160	7,719
Schedule 6 (metal products), total	4,173,113	714,108	3,459,005	4,531,424	888,885	3,642,538	5,897,600	1,259,399	4,638,201	8,324,623	1,838,735	6,485,887
Internal combustion engines, non-piston types	203,007	19,378	183,629	109,590	12,903	96,686	112,770	18,478	94,292	213,968	24,043	189,925
Compressors and parts	4,238	1,465	2,773	3,410	530	2,880	7,512	1,560	5,953	11,751	3,328	8,423
Air conditioning machines	11,207	4,241	6,966	6,528	2,382	4,146	6,533	2,294	4,239	12,107	4,660	7,447
Earth-moving and mining machinery	27,106	9,641	17,465	22,108	6,769	15,340	54,933	16,907	38,026	78,254	14,975	63,279
Sewing machines, household types	32,642	170	32,472	43,690	864	42,826	49,542	2,563	46,980	47,984	1,275	46,709
Office machines and parts, other than typewriters and cash registers	230,920	74,222	156,698	258,300	82,570	175,730	274,261	91,080	183,181	357,600	108,914	248,686
Hand tools with self-contained electric motors	7,977	1,528	6,449	6,594	1,104	5,490	9,251	1,428	7,823	8,344	1,012	7,332
Television receivers	103,379	9,234	94,145	121,091	17,562	103,529	167,069	28,090	138,978	219,183	28,041	191,142
Television apparatus and parts, other than cameras, receivers, and picture tubes	287,736	110,762	176,974	343,648	109,703	233,945	283,462	90,434	193,028	525,358	187,643	337,715
Radio apparatus and parts	133,664	31,137	102,527	141,844	35,043	106,801	167,039	34,576	132,463	162,503	28,527	133,976
Phonographs and parts	31,051	3,385	27,667	73,924	7,629	66,295	91,185	9,707	81,477	131,415	11,680	119,735
Semi-conductors and parts	312,381	113,946	198,435	556,373	211,082	345,292	863,668	456,691	406,977	1,329,104	793,124	535,980
Electronic memories	59,178	27,485	31,694	25,327	7,855	17,471	44,716	15,255	29,460	43,768	14,747	29,021
Motor vehicles	1,903,800	30,344	1,873,455	1,723,314	50,232	1,673,082	2,330,116	51,532	2,278,584	3,302,625	67,394	3,235,231
Tractors and parts, non-agricultural types	17,809	7,191	10,618	33,759	12,592	23,166	206,346	5,929	200,417	2,008	596	1,412
Aircraft, non-military	60,462	21,903	38,559	57,335	20,698	36,637	142,782	63,863	78,919	189,974	49,953	140,020
Other metal articles	746,558	248,078	498,480	1,002,590	309,368	693,222	1,212,570	369,013	843,556	1,688,677	498,823	1,189,854

Table 6.--U.S. imports for consumption under TSUS item 807.00, by commodity groups, 1975-78--Continued

Commodity group	1975				1976				1977				1978																																																																																																																																																																																																							
	Total		Duty-free		Total		Duty-free		Total		Duty-free		Total		Duty-free																																																																																																																																																																																																					
	value	Dutiable	value	Dutiable	value	Dutiable	value	Dutiable	value	Dutiable	value	Dutiable	value	Dutiable	value	Dutiable																																																																																																																																																																																																				
Schedule 7 (miscellaneous products), total	271,768	119,933	151,835	408,106	181,103	227,003	477,952	216,879	558,903	225,994	328,908	11,190	6,376	4,814	11,707	18,719	6,399	5,308	13,099	8,541	10,325	13,699	9,221	4,478	18,719	12,540	6,179	19,822	13,568	6,254	17,347	10,949	6,493	10,949	19,001	1,859	1,859	34,017	14,577	19,259	35,811	16,676	19,135	46,879	19,001	27,878	59,312	32,011	12,415	19,596	17,849	12,303	5,566	18,098	10,382	7,716	10,255	5,778	4,478	8,604	5,357	6,965	14,339	9,605	4,734	17,899	11,056	6,843	19,050	13,243	5,807	26,526	19,562	3,247	2,599	157	2,441	177	1,944	26	471	1,380	1,213	1,762	678	1,084	2,651	1,266	6,752	7,841	24,815	15,041	22,818	5,877	16,941	22,792	8,690	14,102	30,947	13,337	17,610	32,212	17,936	1,368	448	920	1,502	399	1,869	1,551	1,046	505	2,733	1,811	1,811	4,313	1,826	2,486	8,713	3,706	5,008	11,238	4,156	3,219	3,219	2,878	399	2,486	2,760	3,378	4,133	19,382	7,588	10,972	3,105	7,867	5,391	3,475	1,916	6,396	3,512	2,884	5,993	5,993	6,132	3,617	2,515	7,769	4,260	3,509	8,355	4,179	7,875	11,794	5,776	5,840	2,261	3,580	7,279	3,562	3,716	5,846	1,054	2,792	7,059	1,893	5,166	73,852	33,184	40,669	177,585	76,466	101,120	202,887	95,068	107,819	208,490	75,075	133,415	12,495	5,322	7,173	17,978	8,134	9,845	23,269	10,039	13,230	28,303	19,001	2,642	1,314	6,143	2,327	3,816	6,181	2,188	3,993	6,212	2,297	3,913	19,166	5,994	13,172	18,455	6,933	11,521	25,687	9,907	15,780	26,975	16,552

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Note.--Minor adjustments to official statistics were made to correct cases of misreporting. Because of rounding, figures may not add to the totals shown.

Table 6a.--U.S. imports for consumption under TSUS item 807.00 for those commodity groups included in "other metal articles" under schedule 6 in table 6, by commodity groups, 1975-78

Commodity group	1975				1976				1977				1978			
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	
Other metal articles, total	746,558	248,078	498,480	1,002,590	309,368	693,222	1,212,570	369,013	843,558	1,688,677	498,823	1,189,854	1,233	260	973	
Metallic containers	570	84	486	1,670	547	1,122	1,049	108	941	2,978	828	2,150	20,407	4,430	15,977	
Handtools, cutlery, and interchangeable cutting tools for machine tools	6,803	1,864	4,939	3,179	741	2,438	2,573	618	1,955	1,485	276	1,209	36,305	8,967	27,337	
Other miscellaneous metal articles	15,533	3,729	11,804	14,125	2,613	11,511	11,364	2,283	9,081	19,666	2,683	16,982	6,289	1,224	5,066	
Steam turbines and boilers; gas generators and parts	2,582	647	1,935	1,693	731	962	1,405	616	789	3,390	1,452	1,939	3,293	939	2,354	
Piston-type engines and parts, and parts of internal combustion engines	18,777	2,407	16,371	15,746	2,108	13,638	24,514	3,480	21,035	35,708	5,900	29,808	7,754	678	7,076	
Industrial heating machinery, refrigeration equipment, and parts	79,882	17,492	62,391	53,006	13,582	39,424	75,937	21,990	53,946	94,982	23,522	71,460	39,770	13,050	26,719	
Pumps for liquids, and parts	2,484	266	2,219	3,299	276	3,023	1,476	195	1,281	3,787	417	3,370	1,429	192	1,237	
Fans and blowers, and parts	4,596	2,041	2,554	7,616	2,993	4,623	12,930	2,893	10,037	16,434	3,320	13,114	3,736	1,575	2,161	
Centrifuges, filtering and purifying machinery, and parts	116	6	109	227	58	169	83	11	72	5,289	2,219	3,069	116	6	109	
Elevators, conveyors, winches, and hoists	10,118	2,495	7,623	8,539	2,598	5,942	9,515	4,780	4,735	12,189	5,600	6,589	10,118	2,495	7,623	
Pulp, paper, and printing machinery	47,286	20,163	27,124	65,252	29,273	35,979	72,292	33,291	39,000	89,488	43,649	45,839	58,841	7,344	51,497	
Machines for working metal, stone, and other materials	67,419	37,620	29,799	87,226	48,825	38,401	98,571	56,441	42,130	67,696	15,077	52,619	67,419	37,620	29,799	
Other miscellaneous machinery and mechanical equipment, and parts	12,239	5,331	6,908	12,495	4,708	7,788	20,123	6,124	13,999	35,611	9,443	26,168	12,239	5,331	6,908	
Wrapping, packaging, canning, bottling, capsuling, labeling, aerating, and dishwashing machines and parts	4,469	2,409	2,059	7,708	4,424	3,285	9,724	4,437	5,286	10,206	5,294	4,913	1,429	192	1,237	
Automatic vending machines, and parts	9,497	2,862	6,635	9,418	3,075	6,343	24,258	7,421	16,837	41,785	13,594	28,191	4,596	2,041	2,554	
Taps, cocks, valves, and parts	33,576	19,551	14,025	39,668	22,719	16,949	50,759	27,190	23,568	59,459	35,165	24,294	3,736	1,575	2,161	
Gear boxes and other speed changers, and parts	116	6	109	227	58	169	83	11	72	5,289	2,219	3,069	116	6	109	
Typewriter parts	10,118	2,495	7,623	8,539	2,598	5,942	9,515	4,780	4,735	12,189	5,600	6,589	10,118	2,495	7,623	
Transformers	47,286	20,163	27,124	65,252	29,273	35,979	72,292	33,291	39,000	89,488	43,649	45,839	47,286	20,163	27,124	
Electric motors, generators, rectifiers, inductors, and parts	58,841	7,344	51,497	72,549	10,615	61,933	72,566	13,047	59,519	67,696	15,077	52,619	58,841	7,344	51,497	
Electric household appliances, and parts	67,419	37,620	29,799	87,226	48,825	38,401	98,571	56,441	42,130	119,501	68,964	50,537	67,419	37,620	29,799	
Equipment for making, breaking or connecting electric circuits, and voltage regulators	12,239	5,331	6,908	12,495	4,708	7,788	20,123	6,124	13,999	35,611	9,443	26,168	12,239	5,331	6,908	
Radio telegraphic and telephonic radio-navigational and radar apparatus	4,469	2,409	2,059	7,708	4,424	3,285	9,724	4,437	5,286	10,206	5,294	4,913	4,469	2,409	2,059	
Loudspeakers, microphones, and sound amplification equipment	9,497	2,862	6,635	9,418	3,075	6,343	24,258	7,421	16,837	41,785	13,594	28,191	9,497	2,862	6,635	
Tape recorders and players, and dictation machines	33,576	19,551	14,025	39,668	22,719	16,949	50,759	27,190	23,568	59,459	35,165	24,294	33,576	19,551	14,025	
Electrical conductors with or without fittings	4,163	153	4,010	12,924	558	12,367	25,562	704	24,858	10,762	459	10,303	4,163	153	4,010	
Radio-phonograph combinations, other combinations of consumer electronic products, and parts	12,315	6,329	5,986	17,058	7,922	9,136	20,729	11,083	9,646	24,478	13,437	11,041	12,315	6,329	5,986	
Electric filament, discharge and luminescent lamps																

Table 6a.--U.S. Imports for consumption under TSUS item 807.00 for those commodity groups included in "other metal articles" under schedule 6 in table 6, by commodity groups, 1975-78--Continued  
(In thousands of dollars)

Commodity group	1975			1976			1977			1978		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Electric tubes (except X-ray), and parts	18,099	8,549	9,550	35,356	15,750	19,606	27,090	12,994	14,096	39,774	15,311	24,464
Certain electrical equipment for heating, welding, and soldering and parts	385	164	220	278	88	190	450	122	328	1,943	417	1,526
Other miscellaneous electrical products and parts	58,014	28,771	29,243	88,656	37,647	51,010	84,633	34,937	49,695	123,173	57,375	65,798
Capacitors	33,365	13,302	20,063	51,621	20,456	31,164	58,878	28,645	34,233	74,414	33,966	40,448
Resistors and parts	17,216	7,326	9,890	24,360	11,278	13,082	33,191	16,537	16,654	42,912	23,723	19,189
Rail locomotives and rolling stock	4,319	721	3,598	11,891	1,226	10,666	7,580	2,019	5,561	63,409	23,028	40,381
Motor vehicle parts, motorcycles, tractors and off-the-highway-type work vehicles	73,451	18,259	55,192	192,396	26,803	165,593	242,145	32,195	209,950	418,963	37,649	381,314
Aircraft and spacecraft parts and parachutes	10,410	4,109	6,301	7,866	2,148	5,718	2,163	172	1,991	1,559	203	1,355
Yachts and pleasure boats	19,818	2,771	17,047	15,292	2,462	12,830	33,704	4,443	29,261	32,127	4,410	27,718

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Note.--Minor adjustments to official statistics were made to correct cases of misreporting. Because of rounding, figures may not add to the totals shown.



Table 7.--U.S. imports for consumption under TSUS item 807.00 from all countries, West Germany, Mexico, Japan, and Canada, by commodity groups, 1978

Commodity group	All countries				West Germany				Mexico				Japan				Canada			
	Total value	Duty-free value	Dutiable value	Total value	Total value	Duty-free value	Dutiable value	Total value	Total value	Duty-free value	Dutiable value	Total value	Total value	Duty-free value	Dutiable value	Total value	Total value	Duty-free value	Dutiable value	
Grand total (all products)	9,337,166	2,348,273	6,988,893	2,065,426	34,735	2,030,691	1,489,916	791,112	698,804	1,418,903	46,137	1,372,767	805,997	181,266	624,732					
Schedule 1 (agricultural products), total	263	36	209										262	53	209					
Schedule 2 (lumber and paper products), total	33,744	24,507	9,237										32,021	7,741	24,280					
Schedule 3 (textile products), total	409,601	252,743	156,857	36	2	34	17,420	10,833	46,377	316	599	1,038	110	929						
Body-supporting garments	96,826	57,075	39,751				28,597	19,355	9,043	2	2	1,744	984	760						
Women's, girls', and infants' dresses	19,110	12,204	6,906				7,043	4,832	2,191											
Women's, girls', and infants' slacks and shorts	34,175	24,416	9,759				22,086	16,367	5,718	67	67									
Women's, girls', and infants' suits, coats, jackets, and skirts	33,859	21,969	11,890				9,719	6,512	3,207											
Men's, girls', and infants' blouses	52,993	33,566	19,428				22,549	13,766	8,784											
Men's and boys' trousers, slacks, and outer shorts	28,570	20,682	7,888				16,977	13,210	3,767	87	87									
Certain textile rainwear coated, filled, or laminated with rubber or plastic	35	26	9				35	26	3											
Underwear	5,041	3,687	1,379				3,805	2,770	1,034											
Men's and boys' shirts	31,618	16,472	17,146				10,579	7,210	3,369	100	44									
Men's and boys' other wearing apparel	54,637	33,501	22,130	36	2	34	15,969	11,807	4,161											
Women's, girls', and infants' other wearing apparel	39,589	24,821	16,688				13,911	10,211	3,699	11	11									
Other textile articles	11,157	8,220	2,938				6,150	4,747	1,993	46	21									
Schedule 4 (chemical products), total	9,252	2,180	7,119	32	19	13	79	52	28											
Schedule 5 (ceramic products), total	8,324,823	1,836,735	6,488,087	2,061,927	33,728	2,028,169	5,323	4,748	4,648	657	107	549	1,981	603	1,378					
Schedule 6 (metal products), total	215,966	24,043	189,925				1,135,599	564,850	570,749	1,399,131	44,707	1,354,424	776,595	174,554	602,042					
Internal combustion engines, non-piston types	11,751	3,528	8,423	26		25														
Compressors and parts	12,107	4,660	7,447																	
Air conditioning machines	78,234	14,975	63,279	4,970	133	4,838	8	6	3	33,759	3,271	30,488	3,328	8,966						
Earth-moving and mining machinery	47,984	1,275	46,709																	
Sewing machines, household types	357,600	108,914	248,686	349	1	348														
Office machines and parts, other than typewriters and cash registers	8,344	1,012	7,332																	
Hand tools with self-contained electric motors	219,183	28,041	191,142																	
Television receivers	525,358	187,643	337,715	20	1	19														
Television apparatus and parts, other than cameras, receivers, and picture tubes	162,503	28,527	133,976																	
Radio apparatus and parts	131,415	11,680	119,735																	
Phonographs and parts	1,329,104	79,124	535,980																	
Semi-conductors and parts	43,768	14,747	29,021																	
Electronic memories	3,302,625	67,394	3,235,231	2,011,403	31,082	1,980,321														
Motor vehicles	2,008	596	1,412																	
Tractors and parts, non-agricultural types	189,974	49,953	140,020	175	124	51														
Aircraft, non-military	1,688,677	498,823	1,189,854	44,989	2,375	42,609														
Other metal articles	558,903	229,994	328,908	1,905	235	1,670														
Schedule 7 (miscellaneous products), total	26,706	17,347	9,357																	
Gloves	10,949	1,859	9,090																	
Luggage	52,012	25,429	26,586	1,955	167	1,093														
Hearing aids	32,011	12,415	19,596	191																
Scientific instruments	8,604	3,337	5,267																	
Photographic equipment	26,526	19,562	6,965																	
Recording media	1,380	167	1,213																	
Baseballs and softball	24,815	9,774	15,041																	
Tennis rackets	32,733	923	1,811																	
Games and other sporting goods	3,219	892	2,346																	
Toys, dolls, and models	19,382	7,588	11,794	193	11	182														
Jewelry	7,099	216	5,776																	
Furniture, pillows, cushions, and mattresses	7,893	3,865	5,166																	
Musical instruments and parts	1,171	1,034	138																	
Game machines and parts	208,490	75,075	133,415	191	58	133														
Plastic products	28,303	9,302	19,001																	
Fur and leather products	6,212	2,297	3,915																	
Watches and clocks	26,975	10,422	16,552																	
Footwear																				
Medical and surgical instruments																				
Other miscellaneous articles																				

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Note.--Minor adjustments to official statistics were made to correct cases of misreporting. Because of rounding, figures may not add to the totals shown.

Table 7a.--U.S. imports for consumption under TSUS item 807.00 for those commodity groups included in "other metal articles" under schedule 6 in table 6 from all countries, Mexico, Japan, and Canada, by commodity groups, 1978

(In thousands of dollars)

Commodity group	All Countries			West Germany			Mexico			Japan			Canada		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Other metal articles, total	1,688,677	498,823	1,189,854	44,983	2,373	42,610	622,465	322,806	299,664	313,598	15,920	297,682	319,027	65,922	253,109
Metallic containers	8,315	1,009	7,306	181	2	179	-	-	-	-	-	-	6,905	936	5,969
Handtools, cutlery, and interchangeable cutting tools for machine tools	2,978	828	2,150	-	-	-	162	58	104	18	8	11	396	39	357
Other miscellaneous metal articles	23,887	6,084	17,743	26	1	25	11,757	4,389	7,368	1,676	38	1,638	8,567	1,372	7,195
Steam turbines and boilers; gas generators and parts	1,485	276	1,209	-	-	-	-	-	-	-	-	-	1,384	228	1,156
Piston-type engines and parts, and parts of internal combustion engines	50,154	11,918	38,236	4,093	15	4,079	25,855	6,844	19,011	2,428	208	2,221	8,684	3,346	5,338
Industrial heating machinery, refrigeration and equipment, and parts	19,666	2,683	16,982	-	-	-	732	506	246	-	-	-	9,390	1,675	7,715
Pumps for liquids, and parts	33,997	3,244	30,752	-	-	-	181	101	80	8,219	586	7,633	10,730	1,570	9,160
Fans and blowers, and parts	3,390	1,452	1,939	-	-	-	346	241	106	-	-	-	2,949	1,138	1,811
Centrifuges, filtering and purifying machinery, and parts	6,101	2,298	3,803	-	-	-	781	711	70	-	-	-	5,309	1,586	3,723
Elevators, conveyors, winches and hoists	35,708	5,900	29,808	-	-	-	1,766	1,078	668	5,388	813	4,575	27,596	3,938	23,638
Pulp, paper and printing machinery	19,489	681	18,817	8,464	75	8,389	40	18	23	-	-	-	2,999	459	2,540
Machines for working metal, stone and other materials	94,982	23,522	71,460	14,587	1,346	13,241	16,077	9,910	6,167	7,612	3,153	4,459	45,067	7,669	37,397
Other miscellaneous machinery and mechanical equipment, and parts	90,103	25,058	65,045	8,727	348	8,380	21,805	13,456	8,349	3,686	441	3,244	41,644	6,973	34,671
Wrapping, packaging, canning, bottling, capsuling, labeling, aerating, and dishwashing machines and parts	3,787	417	3,370	158	3	154	-	-	-	-	-	-	3,027	369	2,658
Automatic vending machines, and parts	3,472	1,170	2,342	-	-	-	772	632	140	-	-	-	2,700	497	2,203
Taps, cocks, valves, and parts	16,436	3,270	13,116	147	13	134	398	140	258	4,517	183	4,333	11,305	2,967	8,338
Gear boxes and other speed changers, and parts	5,289	2,219	3,069	169	20	150	5,007	2,105	2,903	-	-	-	13	2	12
Transformers	12,189	5,600	6,589	839	30	809	7,014	4,405	2,609	70	12	58	1,133	136	997
Electric motors, generators, rectifiers, inductors, and parts	89,488	43,649	45,839	1,057	84	973	56,911	34,046	22,865	1,370	150	1,221	20,533	3,882	16,652
Electric household appliances, and parts	67,696	13,077	52,619	-	-	-	16,864	11,245	5,599	6,486	616	5,870	2,421	639	1,782
Equipment for making, breaking or connecting electric circuits, and voltage regulators	119,501	68,964	50,537	5	2	3	88,318	56,295	32,023	44	29	15	4,766	1,411	3,355
Radio telegraphic and telephonic radio-navigational and radar apparatus	35,611	9,443	26,168	-	-	-	11,275	4,805	6,470	12	11	1	21,788	2,782	19,006
Loudspeakers, microphones and sound amplification equipment	10,206	5,294	4,913	-	-	-	5,648	3,506	2,142	2,155	269	1,886	787	105	682
Tape recorders and players, and dictation machines	41,785	13,594	28,191	6	3	3	21,704	11,171	10,533	16,562	287	14,276	1,380	106	1,275
Electrical conductors with or without fittings	59,459	35,165	24,294	16	14	1	51,580	30,085	21,495	37	7	30	511	161	350
Radio-phonograph combinations, other combinations of consumer-electronic products and parts	10,762	459	10,303	-	-	-	143	81	63	19	1	18	3,226	292	2,934
Electric filament, discharge and luminescent lamps	26,478	13,437	11,041	-	-	-	11,162	8,992	2,150	79	28	51	2,118	348	1,750
Electric tubes (except X-ray), and parts	39,174	15,311	24,664	-	-	-	21,519	11,274	10,244	6,850	604	6,246	3,204	200	3,004
Certain electrical equipment for heating, welding, and soldering and parts	1,943	417	1,526	-	-	-	24	14	10	-	-	-	1,785	346	1,439
Other miscellaneous electrical products and parts	123,173	37,375	65,798	2	1	1	51,393	33,663	17,731	536	175	360	4,906	377	4,529
Capacitors	74,414	33,966	40,448	-	-	-	54,124	23,156	30,968	81	22	59	184	33	151
Resistors and parts	42,912	23,723	19,189	-	-	-	29,318	17,796	11,522	55	24	31	119	16	104
Rail locomotives and rolling stock	63,409	23,028	40,381	-	-	-	28,872	8,837	20,035	-	-	-	30,807	13,262	17,546
Motor-vehicle parts, motorcycles, tractors and off-the-highway-type work vehicles	418,963	37,649	381,314	832	61	771	80,892	23,202	57,689	234,875	6,576	228,299	16,604	4,716	11,888
Aircraft and spacecraft parts and parachutes	1,559	203	1,355	41	15	25	-	-	-	-	-	-	848	142	706
Yachts and pleasure boats	32,127	4,410	27,718	76	36	40	36	25	11	12,821	1,675	11,147	13,231	2,142	11,089

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Note.--Minor adjustments to official statistics were made to correct cases of misreporting. Because of rounding, figures may not add to the totals shown.

Table 8.--U.S. imports for consumption under TSUS item 806.30, by commodity groups, 1975-78  
(In thousands of dollars)

Commodity group	1975			1976			1977			1978		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Commodity groups separately listed in the TC Publication												
339 (1970):												
Aluminum foil	2,024	823	1,201	4,851	2,255	2,596	3,548	1,390	2,158	11,267	5,559	5,709
Aluminum mill products other than foil	1,504	1,047	457	4,977	3,785	1,193	9,024	7,008	2,016	25,429	20,067	5,362
Copper mill products	12,200	9,637	2,563	12,413	8,848	3,565	13,603	9,547	4,055	10,340	7,728	2,612
Iron or steel mill products:												
Bars	48	38	11	63	36	27	18	13	5	376	330	46
Plate, sheet, and strip	4,399	3,795	604	6,946	5,416	1,530	9,793	7,899	1,894	24,378	19,404	4,974
Wire	2,800	954	1,846	8,473	1,955	6,518	5,983	2,810	3,173	3,273	1,587	1,686
Other	3,127	2,138	989	4,782	3,526	1,256	5,055	3,779	1,276	7,331	5,487	1,844
Total, iron or steel mill products	10,374	6,925	3,449	20,264	10,933	9,331	20,848	14,500	6,348	33,358	26,808	8,550
Nickel mill products	1,105	541	564	3,318	2,057	1,261	13,307	8,017	5,290	13,245	7,788	5,457
Refractory metal powders and compounds	1,741	1,047	694	2,903	1,531	1,372	3,299	1,993	1,306	3,048	1,800	1,248
Titanium, wrought	1,853	1,693	160	1,077	935	142	639	572	67	3,693	2,931	762
Wire cloth	42	37	5	60	26	34						
Parts of:												
Aircraft	49,877	26,730	23,147	22,194	9,563	12,631	48,591	13,070	35,521	39,300	10,599	28,701
Automobile wheels	5,696	3,975	1,721	8,045	5,915	2,130	7,173	5,394	1,779	9,661	7,261	2,399
Railway rolling stock	1,208	920	287	2,336	639	1,697	1	1	1	380	215	165
Internal combustion engines	6,459	4,252	2,207	6,651	4,348	2,303	8,452	5,853	2,599	8,689	5,553	3,136
Steam boilers and auxiliary equipment	232	177	56	224	169	55	55	39	16	212	73	139
Steam turbines	1,315	575	741	1,779	687	1,092	3,718	1,771	1,947	3,829	3,345	483
Semiconductors, including parts	305,118	177,922	127,196	323,334	191,281	132,053	256,450	160,167	96,283	149,431	93,581	55,850
Total, commodity groups	400,749	236,300	164,449	414,428	242,971	171,457	388,706	229,320	159,386	314,034	193,413	120,621
Other commodity groups: 2/												
Aluminum, unwrought	1,270	1,234	36				4,424	3,906	518	10,799	7,509	3,289
Lead, unwrought	3,292	1,547	1,745	2,918	1,399	1,519	6,558	3,173	3,384	6,420	2,740	3,681
Iron or steel articles, not specially provided for	724	430	295	573	332	242	22	17	6	668	436	232
Fasteners of base metal, including nuts	977	640	337	1,107	1,041	66	1,420	965	455	1,383	752	631
Valves, including parts	980	589	391	1,155	634	521	1,105	538	568	1,569	744	825
Capacitors	5,116	2,780	2,336	5,762	3,302	2,460	4,424	2,421	2,003	3,373	1,863	1,511
Pumps and compressors, and parts	1,318	679	639	1,642	936	707	1,312	569	743	1,548	743	805
Materials handling machinery and parts	1,957	1,009	948	2,627	1,155	1,472	1,943	1,199	744	2,429	1,370	1,059
Office machines and parts	524	228	296	222	66	156	326	288	38	406	155	251
Machines, not specially provided for, and parts	6,895	1,500	5,394	1,273	316	92	1,232	847	385	611	409	202
Electric motors and generators, and parts							1,936	992	944	496	252	244
Electric articles, not specially provided for, and parts	692	261	431	2,441	1,466	976	3,437	1,722	1,715	1,607	495	1,112
Parts of motor vehicles, other than automobile wheels	1,849	818	1,031	2,255	1,607	648	6,222	4,804	1,417	5,244	3,271	1,972
Machine tools, parts and accessories	799	406	393	1,554	722	833	2,025	1,138	887	2,753	1,384	1,368
Consumer electronic products and parts	532	210	322	57	17	40	375	159	216	217	146	70
Articles for making or breaking electrical circuits	232	117	115	404	185	219	1,846	1,273	573	1,737	867	871

See footnotes at end of table.

Table 8.--U.S. imports for consumption under TSUS item 806.30, by commodity groups, 1975-78--Continued  
(In thousands of dollars)

Commodity group	1975		1976		1977		1978	
	Total value	Duty-free value	Total value	Duty-free value	Total value	Duty-free value	Total value	Duty-free value
Other commodity groups: 2/--Continued								
Electronic tubes-----	8,168	3,829	4,339	5,788	14,976	7,857	15,480	8,912
Other base metals, wrought and unwrought-----	1,558	1,160	398	2,207	4,126	2,380	6,988	5,002
All other articles-----	16,996	8,266	8,730	10,360	18,714	10,819	20,328	12,785
Total, other commodity groups-----	33,879	22,703	28,176	31,848	76,371	45,070	84,053	49,835
Grand total-----	454,628	262,003	192,625	474,007	465,077	274,390	398,087	243,248
1/ Less than \$500.								
2/ Commodity groups in which the value of 806.30 imports amounted to at least \$500,000 in any 1 of the years 1969-73.								

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Note.--Minor adjustments to official statistics were made to correct cases of misreporting. Because of rounding, figures may not add to the totals shown.

Table 9.--U.S. imports for consumption under TSUS item 806.30 from all countries, West Germany, Mexico, Japan, and Canada, by commodity groups, 1978

(In thousands of dollars)

Commodity Group	All Countries			Canada			Malaysia			Mexico			West Germany		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Commodity groups separately listed in the TC Publication 339 (1970)															
Aluminum foil	11,267	5,559	5,709	32	32	1									
Aluminum mill products other than foil	25,429	20,067	5,362	9,189	7,303	1,886							4,766	2,472	2,294
Copper mill products	10,340	7,728	2,612	9,203	7,007	2,196				208	194	14	26	13	14
Iron or steel mill products:															
Bars	376	330	46	376	330	46									
Plate sheet and strip	24,278	19,404	4,874	24,052	19,328	4,724							326	76	250
Wires	3,273	1,587	1,686	7,148	15	4									
Other	7,331	5,877	1,454	3,178	3,008	170				116	55	61	330	18	6
Total, iron or steel mill products	35,358	26,808	8,550	31,925	25,076	6,848				116	55	61	330	18	6
Nickel mill products	13,745	7,788	5,957	6,212	5,199	1,013							4,874	2,517	2,358
Refractory metal powders and compounds	3,048	1,800	1,248	1,748	1,521	227							3,025	1,788	1,237
Titanium wrought	3,693	2,911	782	3,671	2,921	750							22	10	12
Wire cloth	153	105	48	153	105	48									
Parts of:															
Aircrafts	39,300	10,599	28,701	23,741	6,219	17,523				170	67	102			
Automobile wheels	9,461	7,261	2,199	6,417	2,738	3,680				9,648	7,251	2,398			
Railway rolling stock	380	215	165	380	215	165									
Internal combustion engines	8,686	5,553	3,133	2,516	1,871	637				2,779	2,066	734			
Steam boiler and auxiliary equipment	212	73	139	212	73	139							91	75	16
Steam turbines	3,829	3,345	483	3,339	3,066	273									
Semiconductors, including parts	149,431	93,581	55,850	92,274	59,114	33,160				90,283	54,098	36,186			
Total, commodity groups	316,034	193,413	120,621	274,741	170,621	104,120				90,283	54,098	36,186			
Other commodity groups:															
Aluminum unwrought	10,799	7,509	3,289	4,911	4,263	648									
Lead unwrought	6,420	2,740	3,680	6,417	2,738	3,680									
Iron or steel articles, not specially provided for	668	436	232	473	289	184				188	161	47			
Fasteners of base metal, including nuts	1,383	752	631	282	217	66									
Valves including parts	1,569	744	825	1,569	744	825									
Capacitors	3,373	1,863	1,511	1,569	1,569	825									
Pumps and compressors, and parts	1,548	743	805	1,262	495	767				3,323	1,827	1,496			
Materials handling machinery and parts	2,429	1,370	1,059	853	244	609				4	3	1			
Office machines and parts	406	155	251	101	30	71				1,576	1,126	450			
Machines, not specially provided for and parts	611	409	202	17	8	10				6	2	4			
Electric motors and generators and parts	496	252	244	61	27	34				434	224	210			
Electric articles, not specially provided for and parts	1,407	495	1,112	483	182	301							497	281	145
Parts of motor vehicles, other than automobile wheels	5,244	3,271	1,972	560	398	163				1,032	277	755			
Machine tools, parts and accessories	2,753	1,364	1,389	2,067	996	1,071				4,272	2,867	1,406			
Consumer electronic products and parts	217	146	70	14	10	4									
Articles for making or breaking electrical circuits	1,737	863	874	1,561	764	796				36	31	5			
Electronic tubes	15,480	8,912	6,567	6,267	4,812	1,455				135	79	56			
Other base metals, wrought and unwrought	6,988	5,002	1,986	1,886	1,291	595				13	9	4			
All other articles	20,328	12,785	7,543	5,337	2,173	3,164				8	3	5			
Total, other commodity groups	84,053	49,835	34,218	27,413	14,867	12,546				26	29	24			
Grand total	398,087	243,248	154,839	119,687	73,981	45,706				90,337	54,127	36,210			
Total, other commodity groups	398,087	243,248	154,839	119,687	73,981	45,706				90,337	54,127	36,210			
Grand total	398,087	243,248	154,839	119,687	73,981	45,706				90,337	54,127	36,210			

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Note. Minor adjustments to official statistics were made to correct cases of misreporting. Because of rounding, figures may not add to the totals shown.



