

**PRESIDENT'S LIST OF ARTICLES
WHICH MAY BE DESIGNATED
OR MODIFIED AS ELIGIBLE
ARTICLES FOR PURPOSES
OF THE U.S. GENERALIZED
SYSTEM OF
PREFERENCES**

**Report to the President
on Investigations
Nos. TA 503(a)-13
and 332-238**

Volume I

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.—The whole of the Commission's report to the President in November 1986 may not be made public since it contains information that has been classified by the United States Trade Representative or would result in the disclosure of the operations of individual concerns. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

INTRODUCTION

On August 5, 1986, in accordance with sections 503(a) and 131(a) of the Trade Act of 1974 and section 332 of the Tariff Act of 1930, and pursuant to the authority of the President delegated to the U.S. Trade Representative (USTR) by Executive Order 11846, as amended by Executive Order 11947, the USTR requested advice related to the U.S. Generalized System of Preferences (GSP) as follows: 1/

- (1) pursuant to sections 503(a) and 131(a) of the Trade Act, to advise the President, with respect to each article listed in Part A of the USTR request, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties under the U.S. Generalized System of Preferences (GSP). In providing its advice, the USTR requested the Commission to assume that benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the "competitive need" limitations specified in section 504(c) of the Act.
- (2) pursuant to section 332(g) of the Tariff Act and at the direction of the President—
 - (A) to advise the President, with respect to each article listed in Parts B and C of the USTR request, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers (a) of the removal of articles in Part B from eligibility for duty-free treatment under the GSP, (b) of the removal of the GSP duty-free status from articles in Part C of the list which are imported from the respective countries specified which currently receive GSP duty-free treatment, and (c) the redesignation for GSP duty-free treatment for articles in Part C of the list which are imported from a specified country which does not currently receive GSP duty-free treatment for the article;

1/ The USTR request, including listings of concerned articles, is contained in appendix A.

- (B) in accordance with section 504(c)(3)(A)(i) of the Trade Act, to advise the President on whether any industry in the United States is likely to be adversely affected by waiving the competitive need limits for the Republic of the Philippines with respect to the article listed in Part D of the USTR request; and
- (C) to advise the President, with respect to whether products like or directly competitive with those described in Part A of the USTR request were being produced in the United States on January 3, 1985, for purposes of section 504(d) of the Trade Act.

Subsequent to the initial request, the USTR notified the Commission that TSUSA item 732.3875 (bicycle caliper brakes) was being removed from consideration due to a withdrawal request from the petitioner.

In response to the USTR request, the Commission on August 27, 1986, instituted investigations Nos. TA-503(a)-13 and 332-238 for the purpose of obtaining, to the extent practicable, information for use in connection with the preparation of advice requested by the USTR. The Commission notice of investigation and hearing is contained in appendix B. 1/

1/ The following Federal Register notices were issued by the Commission related to Investigation Nos. TA-503(a)-13 and 332-238:

<u>Date</u>	<u>Notice</u>	<u>Subject</u>
Sept. 4, 1986	51 F.R. 31733	Initial notice of ITC investigation and hearing
Oct. 29, 1986	51 F.R. 39592	Elimination of item from investigation

A public hearing in connection with the investigation was held in the Commission hearing room, 701 E Street NW., Washington, D.C. 20436, on September 29 and 30, 1986. All interested parties were afforded an opportunity to appear by counsel or in person, to produce evidence, and to be heard. 1/

1/ A list of witnesses appearing at the Commission hearing is contained in app. D.

PRESENTATION OF PROBABLE EFFECT ADVICE

In response to the USTR request for probable effect advice, the Commission determined that an appropriate format for such an analysis would be commodity digests, each digest dealing with the effect of tariff modifications on a specific commodity area.

For each of the commodity areas being analyzed, the digests provide an analysis of the impact of the possible tariff modifications on U.S. import levels, industry, and the consumer. 1/ Within each digest the probable effect advice is provided in both a textual and code format. 2/ The following probable effect codes are used in cases where articles are being considered for designation as eligible articles for the GSP:

1. Level of U.S. imports, all sources
 - Code A: little or no increase (0-5 percent)
 - Code B: modest increase (6-15 percent)
 - Code C: significant increase (16-25 percent)
 - Code D: substantial increase (over 25 percent)

2. U.S. industry and employment
 - Code A: nil or negligible adverse impact
 - Code B: significant adverse impact (significant proportion of workers unemployed; declines in output; firms depart, but adverse impact not industry-wide)
 - Code C: substantial adverse impact (substantial unemployment; widespread idling of productive facilities; adverse impact on the industry as a whole)

3. U.S. consumer:
 - Code A: The bulk of the duty savings (greater than 75 percent) are expected to be absorbed by the foreign supplier.
 - Code B: Duty savings are expected to benefit both the foreign supplier and the domestic consumer (neither receiving more than 75 percent of the savings).
 - Code C: The bulk of the duty savings (greater than 75 percent) are expected to benefit the U.S. consumer.

1/ The "consumer" may be a firm/person receiving an intermediate good for further processing or the end-user in the case of a final good.

2/ Appendix C provides a brief textual and graphic presentation of the types of trade shifts which can result from modification of GSP eligibility.

The codes are provided below for Digests containing articles being considered for removal or country graduation:

1. Level of U.S. imports, all sources:
 - Code X: Nil or negligible decrease (0 to 5 percent).
 - Code Y: Modest decrease (6 to 15 percent)
 - Code Z: Significant decrease (16 to 25 percent)

2. U.S. industry and employment:
 - Code X: Nil or negligible beneficial impact.
 - Code Y: Significant beneficial impact (significant number of additional workers employed; increases in output; new firms; but beneficial impact not industrywide).
 - Code Z: Substantial beneficial impact (substantial increase in employment; widespread increased production; beneficial impact on the industry as a whole).

3. U.S. consumer:
 - Code X: The bulk of the duty increase (greater than 75 percent) is expected to be absorbed by the foreign supplier.
 - Code Y: The duty increase is expected to increase costs to both the foreign supplier and the domestic consumer.
 - Code Z: The bulk of the duty increase (greater than 75 percent) is expected to be passed on to the U.S. consumer.

DIGEST LOCATOR

Digest numbers, titles, contents by TSUS(A) items, and the assigned Commission trade analyst are provided below:

Digest No.	Digest title/TSUS(A) items	Analyst
A. Articles being considered for designation as eligible articles for the GSP.		
A101	Filberts 145.18 145.46	Burket
A102	Avocados 146.30	James
A103	Fresh olives 148.40	Reeder
A104	Certain fresh pineapple 148.96	Reeder
A105	Filler tobacco, other than cigarette leaf 170.40 170.45	Lipovsky
A106	Certain cordage of abaca fiber 315.35	Cook
A107	Certain benzenoid chemicals 402.56 403.45(pt.) 404.16 405.44 406.39(pt.)	Matusik
A108	Selected direct dyes 409.78 409.82	Wanser
A109	Selected pigments 410.28	Wanser
A110	Certain organic acids 425.9960	Michels
A111	Certain ceramic table and kitchen articles 533.30 533.64	McNay
A112	Enamels, colors, glazes, and fluxes, other than ground or pulverized 540.27	MacKay

Digest		
No.	Digest title/TSUS(A) items	Analyst
A113	Strontium, unalloyed, unwrought, and waste and scrap 632.46	DeSapio
A114	Ball or roller bearing type pillow block units 681.0410	Fravel
A115	Time switches, valued over \$1.10 but not over \$5.00 715.62 715.64	Garbecki
B. Articles being considered for removal as eligible articles for the GSP.		
B101	Phthalic anhydride 402.12	Matusik
B102	Phthalic acid esters 409.3410	Johnson
B103	Certain ceramic floor and wall tiles 532.22	Lukes
B104	Certain pipe and tube fittings of iron or steel 610.84 610.8413 610.8415 610.8418 610.8421 610.8424 610.8428	Dwyer
B105	Couplings of iron or steel 610.86	Reed
B106	Fittings of iron or steel for electrical conduit 688.32	Cutchin

Digest		
No.	Digest title/TSUS(A) items	Analyst
C. Articles being considered for removal of duty-free status from a beneficiary country for a product on the list of eligible articles for the GSP		
C101	Certain writing paper 252.75 (Brazil, Mexico)	Rhodes
C102	Miscellaneous articles of paper 256.9044 (Brazil, Mexico) 256.9052 (Brazil, Mexico) 256.9080(pt.) (Brazil)	Stahmer
C103	Acetylsalicylic acid (Aspirin) 410.72 (Turkey)	Nesbitt
C104	Sodium hydrosulfite 421.06 (Taiwan)	Greenblatt
C105	Butyl acetate 428.52 (Taiwan)	Michels
C106	Certain hinges, fittings, and mountings of base metal 647.03 (Taiwan)	Brandon
C107	Certain fabricated products of iron or steel 653.00 (Singapore, Taiwan)	Dwyer
C108	Porcelain on steel cooking and kitchen ware 654.08 (Mexico)	Reed
C109	Electronic fretted stringed instruments 725.46(pt.) (Korea, Taiwan)	Witherspoon
C110	Certain furniture and parts 727.23 (Thailand) 727.29 (Singapore, Yugoslavia) 727.35 (Singapore, Taiwan, Yugoslavia) 727.40 (Taiwan, Yugoslavia) 727.70 (Taiwan)	Leverett
C111	Inflatable play balls of polyvinyl chloride 735.0970(pt.) (Korea, Taiwan)	McGuyer
C112	Toy balloons 737.9536(pt.) (Korea, Taiwan)	Estes

Digest		
No.	Digest title/TSUS(A) items	Analyst
C113	Certain metal umbrella frames and skeletons 751.2015 (Taiwan)	Leverett
C114	Miscellaneous plastics products made of melamine 772.06(pt.) (Taiwan) 772.09(pt.) (Taiwan)	Frawley
D.	Articles being considered for waiver of competitive need limit for a product on the list of eligible articles.	
D101	Certain surface-active fatty acid derivatives 465.05 (Rep. of the Philippines)	Land

COMMODITY DIGESTS

FILBERTS

DIGEST NO. A101

FILBERTS
DIGEST NO. A101 (GSP Addition)

Background

Description and uses

Filberts, or hazelnuts, are round or oblong edible nuts of a deciduous shrub or small tree grown commercially, primarily in the Mediterranean region and in the Pacific Northwest of the United States. Most filberts grown in Europe and Turkey are small in size compared with commercially grown filberts in the United States. Filberts are marketed both inshell and shelled. Nearly all inshell filberts sold in the United States are for household consumption during October through December, either alone or in mixtures with other nuts. A large portion of the shelled filberts are salted and roasted for use in nut mixes. Shelled filberts are also used by bakers, confectioners, and homemakers.

The TSUS item numbers for the articles under investigation are provided on the following page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

U.S. customs treatment

Filberts imported into the customs territory of the United States are subject to quality grade requirements established pursuant to section 608(e) of the Agricultural Marketing Agreement Act of 1937, as amended, the act which authorizes the establishment of marketing agreements and orders for certain agricultural products. ^{1/} Under these provisions, entry of filberts into the United States is not permitted unless each shipment has been certified as passing grade requirements of the Agricultural Marketing Service of the U.S. Department of Agriculture.

^{1/} 7 CFR 982 and 999.

Digest No.
A101—Con.

Filberts: TSUS item number, description, tariff rate information, U.S. imports in 1985 and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during— 1/		
		1981	1985	1987
		—cents per pound—		
145.18	Filberts, not shelled.....	5.0	5.0	5.0
145.46	Filberts, shelled, blanched, or otherwise prepared or preserved.	8.0	8.0	8.0
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
145.18	Filberts, not shelled.....	149	Yes.	
145.46	Filberts, shelled, blanched, or otherwise prepared or preserved.	9,643	Yes.	

1/ The above item became eligible for duty-free treatment as of Jan. 1, 1984 when imported from designated beneficiary countries under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702). Pursuant to the United States-Israel Free Trade Area Implementation Act of 1985 (19 Stat. 82) entered into April 22, 1985, imports of inshell filberts under TSUS item 145.18 are subject to a duty of 4¢ per pound and imports of shelled, blanched, or otherwise prepared or preserved filberts under TSUS item 145.46 are free of duty when imported from Israel.

U.S. producers and employment

It is estimated that there are over 1,100 growers of filberts in the United States with almost all of the growing operations being in Oregon. In the Commission's investigation 332-193 1/ industry sources indicated that about 50 percent of the growers are full-time operators where the grower's livelihood depends on filberts. Filbert growers largely operate their filbert

1/ Conditions of Competition Between the U.S. and Major Foreign Filbert Industries, Report to the United States Senate Committee on Finance, Investigation No. 332-193, Under Section 332 of the Tariff Act of 1930, USITC Publication 1683, April 1985.

orchards with owner and family members. Hired employment is for the most part a seasonal operation during the harvesting and pruning season. During 1982-84, the number of seasonal workers on filbert farms averaged 888 workers annually.

According to data gathered in investigation 332-193 there were about 10 firms that process domestically produced filberts. During 1979-83 the average number of persons employed annually in the filbert processing industry was 140 persons.

U.S. consumption and production

Inshell filberts.—U.S. production of inshell filberts rose from 16.8 million pounds in 1981 to a peak of 19.9 million pounds in 1982 (table A-1). Production then fell to 12.3 million pounds in 1983, as a result of adverse growing conditions in that year. Production increased in 1984 and 1985 and totaled 18.7 million pounds in 1985.

Domestic consumption of inshell filberts followed the same trend as domestic production during 1981-85. Apparent consumption increased from 12.3 million pounds in 1981 to 18.4 million pounds in 1982 before declining to 8.9 million pounds in 1983. Apparent consumption of inshell filberts increased in each of the next 2 years and totaled 15.7 million pounds in 1985. Domestic production of inshell filberts accounted for 90 percent or more of apparent consumption during 1981-85.

Shelled, blanched, or otherwise prepared or preserved filberts.—U.S. production of shelled, blanched, or otherwise prepared or preserved filberts, primarily filbert kernels, followed the same general trends as the production of inshell filberts. Domestic production of filbert kernels increased from

5.1 million pounds (kernel weight) in 1981 to 7.1 million pounds in 1982 (table A-2). Production then declined sharply to 1.4 million pounds in 1983 as a result of the short U.S. filbert crop in that year. Production recovered in 1984 to 4.1 million pounds and then rose sharply to 12.0 million pounds in 1985. Likewise, apparent consumption of filbert kernels increased from 6.3 million pounds in 1981 to 11.2 million pounds in 1982 before declining to 4.4 million pounds in 1983. Apparent consumption of filbert kernels increased in each of the next 2 years and totaled 17.5 million pounds in 1985. In 1985, imports accounted for over 44 percent of apparent consumption. Most of the filbert kernels are consumed by institutional users and by nut roasters for mixed nut packs.

U.S. exports

U.S. exports of filberts (inshell filberts and shelled, blanched, or otherwise prepared or preserved filberts) during 1981-85 ranged from a high of 9.1 million pounds, valued at \$4.5 million, in 1983 to a low of 6.2 million pounds, valued at \$3.3 million, in 1984 (table B). Australia, Canada, and West Germany are the principal U.S. markets for filberts. Exports to Canada and West Germany consist primarily of inshell filberts, while exports to Australia consist primarily of shelled, blanched, or otherwise prepared or preserved filberts.

U.S. imports

Inshell filberts.—During 1981-85, imports of inshell filberts ranged from a low of 10,000 pounds, valued at \$7,000 in 1981 to a high of 1.5 million

pounds, valued at \$913,000 in 1982 (table C-1). Italy was the principal source for inshell filberts during 1982-84. However, Turkey, a GSP beneficiary country, was the principal U.S. supplier in 1985.

Imports of inshell filberts from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Turkey.....	<u>123</u>	<u>83</u>
Total.....	<u>123</u>	<u>83</u>

Imports from GSP beneficiary countries ranged from none in 1983 to a high of 99,000 pounds in 1985 (table D-1).

Imports of inshell filberts have been a very small part of U.S. apparent consumption of inshell filberts. The ratio of imports to apparent consumption during 1982, the year of the largest volume of imports, was less than 9 percent.

Shelled, blanched, or otherwise prepared or preserved filberts.—U.S. imports of shelled, blanched, or otherwise prepared or preserved filberts ranged from a low of 3.1 million pounds (kernel weight basis), valued at \$5.2 million, in 1981 to a high of 8.6 million pounds, valued at \$8.8 million, in 1984 and totaled 7.7 million pounds, valued at \$9.6 million, in 1985 (table C-2). Turkey was the principal supplier of such filberts during 1981-85, accounting for 83 percent of the value of imports during the period. Italy, the only other supplier of note, accounted for 10 percent of the value of imports during the 1981-85 period.

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Imports of shelled, blanched, or prepared or preserved filberts from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Turkey.....	9,344	97
Indonesia.....	24	<u>1/</u>
Turkey.....	<u>4</u>	<u>1/</u>
Total.....	9,372	97

1/ Less than 0.5 percent.

Imports of shelled, blanched, or otherwise prepared or preserved filberts from GSP beneficiary countries other than Turkey during 1982-85 were quite small, never exceeding 23,000 pounds (table D-2).

During 1981-85, the ratio of shelled, blanched, or otherwise prepared or preserved filbert imports to the apparent consumption of such filberts ranged from 44 percent in 1985 to 123 percent in 1983, when the domestic crop was in short supply.

Conditions of competition in U.S. market

The U.S. market for filberts consists of separate markets for inshell filberts and shelled, blanched, or otherwise prepared or preserved filberts. The bulk of the inshell filberts are used in inshell nut mixtures. Packers of inshell nut mixtures prefer domestic filberts over those available from foreign suppliers because of their generally better appearance, larger size, convenience of ordering, delivery time, and payment terms. Shelled, blanched, or otherwise prepared or preserved filberts are used by institutional uses,

primarily bakeries, and roasters of mixed nuts. The imported filberts are preferred by these users because of flavour differences, a wider selection of products (e.g., blanched filbert kernels), and smaller sized kernels. Also, foreign filberts have an advantage in their abundance of supplies.

Position of interested parties

Turkey, the petitioner, did not provide a statement to the Commission regarding filberts.

The American Farm Bureau Federation (Farm Bureau) provided a written statement for the record to the USITC. The Farm Bureau, representing over 3 million member families, has opposed GSP since it was adopted in 1974. This position is in accordance with the Farm Bureau's general policy opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions from foreign countries. In particular, the Farm Bureau opposes the Generalized System of Preferences for agricultural products, whereby developing countries are granted duty-free entry of certain products, since this runs counter to the Most-Favored-Nation principles of GATT.

The Associated Oregon Hazelnut Industries, representing the Associated Nut Packers of Oregon, The Filbert Growers Bargaining Association, The Oregon Filbert Commission, and the Nut Growers Society of Oregon, Washington and British Columbia is opposed to the Government of Turkey petition for inclusion of filberts to the listing of GSP eligible articles. Turkey has captured more than 80 percent, and in one year 93 percent, of the U.S. market for imported filberts under the existing tariff rates. This amounts to approximately one-half of all filberts consumed in the United States.

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Table A-1.—Filberts, inshell: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

Year	Production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (1,000 pounds, inshell weight)					
1981.....	16,800	4,498	11	12,313	<u>1/</u>
1982.....	19,940	3,113	1,527	18,354	8.3
1983.....	12,300	3,667	250	8,883	2.8
1984.....	15,440	2,915	624	13,149	4.7
1985.....	18,700	3,131	143	15,712	0.9
Value (1,000 dollars)					
1981.....	<u>2/</u>	3,553	7	<u>2/</u>	<u>2/</u>
1982.....	<u>2/</u>	2,166	913	<u>2/</u>	<u>2/</u>
1983.....	<u>2/</u>	2,164	119	<u>2/</u>	<u>2/</u>
1984.....	<u>2/</u>	2,013	237	<u>2/</u>	<u>2/</u>
1985.....	<u>2/</u>	2,050	149	<u>2/</u>	<u>2/</u>
Unit value (cents per pound)					
1981.....	—	79	63	—	—
1982.....	—	70	60	—	—
1983.....	—	59	47	—	—
1984.....	—	69	38	—	—
1985.....	—	65	104	—	—

1/ Less than 0.5 percent.2/ Not available.

Source: Data on production compiled from official statistics of the U.S. Department of Agriculture, import and export data compiled from official statistics of the U.S. Department of Commerce.

Table A-2.—Filberts, shelled, blanched, or otherwise prepared preserved:
U.S. production, exports of domestic merchandise, imports for consumption,
and apparent consumption, 1981-85

Year	Production	Exports	Imports	Apparent consumption 1/	Ratio (percent) of imports to consumption
Quantity (1,000 pounds, shelled weight)					
1981.....	5,080	1,196	3,140	6,304	49.8
1982.....	7,140	1,653	5,712	11,199	51.0
1983.....	1,440	2,434	5,387	4,393	122.6
1984.....	4,060	1,462	8,571	11,169	76.7
1985.....	12,040	2,282	7,746	17,504	44.3
Value (1,000 dollars)					
1981.....	2/	1,886	5,207	2/	2/
1982.....	2/	1,117	6,323	2/	2/
1983.....	2/	2,293	5,848	2/	2/
1984.....	2/	1,274	8,812	2/	2/
1985.....	2/	2,356	9,643	2/	2/
Unit value (cents per pound)					
1981.....	—	97	166	—	—
1982.....	—	68	111	—	—
1983.....	—	94	109	—	—
1984.....	—	87	103	—	—
1985.....	—	103	124	—	—

1/ Apparent consumption does not include changes in inventory levels.

2/ Not available.

Source: Data on production compiled from official statistics of the U.S. Department of Agriculture, import and export data compiled from official statistics of the U.S. Department of Commerce.

Table B.--Filberts: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	Quantity (1,000 pounds)					1985	January-June--	
	1981	1982	1983	1984	1985		1985	1986
Austral	1,225	879	1,261	369	1,531	537		
Canada	3,056	3,078	3,015	2,203	1,807	297	1,908	1,908
Fr Germ	1,882	991	2,331	539	1,848	2	1,405	1,405
Brazil	86	101	51	339	1,068	699	1,103	1,103
Mexico	477	543	13	405	351	225	67	67
Venez	507	457	162	325	335	5	6	6
Japan	451	0	106	100	176	24	59	59
Italy	0	0	41	88	337	0	0	0
All other	1,068	734	2,091	1,792	746	213	3,894	3,894
Total	8,751	6,783	9,071	6,161	8,201	2,003	8,458	8,458
Value (1,000 dollars)								
Austral	1,026	588	715	273	1,057	334	1,249	1,249
Canada	1,476	1,071	1,373	946	1,034	95	855	855
Fr Germ	1,472	676	1,158	351	967	2	652	652
Brazil	57	42	28	169	291	68	12	12
Mexico	307	238	6	219	254	174	58	58
Venez	262	286	112	187	158	3	5	5
Japan	47	-	68	93	131	35	44	44
Italy	-	-	25	52	107	-	-	-
All other	771	382	971	998	407	138	2,314	2,314
Total	5,419	3,282	4,457	3,287	4,406	848	5,189	5,189
Unit value (per pound)								
Austral	\$0.84	\$0.67	\$0.57	\$0.74	\$0.69	\$0.62	\$0.65	\$0.65
Canada	0.48	0.35	0.46	0.43	0.57	0.32	0.61	0.61
Fr Germ	0.78	0.68	0.50	0.52	0.52	1.09	0.59	0.59
Brazil	0.66	0.42	0.56	0.50	0.27	0.10	0.78	0.78
Mexico	0.64	0.44	0.47	0.54	0.77	0.60	0.87	0.87
Venez	0.52	0.63	0.70	0.92	0.47	0.60	0.77	0.77
Japan	0.10	-	0.65	0.60	0.75	1.44	0.74	0.74
Italy	-	-	0.61	0.60	0.32	-	-	-
All other	0.72	0.52	0.46	0.56	0.55	0.65	0.59	0.59
Average	0.62	0.48	0.49	0.53	0.54	0.42	0.61	0.61

1/ Less than 500.

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

Table C-1--Inshell filberts: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June--	
						1985	1986
	Quantity (1,000 pounds)						
Turkey	1	0	0	22	99	74	22
Italy	0	1,526	250	362	44	44	0
Canada	10	0	0	166	0	0	0
Spain	0	0	0	46	0	0	0
France	0	0	0	28	0	0	0
India	0	1/	0	0	0	0	0
Total	11	1,527	250	624	143	118	22
	Value (1,000 dollars)						
Turkey	1	-	-	25	123	95	32
Italy	-	912	119	156	26	26	-
Canada	6	-	-	22	-	-	-
Spain	-	-	-	20	-	-	-
France	-	-	-	13	-	-	-
India	-	1	-	-	-	-	-
Total	7	913	119	237	149	122	32
	Unit value (per pound)						
Turkey	\$0.50	-	-	\$1.13	\$1.24	\$1.29	\$1.46
Italy	-	0.60	0.47	0.43	0.60	0.60	-
Canada	0.64	-	-	0.13	-	-	-
Spain	-	-	-	0.43	-	-	-
France	-	-	-	0.49	-	-	-
India	-	2.29	-	-	-	-	-
Average	0.63	0.60	0.47	0.38	1.04	1.03	1.46

1/ Less than 500.

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

Table C-2. Filberts, shelled, blanched, or otherwise prepared or preserved: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (1,000 pounds)						
Turkey	2,429	4,246	4,229	7,072	7,507	5,717
Belgium	122	103	69	148	118	38
Iran	0	0	0	0	54	0
Italy	196	1,316	942	1,240	28	26
Indonesia	0	0	0	0	22	0
Switzerland	2	6	24	4	7	2
France	2	2	15	1	4	0
Colomb	0	0	0	0	1	6
All other	389	40	108	107	6	0
Total	3,140	5,712	5,387	8,571	7,746	5,863
Value (1,000 dollars)						
Turkey	4,225	4,523	4,510	7,192	9,344	6,659
Belgium	193	127	73	141	148	36
Iran	0	0	0	0	65	0
Italy	357	1,613	1,078	1,352	34	65
Indonesia	0	0	0	0	24	28
Switzerland	4	12	33	9	11	3
France	4	4	28	2	5	4
Colomb	0	0	0	0	4	0
All other	424	44	126	116	8	3
Total	5,207	6,323	5,848	8,812	9,643	6,822
Unit value (per pound)						
Turkey	\$1.74	\$1.07	\$1.07	\$1.02	\$1.24	\$1.16
Belgium	1.58	1.23	1.06	0.95	1.26	0.95
Iran	0	0	0	0	1.21	1.21
Italy	1.82	1.23	1.14	1.09	1.21	1.09
Indonesia	0	0	0	0	1.11	1.11
Switzerland	2.66	2.14	1.38	2.13	1.64	1.36
France	1.70	2.24	1.87	1.94	1.50	1.95
Colomb	0	0	0	0	3.17	0
All other	1.09	1.11	1.17	1.09	1.36	3.17
Average	1.66	1.11	1.09	1.03	1.24	1.00
						1.16

1/ Less than 500.

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

Table D-1--Inshell filberts: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports	1,527	250	624	143	22	100
Developed countries, total	1,526	250	555	44	0	
GSP countries, total	2/	0	22	99	22	100
Turkey	0	0	22	99	22	100
India	2/	0	0	0	0	
Other	0	0	46	0	0	
Value (1,000 dollars)						
Gross imports	913	119	237	149	32	100
Developed countries, total	912	119	192	26	-	
GSP countries, total	1	-	25	123	32	100
Turkey	-	-	25	123	32	100
India	1	-	-	-	-	
Other	-	-	20	-	-	

1/ Less than 0.5 percent.
2/ Less than 500.

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

Table D-2.--Filberts, shelled, blanched, or otherwise prepared or preserved: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports	5,712	5,387	8,571	7,746	2,199	100
Developed countries, total	1,432	1,148	1,477	161	113	5
GSP countries, total	4,246	4,236	7,093	7,530	2,086	95
Turkey	4,246	4,229	7,072	7,507	2,086	95
Indonesia	0	0	0	22	0	
Colomb	0	0	0	1	0	
Mexico	0	0	0	0	0	
Brazil	0	0	0	0	0	
Thailand	0	1	22	0	0	
China t	0	0	0	0	0	
Tokelau	0	0	0	0	0	
Other	34	3	1	55	0	
Value (1,000 dollars)						
Gross imports	6,323	5,848	8,812	9,643	3,611	100
Developed countries, total	1,763	1,329	1,592	204	178	5
GSP countries, total	4,523	4,515	7,218	9,372	3,434	95
Turkey	4,523	4,510	7,192	9,344	3,434	95
Indonesia	-	-	-	24	-	
Colomb	-	-	-	4	-	
Mexico	-	-	-	-	-	
Brazil	-	-	26	-	-	
Thailand	-	1	-	-	-	
China t	-	4	-	-	-	
Tokelau	-	-	-	-	-	
Other	36	4	2	67	-	

1/ Less than 0.5 percent.
2/ Less than 500.

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

AVOCADOS

DIGEST NO. A102

AVOCADOS
DIGEST NO. A102 (GSP Addition)

Background

Description and uses

The avocado, sometimes called the alligator pear, is a single-seeded fruit of a subtropical, broad-leaved evergreen tree. There are two distinct types of avocados produced in the United States; the Guatemalan or Mexican type is produced in California and is somewhat smaller than the West Indian type that is produced in Florida. The fruit sold in commerce is usually pear shaped and dark green in color; however, its shape may range from round to elongated and its color from yellow green to deep purple. The flesh of the fruit has a smooth buttery consistency and an oil content ranging up to 30 percent. The avocado is marketed principally as a fresh fruit for use mainly in salads. Avocados are also marketed as frozen slices and canned or frozen purees or dips made from the pulp of the fruit.

The TSUS item number for the article under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Digest No.
A102—Con.

Avocados: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during— 1/		
		1981	1985	1987
		Cents per lb.		
146.30	Avocados, fresh, or prepared or preserved.	7.1	6.3 (18.9% AVE)	6
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
146.30	Avocados, fresh, or prepared or preserved.	828		Yes.

1/ Avocados became eligible for duty-free treatment as of Jan. 1, 1984 when imported from designated beneficiary countries under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702). Pursuant to the United States-Israel Free Trade Area Implementation Act of 1985 (19 Stat. 82) entered in April 22, 1985, imports of avocados are subject to the following rates of duty: effective Sept. 1, 1985, 80 percent of the TSUS column 1 rate of duty on that date; effective Jan. 1, 1986, 70 percent of the TSUS column 1 rate of duty on that date; effective Jan. 1, 1987, 60 percent of the TSUS column 1 rate of duty on that date; and 5 further staged reductions concluding with duty free effective Jan. 1, 1995. Avocados became eligible for a rate of duty equal to the full tariff reduction without staging provided for in the Tokyo Round of the Multilateral Trade Negotiations as of Jan. 3, 1980 when imported from designated least developed developing countries (LDDCs).

U.S. customs treatment

Under section 8(e) of the Agricultural Marketing Act of 1937, imports of fresh avocados are required to meet the same minimum size and grade that are applicable to avocados produced in Florida. Such requirements apply whenever a Federal Marketing Order on Florida avocados is in effect. Imported avocados are also subject to plant quarantines administered by the U.S. Department of Agriculture to prevent the introduction of plant pests. The principal plant

pests affecting avocados are the avocado weevil and the avocado seed moth, which are found in Mexico and other Central and South American countries, and the Mediterranean fruit fly found in many countries. Few leading fresh avocado exporting countries are able to meet the stringent U.S. phytosanitary requirements. Imports of fresh avocados are banned from Mexico and most Central American countries unless the seed has been removed.

U.S. producers

The most recent Census of Agriculture reported that there were 7,173 farms producing avocados in the United States in 1982, up from 6,069 farms in 1979. These farms averaged 12 acres of avocados in both years. California had the largest number of farms in 1982 with 6,119 and Florida was next with 590 farms; farms in both States averaged 13 acres of avocados.

U.S. consumption and production

Apparent U.S. consumption of avocados varied during 1981-85, ranging from a low of 351 million pounds in 1982 to a high of 527 million pounds in 1984 (table A). Almost all U.S. consumption is accounted for by domestic production, and the year-to-year fluctuation in production is reflected in the consumption figures.

U.S. production of avocados varied with consumption over the years 1981-85, ranging from a low of 366 million pounds, valued at \$121 million, in 1982 to a high of 548 million pounds, valued at \$104 million, in 1984 (table A). Annual domestic production fluctuates, generally with a low production

year followed by a high production year, and is also influenced by weather conditions. U.S. avocado production has shown an upward trend over the past several years, doubling from an average 200 million pounds annually in the late 1970's to an average 474 million pounds during 1981-85. California is the major producing State, accounting for an average of 87 percent of domestic production during 1981-85.. Florida accounts for nearly all the remainder, while Hawaii and Texas are minor producing States. The marketing season for California avocados begins November 1 and runs to November of the following year, while that for Florida avocados runs from about June 20 to the end of the following February.

U.S. exports

U.S. exports of avocados dropped from 41 million pounds, valued at \$27 million, in 1981 to 16 million pounds, valued at \$11 million, in 1982, then rose to 28 million pounds, valued at \$17 million, in 1984 before dropping again to 12 million pounds, valued at \$8 million, in 1985 (table B). The high level of exports in 1981 resulted from a bumper crop that increased the available supply, and an increased European demand due to a poor crop in Israel. Part of the decline in 1982 exports was due to Japan's quarantine on U.S. shipments because of the Mediterranean fruit fly outbreak in California. The rise in exports in 1984 was also due in part to a good domestic crop. In both 1981 and 1984 there were unusually large exports to France most likely due to poor crops in Israel, an important source of supply for France. Part of the decline in exports in 1985 was due to a substantial drop in exports to Canada and France because of higher U.S. export prices that year. Adverse weather conditions in the United States in 1985 caused a lower than normal crop resulting in the higher export prices.

The principal markets for U.S. exports during 1981-85 were Japan, Canada, and France, which together accounted for between 65 and 85 percent of the total, by value, over the period. The primary market was France in 1981 and 1984, Canada in 1982 and 1983, and Japan in 1985.

U.S. imports

U.S. imports of avocados represented 1 percent or less of consumption during 1981-85. U.S. imports of all avocado products declined from 1.9 million pounds, valued at \$188,000, in 1981 to 1.5 million pounds, valued at \$127,000, in 1982, then rose to 7.3 million pounds, valued at \$645,000, in 1984 before declining again to 3.7 million pounds, valued at \$828,000, in 1985 (table C). The primary source of imports during 1981-85 was the Dominican Republic, although its share of the value of total imports declined from 98 to 33 percent over the period. Other significant sources were Chile and the Bahamas, with 64 and 1 percent of the value of 1985 imports, respectively. During January-June 1986, imports amounted to 6.0 million pounds, valued at \$1.3 million, up from 0.9 million pounds, valued at \$81,000, in the corresponding period of 1985; Costa Rica accounted for most of the imports during the 1986 period. The vast majority of avocado imports enter the United States through Puerto Rico.

GSP countries accounted for virtually all of U.S. imports of avocados during 1982-85. Only two countries were suppliers all 4 years; the Dominican Republic, whose share of the value of total imports declined from 91 to 33 percent, and the Bahamas, whose share declined from 8 to about 1 percent. Costa Rica supplied 38 percent of the total value in 1983, Honduras supplied

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16 percent in 1984, and Chile supplied 64 percent in 1985. Mexico, Guatemala, and Ivory Coast were other minor suppliers. Thus, there seems to be a great deal of variability in the major suppliers of avocados from year-to-year. This trend is likely the result of the bearing habit of the trees and the weather conditions in each country.

Imports of avocados from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Chile.....	531	64
The Dominican Republic....	277	33
The Bahamas.....	11	1
Other GSP.....	<u>9</u>	<u>1</u>
Total.....	828	100

Note.—Totals may vary because of rounding.

Conditions of competition in U.S. market

U.S. phytosanitary requirements have effectively limited U.S. imports of fresh avocados, with only a few small exporters able to meet the requirements.

U.S. imports of avocados were equivalent to 1 percent or less of U.S. production during 1981-85. U.S. consumption of avocados is thus effectively filled by U.S. production.

The types of avocados imported are virtually the same as the domestic types, and compete directly with these products. Information on price is not available, but the unit value of imported avocados has remained below the farm unit value of domestic avocados over the period. In 1985, the ad valorem equivalent of the duty on dutiable imports from GSP-eligible countries ranged from 13 percent for Ivory Coast to 87 percent for Mexico.

Position of interested parties

The petitioner is the Government of Mexico. The California Avocado Commission opposed in brief and through testimony the granting of GSP status for avocados. It maintained that the granting of GSP status would cause severe economic consequences to the U.S. industry; that the petitioner, Mexico, has failed to meet filing requirements; that GSP status may later lead to the lifting of the U.S. import quarantine against Mexican fresh avocados; and that Mexico already has sizable economic advantages over the U.S. industry.

The Florida Fresh Fruit and Vegetable Association through brief opposed the granting of GSP status for fresh avocados since this would result in severe harm to the Florida industry. The association alleged that Mexican avocados are hosts to destructive pests, that imports of these avocados could lead to losses to domestic fruit and vegetable growers; and that Mexico has the capability of supplying the entire U.S. avocado market, and thereby could harm U.S. producers.

The California Farm Bureau opposed in a brief the granting of GSP status for avocados. The bureau indicated that avocados already enter duty-free from CBERA countries, and that extending duty-free treatment to GSP countries would endanger the livelihood of the domestic industry. It also noted that it opposed the granting of GSP status to any additional agricultural products in the current period of severe stress to California agriculture.

The American Farm Bureau opposed in a brief the granting of GSP status to avocados; it is opposed to the granting of GSP status to any additional agricultural products. U.S. farmers are currently facing enough economic problems without having the added burden of increased preferential foreign competition, the bureau maintained.

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Table A.—Avocados, fresh, or prepared or preserved: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

(Quantity in thousands of pounds; value in thousands of dollars;
unit value per pound)

Year	U.S. production 1/	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity					
1981....	537,600	41,210	1,929	498,319	2/
1982....	365,600	16,359	1,487	350,728	2/
1983....	473,400	18,558	3,393	458,235	1
1984....	548,000	28,441	7,325	526,884	1
1985....	449,000	12,001	3,742	440,741	1
Value					
1981....	101,259	26,923	188	3/	3/
1982....	121,099	10,603	127	3/	3/
1983....	109,576	11,906	445	3/	3/
1984....	103,810	16,629	645	3/	3/
1985....	126,555	7,947	828	3/	3/
Unit value					
1981....	\$0.19	\$0.65	\$0.10	—	—
1982....	.33	.65	.09	—	—
1983....	.23	.64	.13	—	—
1984....	.19	.58	.09	—	—
1985....	.28	.66	.22	—	—

1/ Data are for season ending in year indicated.

2/ Less than 0.5 percent.

3/ Not meaningful.

Source: Production, compiled from official statistics of the U.S. Department of Agriculture; exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Table B.--Avocados, fresh: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June--	
						1985	1986
	Quantity (1,000 pounds)						
Japan	3,064	1,214	3,510	4,958	4,054	3,374	3,642
Canada	7,265	6,594	6,930	6,205	3,778	2,210	1,403
France	12,578	3,671	4,975	11,700	2,053	1,928	1,664
U King	4,392	1,279	1,146	2,797	1,233	804	1,393
Sweden	2,302	459	1,032	502	269	235	598
Hg Kong	23	15	4	22	108	108	14
China t	0	0	0	1	33	0	9
Mexico	8,375	2,528	422	1,386	214	180	7
All other	3,211	600	539	869	257	178	761
Total	41,210	16,359	18,558	28,441	12,001	9,017	8,492
	Value (1,000 dollars)						
Japan	3,691	1,244	3,698	4,066	3,223	2,630	3,587
Canada	2,697	3,636	3,000	2,520	1,905	852	945
France	11,020	3,454	3,508	7,213	1,593	1,498	1,554
U King	2,351	690	440	1,454	713	488	287
Sweden	2,077	383	780	335	183	152	480
Hg Kong	12	6	4	25	109	109	11
China t	-	-	-	-	49	-	10
Mexico	2,359	764	111	602	48	41	5
All other	2,717	426	365	413	124	81	746
Total	26,923	10,603	11,906	16,629	7,947	5,851	7,625
	Unit value (per pound)						
Japan	\$1.20	\$1.03	\$1.05	\$0.82	\$0.79	\$0.78	\$0.98
Canada	0.37	0.55	0.43	0.41	0.50	0.39	0.67
France	0.88	0.94	0.71	0.62	0.78	0.78	0.93
U King	0.54	0.54	0.38	0.52	0.58	0.61	0.73
Sweden	0.90	0.83	0.76	0.67	0.68	0.65	0.80
Hg Kong	0.53	0.41	0.98	1.14	1.01	1.01	0.78
China t	-	-	-	1.11	1.46	-	1.13
Mexico	0.28	0.30	0.26	0.43	0.22	0.23	0.71
All other	0.85	0.71	0.68	0.47	0.48	0.45	0.98
Average	0.65	0.65	0.64	0.58	0.66	0.65	0.90

1/ Less than 500.

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

Table C.--Avocados, fresh, or prepared or preserved: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and 1986, January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1985	January-June 1986
Quantity (1,000 pounds)							
Chile	1/	0	0	2	1,309	0	1,444
Dom Rep	1,846	1,243	2,556	2,631	2,194	692	1,556
Bahamas	83	244	315	10	200	165	0
Guatmal	0	0	0	34	6	0	0
Ivy Cst	0	0	0	0	6	0	0
Mexico	0	0	7	37	26	26	0
Ecuador	0	0	4	3,800	0	0	0
Hondura	0	0	0	805	0	0	0
All other	0	1/	512	6	0	0	4,014
Total	1,929	1,487	3,393	7,325	3,742	883	6,014
Value (1,000 dollars)							
Chile	2	-	-	1	531	-	652
Dom Rep	184	116	259	280	277	73	93
Bahamas	3	10	13	2	11	6	-
Guatmal	-	-	-	2	4	-	-
Ivy Cst	-	-	-	-	3	-	-
Mexico	-	-	1	6	2	2	-
Ecuador	-	-	2	252	-	-	-
Hondura	-	-	-	102	-	-	-
All other	-	1	170	1	-	-	514
Total	188	127	445	645	828	81	1,259
Unit value (per pound)							
Chile	\$5.33	-	-	\$0.43	\$0.41	-	\$0.45
Dom Rep	0.10	0.09	0.10	0.11	0.13	0.11	0.17
Bahamas	0.03	0.04	0.04	0.21	0.06	0.04	-
Guatmal	-	-	-	0.05	0.74	-	-
Ivy Cst	-	-	-	-	0.48	-	-
Mexico	-	-	0.20	0.17	0.07	0.07	-
Ecuador	-	-	0.44	0.07	-	-	-
Hondura	-	-	-	0.13	-	-	-
All other	-	10.00	0.33	0.09	-	-	0.13
Average	0.10	0.09	0.13	0.09	0.22	0.09	0.21

1/ Less than 500.

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

Table D.--Avocados, fresh, or prepared or preserved: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports-----	1,487	3,393	7,325	3,742	6,014	100
26 developed cttries, total:	0	0	6	0	37	1
GSP countries, total-----	1,487	3,393	7,319	3,742	5,977	99
Chile-----	0	0	2	1,309	1,444	24
Dom Rep-----	1,243	2,556	2,631	2,194	556	9
Bahamas-----	244	315	10	200	0	
Guatmal-----	0	0	34	6	0	
Ivy Cst-----	0	0	0	6	0	
Mexico-----	0	7	37	26	0	
Hondura-----	0	0	805	0	0	
C Rica-----	0	509	0	0	3,977	66
Other GSP-----	2/	6	3,800	0	0	
Other-----	0	0	0	0	0	
Value (1,000 dollars)						
Gross imports-----	127	445	645	828	1,259	100
26 developed cttries, total:	-	-	1	-	5	1/
GSP countries, total-----	127	445	645	828	1,254	100
Chile-----	-	-	1	531	652	52
Dom Rep-----	116	259	280	277	93	7
Bahamas-----	10	13	2	11	-	
Guatmal-----	-	-	2	4	-	
Ivy Cst-----	-	-	-	3	-	
Mexico-----	-	1	6	2	-	
Hondura-----	-	-	102	-	-	
C Rica-----	-	169	-	-	509	40
Other GSP-----	1	2	252	-	-	
Other-----	-	-	-	-	-	

1/ Less than 0.5 percent.
2/ Less than 500.

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

FRESH OLIVES
DIGEST NO. A103

FRESH OLIVES
DIGEST NO. A103 (GSP Addition)

Background

Description and uses

Olives are the fruit of a subtropical, broad-leaved evergreen tree, which has been cultivated extensively in the Mediterranean area for centuries, and since the nineteenth century in the United States and several other non-Mediterranean countries as well. Because of their extreme bitterness, olives are not consumed fresh. Whereas in the Mediterranean countries and South America olives are used principally for oil, in the United States they are grown predominantly for processing as table olives. Varieties cultivated for table use are generally larger and have a lower oil content than those crushed for oil. Olives to be processed for table use are picked at various stages of maturity depending on the style of table olive desired.

Fresh olives are normally processed within 3-5 days after being picked to avoid problems of spoilage, wilting, and wrinkling which detract from the table olive's attractiveness. Fresh olive imports are believed to be purchased chiefly by U.S. processors for processing into table (California-style) olives.

The TSUS item number for the articles under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Digest No.
A103—Con.

Fresh olives: TSUS item number, description, tariff rate information, U.S. imports in 1985 and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during— 1/		
		1981	1985	1987
148.40	Fresh olives.....	5¢ per lb.	5¢ per lb. (28.7% AVE)	5¢ per lb.
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
148.40	Fresh olives.....	1,152	Yes.	

1/ The above item became eligible for duty-free treatment as of Jan. 1, 1984 when imported from designated beneficiary countries under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702). Pursuant to the United States-Israel Free Trade Area Implementation Act of 1985 (19 Stat.82), imports entered after April 22, 1985 are free of duty when imported from Israel.

U.S. producers and employment

Three distinct groups of producers are responsible for most of the olives produced in the United States—namely, the U.S. growers of olives, the processors of domestically grown olives, and the importer-repackers, which prepare imported processed olives for distribution. Fresh olives are handled only by growers and processors.

Growers.—Virtually all olives grown commercially in the United States are grown in California, where some 1,400 growers harvested olives from approximately 34,000 acres in crop year 1984/85. The area planted in olive trees in California ("bearing acreage") declined irregularly from 36,000 acres in 1980/81 to 34,000 acres in 1984/85. Approximately half of the

growers belong to one of the two cooperatives which process, pack, and sell olives; the rest sell to independent processors. Most olive growers derive a substantial part of their income from olives; they obtain much of the remainder from such crops as citrus fruits, nuts, cotton, and grapes.

As with many tree fruit crops, there tends to be a two-year production cycle, with a large crop followed by a small one. Cultural conditions, particular weather, affect both the quality and the size of the crop. The size and quality of the individual olives of each crop have an important influence on the income received by the growers, with larger olives bringing substantially higher prices than smaller ones.

Processors of domestic olives.—The number of firms processing domestic olives declined from 17 in 1966 to 13 in 1983. ^{1/} The 13 include 2 cooperatives and 11 independent processors; all are located in California. Seven of these firms produce California-style, Spanish-style, and Sicilian-style olives. Spanish-style olives are also processed by three other firms, which produce them almost exclusively. Other styles of olives are produced in small quantities by three other firms. Processing table olives is the main source of income for most of the processors.

U.S. consumption, production, and imports

During 1980/81 to 1984/85, the size of the olive crop ranged from a low of 90 million pounds in 1981 to an all time high of 293 million pounds in

^{1/} See United States International Trade Commission (USITC), Bottled Green Olives From Spain, Determination of the Commission in Inv. No. 104-TA-22, USITC Publication 1531, May 1984, pp. A-8 - A-9.

1982, and averaged 181 million pounds annually (table A-1). The U.S. Department of Agriculture reported that the 1985 olive crop totaled 198 million pounds. In recent years, an average of about 70 percent of the crop has been processed as California-style olives and about 10 percent as Spanish-style olives. Greek, Sicilian, and other styles of olives accounted for about 16 percent of the crop, and the remainder has been crushed for oil.

U.S. consumption of table olives has increased substantially in recent years—largely reflecting the increased population but also resulting from greater appreciation of certain ethnic (Mexican and Italian) foods, fresh salads, and relishes, and intensified promotional efforts. During 1981-85, annual U.S. consumption of olives averaged 294 million pounds, compared with about 200 million pounds during the mid to late 1970's. Imports of all forms of olives (which are almost entirely processed olives) supplied 40 percent of the olives consumed during the 1981-85 period (table A-2). Imports of fresh olives supplied less than 1 percent of domestic consumption in this period.

U.S. exports

U.S. exports of fresh olives have been negligible or nil. Annual U.S. exports of processed olives have varied between 3 million and 5 million pounds in recent years, averaging about 4 million pounds, valued at \$3 million (table B). During this period, exports were equivalent, in terms of quantity, to about 2 percent of the U.S. production of olives. More than three-fourths of the exports consisted of California-style olives, and the remainder Spanish-style olives. Canada, the principal market for U.S. exports of olives, purchased about 60 percent of the exports during 1981-85.

U.S. imports

During 1981-85, U.S. imports of fresh olives amounted to less than 2 million pounds annually, except in 1985 when 7 million pounds were reported (table C-1). Imports of fresh olives reported from Panama are believed to have been recorded in error since Panama grows few if any olives. The fresh olive imports reported in 1985 from Panama are believed to have been fresh olives produced in Mexico. Other than in 1985, Mexico has been the chief source of U.S. fresh olive imports. It is believed that Mexican fresh olives are purchased by California processors directly from olive growers located in the states of Baja California and Sonora in Mexico. ^{1/} Mexico is also the principal GSP-eligible supplier of fresh olives to the United States other than Panama (table D). In 1985, the U.S. duty of 5 cents per pound for fresh olives was equivalent to 29 percent ad valorem for imports entering from all countries.

U.S. imports of processed olives vary considerably from year to year—largely in response to the size and quality of the Spanish crop. Total olive imports increased from 92 million to 150 million pounds during 1981-85, averaging 117 million pounds annually (table A-2). Pitted, stuffed, or otherwise prepared or preserved olives accounted for over 93 percent of total olive imports in 1981-85 (table C-2); Spain supplied about 90 percent of processed olive imports.

^{1/} See U.S. Dept. of Agriculture (USDA), Mexico's Expanding Olive Industry, Wash., D.C., April 1980, p. 6.

Imports of fresh olives from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Panama <u>1/</u>	981	85
Mexico <u>1/</u>	65	6
Venezuela.....	3	<u>2/</u>
Other GSP.....	0	0
Total.....	1,050	91

1/ Imports reported from Panama are believed to be actually from Mexico.

2/ Less than 0.5 percent.

Conditions of competition in the U.S. market.

Mexico has supplied most U.S. imports of fresh olives in recent years. There are few domestic or international shipments of fresh olives, owing to problems with spoilage, and the generally strong marketing ties between olive growers and olive processors. Fresh olives per se are inedible, and must be processed before reaching the consumer.

Because of Mexican olive growers' proximity to the U.S. processing industry, U.S. processors have occasionally purchased directly from them when California olives were in short supply. The U.S. Department of Agriculture indicated in 1980 that Mexico olive shipments to the United States "probably will rise sharply as Mexico's olive production increases and the fruit quality improves." 1/ Indeed, Mexico's exports of processed olives to the United States did rise from 0.4 million pounds in 1981 to 7.6 million pounds in 1985 (table C-2). However, annual Mexican olive production, which averaged

1/ USDA, Ibid.

24 million pounds during 1975-79 according to USDA, declined slightly to below 23 million pounds during 1982-85, according to petitioner data filed with the U.S. Trade Representative. 1/

Position of interested parties

The petitioner is the Government of Mexico. The California Farm Bureau, representing domestic olive growers, opposed in a brief the granting of GSP status to TSUS item 148.40. It contends that the domestic industry is in a period of severe stress and the addition of duty-free olives under GSP would endanger the livelihood of the domestic olive industry. Fresh olives already enter duty-free under the CBERA and from Israel, says the bureau. The American Farm Bureau also opposed in a brief the granting of GSP status to fresh olives or to any additional agricultural products since U.S. farmers currently face enough economic problems without having the added burden of increased preferential foreign competition.

1/ The International Olive Oil Council reported that Mexico produced 25 million pounds of table olives in crop year 1984/85, and 24 million pounds in 1985/86. Thus, during 1975-85, Mexican olive production was basically stagnant, fluctuating around 24 million pounds annually.

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Table A-1.—Olives, fresh: Production and use of the crop grown in California, crop years 1980/81 to 1984/85

(In millions of pounds)

Item	Crop Year (October–September)				
	1980/81	1981/82	1982/83 1/	1983/84 1/	1984/85 1/
Farm production, total...	218	90	293	122	181
Shipped fresh 2/.....	1	1	1	1	1
Processed, total.....	217	89	292	121	180
California-style.....	154	76	196	96	180
Spanish-style.....	35	3	23	3/	3/
Oil.....	7	4	5	3/	3/
Sicilian-style.....	2	2	3	3/	3/
Greek-style.....	4/	4/	1	3/	3/
Other 5/.....	19	4	64	3/	3/

1/ Beginning in 1982, crop year is reported from August 1 through July 31.

2/ Most of these olives were shipped to markets outside California for processing.

3/ Not available.

4/ Less than 500,000 pounds.

5/ Includes miscellaneous styles and quantities used on farms where grown.

Source: Compiled from data of the Olive Administrative Committee.

Note.—Olives are grown commercially in the United States only in California and Arizona; output in Arizona is negligible.

Table A-2.—Olives: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1981-85, and January-June 1985 and 1986

Year	Production 1/	Imports			Exports	Apparent consumption	Ratio of imports to consumption Percent
		Fresh	All other 2/	Total 2/			
Million pounds							
1981.....	218	3/	92	92	5	305	30
1982.....	90	3/	111	111	5	196	57
1983.....	293	2	112	114	4	403	28
1984.....	122	2	116	118	3	237	50
1985.....	181	7	143	150	4	327	46
Jan.—June:							
1985.....	181	5	62	67	2	246	27
1986.....	198	3/	63	63	1	260	24

1/ Inasmuch as olives are normally harvested only during the last three months of each year, the data for the years indicated are for olives harvested from the preceding year's crop.

2/ Includes all processed olive imports; imports of processed olives entering under TSUS items 148.44, 148.50, and 148.56 account for more than 90 percent of total olive imports.

3/ Less than 500,000 pounds.

Source: Production compiled from data of the Olive Administrative Committee; imports and exports compiled from official statistics of the U.S. Department of Commerce.

Table B.--Olives, in brine or otherwise prepared or preserved: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	Quantity (1,000 pounds)					1986
	1981	1982	1983	1984	1985	
Canada	3,716	2,626	2,447	2,177	2,235	886
Japan	218	385	463	447	611	311
Sweden	104	59	43	37	43	18
Hg Kong	104	44	85	37	58	36
Kor Rep	35	44	49	75	51	23
Spain	0	0	0	0	157	61
Singapr	97	166	92	74	46	30
Trinidad	23	13	28	15	31	16
All other	822	1,159	645	413	322	202
Total	5,118	4,497	3,851	3,275	3,553	1,584
	Value (1,000 dollars)					
Canada	2,752	1,953	1,611	1,382	1,392	537
Japan	168	263	307	309	448	219
Sweden	147	87	70	57	64	28
Hg Kong	103	40	59	43	60	31
Kor Rep	37	54	49	73	57	29
Spain	-	-	-	-	57	20
Singapr	77	120	77	55	39	23
Trinidad	16	12	18	9	27	14
All other	594	830	559	389	257	139
Total	3,894	3,365	2,750	2,318	2,401	1,041
	Unit value (per pound)					
Canada	\$0.74	\$0.74	\$0.66	\$0.63	\$0.62	\$0.61
Japan	0.77	0.69	0.66	0.69	0.73	0.70
Sweden	1.42	1.49	1.65	1.53	1.49	1.58
Hg Kong	0.99	0.91	0.69	1.17	1.03	0.86
Kor Rep	1.08	1.34	1.00	0.98	1.13	1.24
Spain	-	-	-	-	0.37	0.33
Singapr	0.79	0.72	0.84	0.75	0.85	0.79
Trinidad	0.71	0.87	0.65	0.62	0.88	0.85
All other	0.72	0.87	0.87	0.94	0.80	0.69
Average	0.76	0.75	0.71	0.71	0.68	0.66

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

Table C-1.--Olives, fresh: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981		1982		1983		1984		1985		January-June-- 1986	
	Quantity (1,000 pounds)											
Panama	0	0	0	0	0	0	0	0	5,164	5,164	0	0
Spain	0	0	0	0	0	0	27	129	124	124	3	3
Mexico	3	3	1,564	553	1,269	75	39	75	75	75	75	75
Greece	55	60	69	31	10	6	0	0	0	0	0	81
Venez	0	0	0	0	0	0	0	0	0	0	0	0
China N	1	1	0	0	0	0	0	0	0	0	0	0
Guatmal	0	0	0	0	0	0	1,081	0	0	0	0	21
Israel	0	15	0	0	0	0	37	0	0	0	0	46
All other	3	1	39	1	0	0	0	0	0	0	0	80
Total	62	78	1,672	1,735	6,612	5,404	321	321	321	321	321	321
Value (1,000 dollars)												
Panama	-	-	-	-	-	-	-	-	981	981	-	-
Spain	-	-	-	-	-	-	19	68	63	63	2	2
Mexico	2/	1	103	69	65	6	17	32	23	23	15	15
Greece	51	43	45	17	32	3	0	0	0	0	53	53
Venez	-	-	-	-	-	-	-	-	-	-	-	-
China N	2/	2	-	-	3	1	0	0	0	0	0	0
Guatmal	-	-	-	-	-	-	46	0	0	0	0	9
Israel	-	12	15	15	15	15	13	0	0	0	0	22
All other	1	1	49	13	13	11	0	0	0	0	0	11
Total	34	58	197	178	1,152	1,075	113	113	113	113	113	113
Unit value (per pound)												
Panama	-	-	-	-	-	-	-	-	0.19	0.19	-	-
Spain	-	-	-	-	-	-	0.69	0.53	0.51	0.51	0.67	0.67
Mexico	0.10	0.20	0.07	0.12	0.05	0.08	0.05	0.05	0.08	0.08	0.19	0.19
Greece	0.56	0.73	0.66	0.54	0.57	0.61	0.57	0.57	0.61	0.61	0.64	0.64
Venez	-	-	-	-	-	-	-	-	-	-	-	-
China N	1.93	2.75	-	-	0.78	1.14	-	-	-	-	-	-
Guatmal	-	-	-	0.04	-	-	-	-	-	-	-	0.45
Israel	-	0.81	-	2.31	-	-	-	-	-	-	-	0.48
All other	0.49	1.26	1.25	0.36	-	-	-	-	-	-	-	0.12
Average	0.54	0.75	0.12	0.10	0.17	0.20	0.20	0.20	0.20	0.20	0.20	0.35

1/ Less than 500 pounds.

2/ Less than 500 dollars.

Note.--Imports from Panama are believed to be in error since that country grows few if any olives.

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

Table C-2.--Olives, in brine or otherwise prepared or preserved: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)				
	1981	1982	1983	1984	1985
Spain	78,743	94,399	97,335	99,833	122,045
Greece	7,019	7,660	7,927	8,923	8,433
Mexico	378	333	0	3	7,553
Moroc	1,916	2,206	2,193	1,855	1,692
Israel	2,857	3,930	3,075	4,121	968
Italy	303	556	636	543	513
Portugl	604	802	549	672	626
France	90	72	81	116	266
All other	164	679	319	383	226
Total	92,074	110,636	112,115	116,450	143,021
Value (1,000 dollars)					
Spain	69,141	85,064	67,932	76,472	78,286
Greece	4,965	5,395	5,032	4,846	4,206
Mexico	135	114	-	6	978
Moroc	1,101	1,206	1,023	881	844
Israel	1,834	2,692	1,718	2,286	672
Italy	220	601	434	426	476
Portugl	313	524	332	428	327
France	102	89	131	169	267
All other	121	527	227	311	591
Total	77,931	96,012	76,829	85,826	86,649
Unit value (per pound)					
Spain	\$0.88	\$0.90	\$0.70	\$0.77	\$0.64
Greece	0.71	0.70	0.63	0.54	0.50
Mexico	0.36	0.34	-	1.60	0.59
Moroc	0.57	0.55	0.47	0.48	0.50
Israel	0.64	0.68	0.56	0.55	0.69
Italy	0.73	0.72	0.68	0.79	0.93
Portugl	0.52	0.65	0.61	0.64	0.52
France	1.13	1.24	1.61	1.46	1.00
All other	0.74	0.78	0.71	0.81	0.64
Average	0.85	0.87	0.69	0.74	0.61

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

Table D.--Olives, fresh: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports	78	1,672	1,735	6,612	321	100
Developed countries, total:	1/	0	3	0	0	
GSP countries, total	18	1,604	1,674	6,423	227	71
Panama	0	0	0	5,164	0	
Mexico	3	1,564	553	1,249	75	24
Venez	0	0	0	10	6	2
Guatmal	0	0	1,081	0	21	7
Hondura	0	0	33	0	0	
Dom Rep	0	0	0	0	79	25
Colomb	0	38	0	0	0	
Turkey	0	1	0	0	0	
Other GSP	15	0	7	0	46	14
Other	60	69	58	188	94	29
Value (1,000 dollars)						
Gross imports	58	197	178	1,152	113	100
Developed countries, total:	2/	-	4	-	-	
GSP countries, total	13	152	139	1,050	53	47
Panama	-	-	-	981	-	
Mexico	1	103	69	65	15	13
Venez	-	-	-	3	1	1
Guatmal	-	-	46	-	-	8
Hondura	-	-	9	-	-	
Dom Rep	-	-	-	-	6	5
Colomb	-	48	-	-	-	
Turkey	-	2	-	-	-	
Other GSP	12	-	15	-	22	19
Other	45	45	35	103	60	53

1/ Less than 500 pounds.
2/ Less than \$500.

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

CERTAIN FRESH PINEAPPLE

DIGEST NO. A104

CERTAIN FRESH PINEAPPLE
DIGEST NO. A104 (GSP Addition)

Background

Description and uses

Pineapples are the fruit of a succulent perennial herb. The principal domestic product, the Hawaiian pineapple, known as the "Smooth Cayenne," tends to be more yellow, smaller and more acidic than the leading import, the Central American "Sugarloaf" pineapple, which has a yellow-white flesh and a sweeter taste. The juices of the two fruits can taste distinctively different. The Hawaiian juice "starts out sweet, but leaves an acid aftertaste," and the juice from the Central American sugarloaf "is pulpier but the taste is mellow without the extremes of the Hawaiian variety," says one food critic in a recent article. ^{1/} The outside of the Hawaiian fresh pineapple tends to be yellow in color while that of the Central American fruit tends to be green.

Pineapples are widely grown in tropical regions. The bulk of the pineapples entering international trade are in the form of canned fruit or juice processed near the growing area; trade in fresh pineapples is relatively small. Most processed pineapple is marketed in airtight containers as canned pineapple packed in sirup, pineapple juice, or water. Small quantities are also marketed in brine or as chilled or frozen preparations. Canned pineapples are used in salads, desserts, baked goods, and numerous other food preparations. Some canned pineapples are utilized in the manufacture of fruit cocktail.

^{1/} Larry Nagengast, "Exotica: Catching Up on Uncommon Fruits," The Arlington Journal, p. B-8, May 14, 1986. See also The Packer 1986 Produce Availability & Merchandising Guide, 1986, p. B221.

Digest No.
A104—Con.

The TSUS item number for the articles under investigation is provided below along with information on the U.S. tariff rate, U.S. imports in 1985, and the GSP competitive status.

Certain fresh pineapple: TSUS item number, description, tariff rate information, U.S. imports in 1985 and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during— 1/		
		1981	1985	1987
148.96	Fresh pineapple: In packages, other than crates..	27¢ per 2.45 cubic feet	27¢ per 2.45 cubic feet	27¢ per 2.45 cubic feet
		(5.6% AVE)		
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
148.96	Fresh pineapple: In packages, other than crates..	10,775	Yes.	

1/ This item became eligible for duty-free treatment as of Jan. 1, 1984 when imported from designated beneficiary countries under the Caribbean Basin Economic Recovery Act (CBERA) (19 U.S.C. 2702). Pursuant to the United States-Israel Free Trade Area Implementation Act of 1985 (19 Stat. 82), imports entered after April 22, 1985 are free of duty when imported from Israel.

U.S. customs treatment

Most of the leading suppliers of fresh pineapple to the United States receive duty-free treatment under the CBERA. The principal fresh-pineapple suppliers which do not currently receive CBERA treatment are Mexico, Colombia, and Ecuador.

There are certain nontariff trade barriers to imports of fresh pineapple as relating to phytosanitary requirements administered by the U.S. Food and

Drug Administration (FDA). The FDA began rejecting many shipments of Mexican fresh pineapple in 1984 because of carbaryl pesticide residues in the fruit, according to the U.S. Department of Agriculture. FDA inspections have not apparently restricted imports from most other GSP-eligible countries as they have been able to meet the pesticide residue requirements.

U.S. producers and employment

According to the Hawaii Department of Agriculture, there were 18 farms growing pineapple on 36,000 acres in 1982, down from 43,000 acres in 1978; most of the output was for processing use. There were three firms in Hawaii processing pineapple in 1982.

There were 124 farms in Puerto Rico growing pineapple on 3,100 acres in 1982, an increase from the 70 farms with 2,500 acres of pineapple in 1978. Most of the Puerto Rican pineapple are believed to be consumed fresh within that region, although there is one canner producing pineapple products.

The three leading domestic producers of canned pineapple products are diversified multinational corporations, that own and operate processing operations (canneries), and also export fresh pineapple from several foreign countries, including several GSP-eligible countries.

U.S. consumption and production

During 1981-85, apparent U.S. consumption of pineapple for the fresh market showed little change, fluctuating between 458 million and 434 million pounds annually, and averaging 444 million pounds (table A). The share of

domestic consumption supplied by imports of all forms of fresh pineapple decreased irregularly from 32 to 27 percent during the period. Although most pineapple tend to be produced and consumed in the United States in the canned form (either as canned pineapple slices and chunks or as pineapple juice) rather than in the fresh form, there has been some long-term increase in the popularity of fresh pineapple. Sales of fresh Hawaiian pineapple rose from 7 percent of total sales of all types of Hawaiian pineapple products in 1975 to 22 percent in 1985. ^{1/}

U.S. production of pineapple for the fresh market increased from an estimated 313 million pounds in 1981 to 338 million pounds in 1982, declined to 322 million pounds in 1983, and thereafter increased to 330 million pounds in 1985. Hawaiian production amounted to 248 million pounds in 1985, with Puerto Rico producing the remaining 82 million pounds. In 1985, domestic production of fresh pineapple was valued at an estimated \$66 million.

U.S. exports

Data on U.S. exports of fresh pineapple are not specially provided; estimated exports of fresh pineapples amounted to 15 million pounds annually during 1981-85 (table A). Exports of fresh fruit, including fresh pineapple, not specially provided for, went principally to Japan, the European Community, and Canada during 1981-85 (table B).

^{1/} Brief of Dole Processed Foods Company, page 10.

U.S. imports

U.S. imports of all forms of fresh pineapple increased from about 138 million pounds in 1981 to 151 million pounds in 1983, and declined thereafter to 119 million pounds in 1985 (table C-1); imports were valued at \$11 million in 1985. Imports of fresh pineapple entering in packages other than crates (under TSUS item 148.96) accounted for 81 percent of imports of all forms of fresh pineapple during 1981-85 (tables C-1 and C-2). Pineapple entering under item 148.96 are believed to be packaged in cardboard boxes, each weighing around 40-50 pounds and holding about 8-12 pineapples. The cardboard box appears to be the preferred form of shipment owing to its ease of handling and its protection of the fruit during transit. Trade in bulk (unpackaged) pineapple entering under TSUS item 148.90 has declined sharply during 1981-85, and by 1985, only about 4 percent of total U.S. imports of fresh pineapple entered in bulk. Trade in fresh pineapple packed in wooden crates entering under TSUS item 148.93 has been very limited for the past 15-20 years, and amounted during 1981-85 for less than 2 percent of total trade in all forms of fresh pineapple.

Honduras was the leading U.S. supplier in 1982-85. Mexico had been the leading U.S. supplier of fresh pineapple until 1981, but its share of the total declined thereafter owing to sharply lower production in Mexico, and in 1984, because of pesticide residue problems resulting in rejection of certain U.S. imports from that country. ^{1/} GSP-eligible countries supplied virtually

^{1/} The U.S. Department of Agriculture (USDA) indicated that Mexican production of fresh pineapple would recover to 450,000 metric tons in 1986, up from the 260,000 tons produced in 1984 and the 350,000 tons in 1985. See USDA, "World Pineapple Output to Increase in 1986," World Production and Trade, April 23, 1986, pp. 3-4.

all U.S. imports of fresh pineapple in 1985 (table D), and all of the leading GSP countries but Mexico, Colombia, and Ecuador were also eligible for duty-free treatment under the CBERA.

Imports of fresh pineapple from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Honduras.....	5,541	51
Costa Rica.....	3,777	35
Dominican Republic.....	1,056	10
Guatemala.....	155	1
Colombia.....	130	1
Other GSP.....	98	1
Total <u>1/</u>	10,757	100

1/ Total may differ because of rounding.

The duty on imports of fresh pineapple entering under TSUS item 148.96 amounted to 27 cents per 2.45 cubic feet or 5.6 percent AVE on dutiable imports in 1985. As noted above, most of the leading suppliers of fresh pineapple to the United States already have duty-free access under the CBERA, and thus pay no duty.

Conditions of competition in U.S. market

Imports from the GSP countries are competitive with U.S. fresh pineapple, grown chiefly in Hawaii. Pineapple from the Central American countries except Mexico tend to enjoy a transportation advantage over those from Hawaii, and tend to be marketed chiefly in the Eastern and Southeastern United States. Mexican pineapple tends to be marketed in the Western United States where it competes more directly with the Hawaiian product.

Fresh pineapple have grown in popularity in recent years, particularly as consumer preference shifted towards fresh fruits and vegetables, and away from the canned products, and as year around availability of fresh pineapple stimulated consumer interest. There are some minor qualitative differences between the domestic and the leading import — the Central American sugarloaf pineapple. Most domestic and international trade in pineapple products occurs in the form of canned pineapple or as pineapple juice.

Position of interest parties

The petitioner is the Government of Colombia. A representative of the Pineapple Growers Association of Hawaii indicated in testimony and in a brief that the association opposes the granting of GSP since this would seriously and adversely affect the domestic pineapple industry in Hawaii. The Dole Processed Foods Company, a division of Castle & Cooke, Inc., indicated through a brief and in testimony of its counsel that it opposed the granting of GSP since this would have an adverse impact on the company and the economy of Hawaii; that many GSP beneficiary countries already receive duty-free access under the CBERA and are competitive suppliers already; and that GSP status for this one TSUS item would in effect grant duty-free entry to all other forms of fresh pineapple. The American Farm Bureau opposed in a brief the granting of GSP status to fresh pineapple or to any additional agricultural products since U.S. farmers are facing enough economic problems without the added burden of preferential foreign competition.

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Table A.—Pineapple for the fresh market: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1981-85, and January-June 1985 and 1986

Year	Production	Imports			Exports	Apparent consumption	Ratio of imports to consumption Percent
		In packages other than crates ^{1/}	All other	Total			
Million pounds							
1981.....	313	75	63	138	15	436	32
1982.....	338	82	48	130	15	453	29
1983.....	322	86	65	151	15	458	33
1984.....	320	99	35	134	15	439	31
1985.....	330	105	14	119	15	434	27
Jan.—June:							
1985.....	165	57	13	70	7	228	31
1986.....	<u>2/</u>	85	6	91	7	<u>2/</u>	<u>2/</u>

^{1/} Under TSUS item 148.96.^{2/} Not available.

Source: Production and exports are estimated by the staff of the U.S. International Trade Commission; imports are compiled from official statistics of the U.S. Department of Commerce.

Note.—Production data include Hawaiian pineapple sold as fresh pineapple, and all pineapple produced in Puerto Rico (which is believed to be sold principally fresh).

Table B.--Fruit, fresh, n.e.s., including pineapple: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	Quantity (1,000 pounds)					Value (1,000 dollars)					Unit value (per pound)				
	1981	1982	1983	1984	1985	1985	1986	1981	1982	1983	1984	1985	1985	1986	
Japan	3,071	4,496	4,430	5,519	6,610	3,817	4,594	4,989	5,157	5,157	6,457	8,008	5,014	4,880	
Nethlids	1,243	3,659	3,172	1,315	4,254	2,183	2,702	5,363	4,507	4,507	1,712	4,832	2,703	3,058	
Canada	17,725	16,530	21,766	8,777	5,594	2,569	3,241	5,579	7,305	7,305	3,446	2,343	1,163	1,359	
Fr Germ	410	762	1,133	239	1,121	747	995	602	1,295	1,295	276	1,323	902	817	
Austral	191	265	491	602	951	624	499	243	488	488	793	795	795	527	
Austria	257	85	1,087	593	642	530	327	79	1,499	1,499	723	736	665	198	
U King	1,125	765	487	714	791	266	584	670	780	780	524	614	226	496	
Sweden	291	333	335	444	513	293	863	86	52	201	548	548	318	847	
All other	4,106	2,997	6,320	3,120	4,756	1,226	4,570	1,739	1,482	2,446	1,894	3,160	1,318	3,271	
Total	28,419	29,891	39,221	21,324	25,233	12,956	18,378	14,532	19,707	23,180	16,361	22,560	13,103	15,453	
Japan	3,967	4,989	5,157	6,457	8,008	5,014	4,880	3,967	4,989	5,157	6,457	8,008	5,014	4,880	
Nethlids	1,888	5,363	4,507	1,712	4,832	2,703	3,058	1,888	5,363	4,507	1,712	4,832	2,703	3,058	
Canada	5,270	5,579	7,305	3,446	2,343	1,163	1,359	5,270	5,579	7,305	3,446	2,343	1,163	1,359	
Fr Germ	602	1,140	1,295	276	1,323	902	817	602	1,140	1,295	276	1,323	902	817	
Austral	137	243	488	793	795	795	527	137	243	488	793	795	795	527	
Austria	173	79	1,499	723	736	665	198	173	79	1,499	723	736	665	198	
U King	670	780	284	524	614	226	496	670	780	284	524	614	226	496	
Sweden	86	52	201	548	548	318	847	86	52	201	548	548	318	847	
All other	1,739	1,482	2,446	1,894	3,160	1,318	3,271	1,739	1,482	2,446	1,894	3,160	1,318	3,271	
Total	14,532	19,707	23,180	16,361	22,560	13,103	15,453	14,532	19,707	23,180	16,361	22,560	13,103	15,453	
Japan	\$1.29	\$1.11	\$1.16	\$1.17	\$1.21	\$1.31	\$1.06	\$1.29	\$1.11	\$1.16	\$1.17	\$1.21	\$1.31	\$1.06	
Nethlids	1.52	1.47	1.42	1.42	1.14	1.24	1.13	1.52	1.47	1.42	1.42	1.14	1.24	1.13	
Canada	0.30	0.34	0.34	0.39	0.42	0.45	0.42	0.30	0.34	0.34	0.39	0.42	0.45	0.42	
Fr Germ	1.47	1.50	1.14	1.15	1.18	1.21	0.82	1.47	1.50	1.14	1.15	1.18	1.21	0.82	
Austral	0.72	0.92	0.99	1.32	1.05	1.27	1.06	0.72	0.92	0.99	1.32	1.05	1.27	1.06	
Austria	0.67	0.93	1.38	1.22	1.15	1.25	0.60	0.67	0.93	1.38	1.22	1.15	1.25	0.60	
U King	0.60	1.02	0.58	0.73	0.78	0.85	0.85	0.60	1.02	0.58	0.73	0.78	0.85	0.85	
Sweden	0.30	0.16	0.60	1.21	1.07	1.08	0.98	0.30	0.16	0.60	1.21	1.07	1.08	0.98	
All other	0.42	0.49	0.39	0.61	0.66	0.68	0.74	0.42	0.49	0.39	0.61	0.66	0.68	0.74	
Average	0.51	0.66	0.59	0.77	0.89	1.01	0.84	0.51	0.66	0.59	0.77	0.89	1.01	0.84	

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

Table C-1.-- Pineapples, fresh(all forms): U.S. Imports for consumption, by principal sources, 1981-85, January--
June 1985, and January-June 1986

Source	1981		1982		1983		1984		1985		January-June-- 1986	
	Quantity (1,000 pounds)	Value (1,000 dollars)	Quantity (1,000 pounds)	Value (1,000 dollars)	Quantity (1,000 pounds)	Value (1,000 dollars)	Quantity (1,000 pounds)	Value (1,000 dollars)	Quantity (1,000 pounds)	Value (1,000 dollars)	Quantity (1,000 pounds)	Value (1,000 dollars)
Hondura	63,520	5,338	65,861	5,460	64,015	5,552	66,857	5,546	64,042	42,076	38,599	
C Rica	2,503	497	4,291	1,071	8,193	3,013	20,934	3,856	27,371	10,279	35,863	
Dom Rep	5,159	1,257	12,404	1,227	13,080	1,128	11,251	1,161	12,943	5,742	8,877	
Mexico	66,514	3,272	46,865	2,337	63,403	1,029	33,142	1,029	12,160	11,338	5,550	
Guatmal	408	58	703	31	429	35	324	185	1,188	126	1,450	
Colomb	0	-	22	34	156	92	393	141	474	342	180	
Ecuador	74	7	0	3	32	-	0	47	522	236	22	
Panama	0	-	0	-	0	-	80	20	83	83	648	
All other	312	60	106	18	1,366	215	1,433	182	104	104	172	
Total	138,490	9,463	130,251	9,505	150,675	10,053	134,414	11,074	118,964	70,325	91,327	
Unit value (per pound)												
Hondura	\$0.08	\$0.08	\$0.08	\$0.09	\$0.08	\$0.08	\$0.08	\$0.09	\$0.09	\$0.08	\$0.08	
C Rica	0.19	0.12	0.13	0.13	0.14	0.14	0.14	0.14	0.14	0.14	0.14	
Dom Rep	0.08	0.10	0.10	0.09	0.10	0.10	0.10	0.09	0.09	0.08	0.08	
Mexico	0.05	0.05	0.05	0.05	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
Guatmal	0.14	0.08	0.08	0.07	0.11	0.11	0.11	0.16	0.16	0.12	0.12	
Colomb	-	0.12	0.12	0.22	0.23	0.23	0.23	0.30	0.30	0.28	0.28	
Ecuador	0.09	-	-	0.10	-	-	-	0.09	0.09	0.08	0.08	
Panama	-	-	-	-	-	-	-	0.14	0.25	0.25	0.28	
All other	0.12	0.17	0.17	0.09	0.15	0.15	0.15	0.34	0.34	0.28	0.18	
Average	0.07	0.07	0.07	0.07	0.08	0.08	0.08	0.10	0.10	0.09	0.11	

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

Table C-2.-- Pineapples, fresh, in packages other than crates: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)					Value (1,000 dollars)		Unit value (per pound)	
	1981	1982	1983	1984	1985	1985	1986	1985	1986
Hondura	63,520	65,831	62,655	66,617	64,016	5,530	5,501	0.08	0.08
C Rica	2,216	3,327	8,160	20,832	26,890	2,999	3,777	0.14	0.14
Dom Rep	5,066	12,101	12,494	9,647	11,651	983	1,056	0.09	0.08
Guatmal	364	692	429	43	1,010	4	155	0.10	0.12
Colomb	0	156	302	302	423	66	130	0.22	0.16
Ecuador	74	0	32	0	483	3	44	0.10	0.09
Panama	0	0	0	80	83	11	20	0.14	0.25
Mexico	3,360	317	1,318	3	88	103	19	0.06	0.21
All other	312	42	1,191	1,206	56	135	32	0.13	0.40
Total	74,912	82,310	86,435	98,730	104,700	7,818	9,729	0.08	0.11
Unit value (per pound)									
Hondura	5,195	5,334	5,354	5,530	5,501	5,530	5,501	0.08	0.08
C Rica	430	351	1,065	2,999	3,777	2,999	3,777	0.14	0.14
Dom Rep	379	1,207	1,122	983	1,056	983	1,056	0.09	0.08
Guatmal	52	52	31	4	155	4	16	0.07	0.12
Colomb	-	-	34	66	130	66	91	0.22	0.30
Ecuador	7	-	3	-	44	3	15	0.10	0.09
Panama	-	-	-	11	20	11	20	0.14	0.25
Mexico	235	18	103	1	88	103	19	0.06	0.21
All other	60	5	105	135	56	135	32	0.13	0.40
Total	6,359	6,968	7,818	9,729	10,775	7,818	9,729	0.08	0.11
Unit value (per pound)									
Hondura	0.08	0.08	0.09	0.08	0.08	0.08	0.08	0.08	0.08
C Rica	0.19	0.11	0.13	0.14	0.14	0.14	0.14	0.14	0.14
Dom Rep	0.07	0.10	0.09	0.10	0.09	0.09	0.09	0.09	0.08
Guatmal	0.14	0.07	0.07	0.10	0.15	0.10	0.15	0.12	0.12
Colomb	-	-	0.22	0.22	0.31	0.22	0.31	0.30	0.16
Ecuador	0.09	-	0.10	-	0.09	0.10	0.09	0.08	0.36
Panama	-	-	-	0.14	0.25	0.14	0.25	0.25	0.28
Mexico	0.07	0.06	0.08	0.25	0.21	0.25	0.21	0.21	0.07
All other	0.12	0.13	0.09	0.11	0.57	0.11	0.57	0.40	0.25
Average	0.08	0.08	0.09	0.10	0.10	0.10	0.10	0.10	0.11

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

Table D.--Pineapples, fresh, in packages other than crates: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports	82,310	86,435	98,730	104,700	85,245	100
26 developed ctries, total	0	33	67	20	0	
GSP countries, total	82,310	86,402	98,663	104,680	85,245	100
Hondura	65,831	62,655	66,617	64,016	38,522	45
C Rica	3,327	8,160	20,832	26,890	35,304	41
Dom Rep	12,101	12,494	9,647	11,651	8,806	10
Guatmal	692	429	43	1,010	914	1
Colomb	0	156	302	423	149	1/
Ecuador	0	32	0	83	22	1/
Panama	0	0	80	88	567	1/
Mexico	317	1,318	3	88	897	1/
Other GSP	42	1,158	1,139	36	63	1/
Other	0	0	0	0	0	
Value (1,000 dollars)						
Gross imports	6,968	7,818	9,729	10,775	9,379	100
26 developed ctries, total	-	10	7	17	-	
GSP countries, total	6,968	7,808	9,722	10,757	9,379	100
Hondura	5,334	5,354	5,530	5,541	3,187	34
C Rica	351	1,065	2,999	3,777	5,077	54
Dom Rep	1,207	1,122	983	1,056	738	8
Guatmal	52	31	4	155	111	1
Colomb	-	34	66	130	25	1/
Ecuador	-	3	-	44	8	1/
Panama	-	-	11	20	159	2
Mexico	18	103	1	19	59	1
Other GSP	5	95	128	15	16	1/
Other	-	-	-	-	-	

1/ Less than 0.5 percent.

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

FILLER TOBACCO, OTHER THAN CIGARETTE LEAF

DIGEST NO. A105

FILLER TOBACCO, OTHER THAN CIGARETTE LEAF
DIGEST NO. A105 (GSP Addition)

BACKGROUND

Description and uses

Filler tobacco in U.S. tariff nomenclature is tobacco essentially in leaf form other than wrapper tobacco. The filler tobacco here described comprises the types of leaf tobacco (other than wrapper) which are used in the manufacture of tobacco products other than cigarettes. These types include, but are not limited to, tobacco used chiefly in the body or core of cigars (filler); leaf which is used to bind the cigar body or core (binder), thus sealing and shaping the cigar; fire-cured tobacco used primarily in the manufacture of snuff; chewing tobacco, and pipe-smoking tobacco; and sun-cured and dark air-cured tobacco used in chewing and snuff.

Imports of the leaf tobacco covered herein are chiefly used in the body or core of cigars as filler. The filler tobacco in a cigar normally supplies about 75 percent of the finished weight and determines the flavor or aroma of the cigar. Imported cigar filler consists predominantly of tropical or subtropical tobacco. Differences in plant strains, soil, climate, and method of curing account for important differences between continental domestic filler and imported filler. Other imports of the leaf tobacco covered herein are used for various manufactured tobacco products, including chewing tobacco and pipe-smoking tobacco.

The TSUS item numbers for the articles under investigation are provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

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Filler tobacco, other than cigarette leaf: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during— 1/		
		1981	1985	1987
170.4000	Filler tobacco, other than cigarette, not stemmed.	16.1¢ per lb	16.1¢ per lb (16.6% ad val.)	16.1¢ per lb
170.4500	Filler tobacco, other than cigarette, stemmed.	20¢ per lb	20¢ per lb (11.9% ad. val.)	20¢ per lb
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
170.4000	Filler tobacco, other than cigarette, not stemmed.	4,244	Yes.	
170.4500	Filler tobacco, other than cigarette, stemmed.	5,857	Yes.	

1/ The above items became eligible for duty-free treatment as of Jan. 1, 1984 when imported from designated beneficiary countries under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702). Pursuant to the United States-Israel Free Trade Area Implementation Act of 1985 (19 state. 82) entered into April 22, 1985, imports of tobacco under TSUS item 170.40 are subject to a duty rate of 12.9 cents per pound and imports entered under TSUS item 170.45 are free of duty when imported from Israel.

U.S. producers and employment

It is estimated from United States Department of Agriculture (USDA) data that the number of domestic farms in 1985 producing cigar filler and binder tobacco and certain other filler tobacco (other than cigarette filler) was about 25,000. Cigar filler is produced in Pennsylvania, Ohio, and Puerto

Rico. Cigar binder tobacco is produced in Connecticut, Massachusetts, and Wisconsin. Other types of filler tobacco (including fire-cured, dark air-cured, and sun-cured) are produced in Tennessee, Kentucky, and Virginia.

U.S. consumption and production

During 1981-85, total U.S. consumption of the items contained herein declined irregularly from 91.3 million pounds to 77.6 million pounds, in general, reflecting the declining demand for the manufactured tobacco products in which these leaf tobaccos are used (table A-1). Over the period, the ratio of imports to consumption increased irregularly from 8.9 percent to 13.3 percent. The ratio peaked in 1984, at 18.9 percent reflecting increased imports (primarily cigar tobacco) from the Dominican Republic. In 1984, imports of tobacco from the Dominican Republic, as well as certain other Caribbean countries, became eligible for duty-free treatment as a result of the Caribbean Basin Economic Recovery Act. During 1981-85, U.S. production of the tobacco considered herein declined irregularly from 111 million pounds, valued at \$140 million, to 101 million pounds, valued at \$128 million. In 1985, fire-cured tobacco made up 50 percent (by quantity) of U.S. production of filler tobacco (other than cigarette leaf), cigar filler and binder tobacco accounted for 35 percent, and dark-cured and sun-cured tobacco made up the remainder.

Fire-cured tobacco.—During 1981-85, U.S. consumption of fire-cured tobacco ranged from a high of 23.7 million pounds in 1982 to a low of 17.1 million pounds in 1985, but has declined steadily since 1982 reflecting a decline in demand for pipe-smoking tobacco and chewing tobacco (table A-2).

Over the period, the estimated ratio of imports to consumption ranged from 6.6 percent in 1981 to .4 percent in 1982. The ratio was 3.5 percent in 1985. Production of fire-cured tobacco was irregular during 1981-85, ranging from 37.1 million pounds in 1983 to 56.6 million pounds in 1984. Production in 1985 was 50.4 million pounds.

Cigar tobacco.—U.S. consumption of cigar tobacco (cigar filler and binder) declined irregularly over 1981-85, 1/ from 60.8 million pounds to 48.9 million pounds, reflecting declining demand for cigars and chewing tobacco 2/ (table A-3). Over the period, the ratio of imports to consumption ranged from 9.7 percent in 1982 to 28.8 percent in 1984. The ratio was 21.1 percent in 1985. During 1981-85, U.S. production also declined irregularly from 57.1 million pounds to 35.2 million pounds or by 38 percent.

Dark air-cured and sun-cured tobacco.—During 1981-85, U.S. consumption of these tobaccos declined irregularly from 13.1 million pounds to 11.6 million pounds, also reflecting a declining demand for the products in which they are used (table A-4). Over the period, the ratio of imports to consumption ranged irregularly from 12.5 percent to 6.9 percent, while U.S. production declined irregularly from 16.4 million pounds to 15.4 million pounds.

U.S. exports

During 1981-85, U.S. exports of filler tobacco, other than cigarette leaf, increased irregularly from 30.5 million pounds, valued at \$78.4 million,

1/ Does not include imports of cigar scrap tobacco.

2/ USDA indicates that a portion of U.S. tobacco classified as cigar filler (types 41-46) and the majority of cigar binder (types 51-55) is used for chewing tobacco.

to 32.1 million pounds, valued at \$85.1 million (table B). In 1985, the most important markets were the Netherlands (19 percent, by value), France (10 percent), and the Soviet Union (9 percent). Exports primarily consisted of dark air-cured, fire-cured, sun-cured and other leaf tobacco not specially provided for. Exports of cigar filler and binder tobacco are minor and in 1985 made up about 2 percent (by value) of the exports in this category (filler tobacco, other than cigarette leaf).

U.S. imports

During 1981-85, U.S. imports of filler tobacco, other than cigarette leaf, increased irregularly from 8.1 million pounds, valued at \$8.7 million, to 10.3 million pounds, valued at \$10.1 million (table C). The Dominican Republic supplied about 50 percent (by value) of 1985 imports and was the primary supplier over 1981-85. Malawi and Mexico were also important suppliers and accounted for 12 and 11 percent, respectively, of 1985 imports. The majority of imports (about 85 percent) are believed to consist of cigar tobacco. During 1981-85, imports from GSP countries accounted for nearly 100 percent (by value) of total imports (table D). The Dominican Republic, Malawi, and Mexico were also the most important GSP suppliers over 1981-85. Imports of filler tobacco, other than cigarette leaf, from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

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<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Dominican Republic.....	\$5,000	50
Malawi.....	1,185	12
Mexico.....	1,147	11
Cameroons.....	469	5
Paraguay.....	384	4
Other GSP.....	<u>1,191</u>	<u>12</u>
Total.....	9,376	93

Conditions of competition in U.S. market

Imported tobacco which enters the United States classified as filler, other than cigarette leaf, is estimated to be predominantly tropical or subtropical cigar filler tobacco. Differences in plant strains, soil, climate, and method of curing account for important differences between continental domestic filler and imported filler. In general, cigar filler tobacco from GSP eligible countries is not directly competitive with domestic leaf, 1/ as it is used in combination with the relatively mild domestic leaf to provide flavor and bouquet in a cigar. Other tobacco which enters the United States classified as filler, other than cigarette leaf, is believed to consist primarily of fire-cured, dark air-cured, and binder tobacco types which in some cases, are competitive with similar domestic types and are used in the production of snuff, smoking tobacco, chewing tobacco and cigars. USDA sources indicate some of these tobaccos sell at prices similar to U.S. types and are not significantly different in quality than certain grades of U.S.

1/ Puerto Rican cigar tobacco is aromatic and can be used like other subtropical leaf to heighten the taste of a blend. However, in recent years Puerto Rican cigar filler tobacco has only accounted for about 1.5 percent of U.S. production.

tobacco of the same type. USDA sources indicate Malawi is the primary GSP eligible country which supplies these tobacco types to the United States. In 1985, U.S. imports from Malawi (estimated by trade sources to be nearly all fire-cured tobacco) amounted to 720,747 pounds, with an average value of \$1.44 per pound (on a farm sales-weight basis). This tobacco is also subject to a U.S. duty of 20 cents per pound. USDA officials report that in 1985 the average price for U.S. fire-cured tobacco was about \$1.49 per pound and the support price was about \$1.23 per pound.

Position of interested parties

The Cigar Association of America, Inc., (representing domestic cigar manufacturers and importers accounting for more than 90 percent of the large cigar sold at retail) was the petitioner for designation of these items to be eligible articles under the Generalized System of Preferences. The petition requested duty-free treatment only for cigar tobacco intended for use in the manufacture or production of cigars and only for cigar filler tobacco (the inside core of a cigar). The Association states that there are no domestic tobaccos that alone (or when blended with other U.S.-grown tobaccos) have the qualities needed to manufacture cigars that meet the expectations of consumers. In addition, the limitation of duty-free status to cigar filler tobaccos intended for use in the manufacture or production of cigars eliminates the possibility of imports of cigar filler tobacco being used in the manufacture of chewing tobacco or of cigarette tobacco imports being misclassified or otherwise diverted to duty-free status. The Association further states that this limitation obviates any potential harm to U.S. growers of either cigarette

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tobaccos or cigar tobacco, most of which are not used to manufacture cigars. The Association also reports that the U.S. cigar industry has been in decline for a number of years and the benefits of duty-free status for the raw material would allow manufacturers either to enhance their profitability or to attempt to stimulate demand through price reductions.

The American Farm Bureau Federation, representing over 3 million member families, opposes unilateral tariff reductions without obtaining reciprocal concessions and has opposed GSP since it was adopted in 1974. The Farm Bureau is particularly concerned about the addition of cigar filler to the GSP and reports that this product competes directly with tobacco grown in several of the northern states. The Farm Bureau states that imports are in need of no additional preferential treatment in the U.S. market and that the substantial domestic production of this tobacco will be adversely affected by increased imports.

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Table A-1.—Filler tobacco, other than cigarette leaf: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

(Quantity in millions of pounds, farm-sales weight; value in millions of dollars; unit value per pound)

Year	Production 1/	Exports 2/	Imports 3/	Apparent consumption 4/	Ratio (percent) of imports to consumption
Quantity					
1981....	111.1	30.5	8.1	91.3	8.9
1982....	118.5	34.2	4.8	89.5	5.4
1983....	85.2	38.3	5.1	84.4	6.0
1984....	109.1	31.9	17.0	89.8	18.9
1985....	101.0	32.1	10.3	77.6	13.3
Value					
1981....	140.2	78.4	8.7	5/	-
1982....	151.2	99.7	6.7	5/	-
1983....	123.5	105.2	7.5	5/	-
1984....	147.5	86.7	19.7	5/	-
1985....	127.7	85.1	10.1	5/	-
Unit value					
1981....	\$1.26	\$2.57	\$1.08	-	-
1982....	1.28	2.92	1.41	-	-
1983....	1.45	2.75	1.46	-	-
1984....	1.35	2.72	1.15	-	-
1985....	1.26	2.65	98	-	-

1/ Includes production of cigar filler and binder, dark air-cured, fire-cured, and sun-cured tobaccos.

2/ Includes exports of filler tobacco, other than cigarette, on a declared weight basis.

3/ Includes imports of filler tobacco, other than cigarette.

4/ Adjusted for stock changes.

5/ Not meaningful since values at different trade levels are not comparable.

Source: Production and consumption compiled from official statistics of the U.S. Department of Agriculture; exports and imports compiled from official statistics of the U.S. Department of Commerce.

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Table A-2.—Fire-cured tobacco: U.S. production, exports of domestic merchandise, estimated imports for consumption, and apparent consumption, 1981-85

Year beginning Oct. 1—	Production	Exports	Imports 1/	Apparent consumption 2/	Ratio of imports to consumption
	Million pounds, farm-sales weight				Percent
1981....	37.6	21.2	1.1	17.4	6.3
1982....	52.9	22.1	.1	23.7	.4
1983....	37.1	22.7	.9	22.1	4.2
1984....	56.6	17.7	.4	17.2	2.3
1985....	50.4	24.0	.6	17.1	3.5

1/ Estimated by the U.S. Department of Agriculture.

2/ Adjusted for stock changes.

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

Table A-3.—Cigar tobacco (filler and binder): U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

(Quantity in millions of pounds, farm-sales weight; value in millions of dollars; unit value per pound)

Year	Production 1/	Exports 2/	Imports 3/	Apparent consumption 4/	Ratio of imports to consumption
	Million pounds, farm-sales weight				Percent
1981....	57.1	5/	8.1	60.8	13.3
1982....	45.0	5/	4.8	49.7	9.7
1983....	33.4	5/	5.1	49.9	10.2
1984....	32.9	5/	17.0	59.0	28.8
1985....	35.2	5/	10.3	48.9	21.1

1/ Includes cigar filler and binder tobaccos, domestic types 41-46, and 51-55.

2/ Includes cigar filler tobacco, stemmed and unstemmed.

3/ Includes imports of filler tobacco, other than cigarette (TSUS items 170.40 and 170.45), but does not include cigar scrap (TSUS item 170.60). It is estimated that in 1985 about 86 percent of the quantity of these imports were made-up of cigar filler and binder.

4/ Adjusted for changes in stocks

5/ Less than 500,000 pounds.

Source: Production and consumption compiled from official statistics of the U.S. Department of Agriculture; exports and imports compiled from official statistics of the U.S. Department of Commerce.

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Table A-4.—Dark air-cured and sun-cured tobacco: U.S. production, exports of domestic merchandise, estimated imports for consumption, and apparent consumption, 1981-85

Year beginning Oct. 1—	Production	Exports	Imports 1/	Apparent consumption 2/	Ratio of imports to consumption
1981....	16.4	2.0	.2	13.1	1.5
1982....	20.6	1.0	.8	16.1	5.0
1983....	14.7	2.3	.3	12.4	2.4
1984....	19.6	2.6	1.7	13.6	12.5
1985....	15.4	3.0	.8	11.6	6.9

1/ Estimated by the U.S. Department of Agriculture.

2/ Adjusted for stock changes.

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

Table B.--Filler tobacco, other than cigarette leaf: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981		1982		1983		1984		1985		January-June-- 1986	
	Quantity (1,000 pounds)											
Methlds-----	10,032	11,112	14,784	10,048	7,702	1,904	5,301					
France-----	2,421	1,501	3,686	1,452	2,936	2,229	1,736					
USSR-----	459	0	149	910	2,359	0	0					
Sweden-----	91	1,107	1,064	850	2,665	885	18					
Italy-----	1,806	2,761	1,448	518	2,607	885	80					
Dom Rep-----	759	1,619	1,051	1,151	968	367	417					
Fr Germ-----	1,832	1,508	1,595	1,035	1,035	512	593					
Benin-----	13,070	14,686	14,232	15,746	967	382	486					
All other-----	30,470	34,185	38,281	31,872	10,878	4,276	5,269					
Total-----	16,788	20,083	29,280	21,653	16,328	4,318	11,129					
France-----	5,122	4,167	10,160	4,289	8,472	5,612	3,768					
USSR-----	1,004	2,038	2,280	2,197	7,366	49	214					
Sweden-----	231	245	813	2,004	5,470	2,317	49					
Italy-----	12,638	24,686	13,327	1,823	4,103	1,877	1,814					
Dom Rep-----	1,825	3,710	3,074	3,731	3,456	1,856	1,729					
Fr Germ-----	5,641	5,128	4,872	2,937	3,262	1,402	1,647					
Benin-----	35,157	39,625	40,933	47,125	31,129	13,052	15,292					
All other-----	78,406	99,682	105,211	86,705	85,112	30,433	35,941					
Total-----												
	Value (1,000 dollars)											
Methlds-----	16,788	20,083	29,280	21,653	16,328	4,318	11,129					
France-----	5,122	4,167	10,160	4,289	8,472	5,612	3,768					
USSR-----	1,004	2,038	2,280	2,197	7,366	49	214					
Sweden-----	231	245	813	2,004	5,470	2,317	49					
Italy-----	12,638	24,686	13,327	1,823	4,103	1,877	1,814					
Dom Rep-----	1,825	3,710	3,074	3,731	3,456	1,856	1,729					
Fr Germ-----	5,641	5,128	4,872	2,937	3,262	1,402	1,647					
Benin-----	35,157	39,625	40,933	47,125	31,129	13,052	15,292					
All other-----	78,406	99,682	105,211	86,705	85,112	30,433	35,941					
Total-----												
	Unit value (per pound)											
Methlds-----	\$1.67	\$1.81	\$1.98	\$2.15	\$2.12	\$2.27	\$2.10					
France-----	2.12	2.78	2.75	2.95	2.89	2.52	2.17					
USSR-----	2.19	1.84	2.18	2.41	3.12	2.71	2.69					
Sweden-----	2.55	2.67	2.79	2.36	2.10	2.62	2.35					
Italy-----	7.00	8.94	9.20	3.52	4.24	3.62	2.91					
Dom Rep-----	2.40	2.61	2.92	3.24	3.34	3.67	3.39					
Fr Germ-----	3.08	3.40	3.05	3.23	3.57	3.05	3.39					
Benin-----	2.69	2.70	2.88	2.99	2.86	3.05	2.96					
All other-----	2.57	2.92	2.75	2.72	2.65	2.88	2.59					
Average-----												

1/ Less than 500.

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

Table C.--Filler tobacco, other than cigarette leaf (farm sales weight equivalent): U.S. imports for consumption, by principal source, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1985	January-June-- 1986
Quantity (1,000 pounds)							
Dom Rep	2,048	1,723	1,433	9,169	5,092	3,983	3,329
Malawi	3	0	0	2,393	1,189	1,189	1,114
Mexico	1,838	1,299	1,313	1,552	1,587	1,340	231
Cameroon	71	31	83	90	108	61	28
Paraguay	922	7	4	0	677	677	3
Honduras	964	598	603	787	193	142	204
Rep Saf	0	0	0	887	548	544	0
Italy	56	0	35	1,016	785	358	83
All other	2,170	1,111	1,639	1,154	1,127	515	798
Total	8,072	4,769	5,110	17,048	10,306	7,807	4,789
Value (1,000 dollars)							
Dom Rep	2,391	2,354	2,137	10,692	5,000	3,994	3,646
Malawi	1	-	-	2,544	1,185	1,185	36
Mexico	1,968	1,804	1,760	2,004	1,147	1,705	416
Cameroon	351	285	719	579	469	263	196
Paraguay	439	4	2	-	384	384	2
Honduras	1,340	916	1,071	1,346	357	261	298
Rep Saf	9	-	16	602	355	351	-
Italy	2,211	1,362	1,757	1,112	284	62	25
All other	8,711	6,732	7,462	1,006	921	407	704
Total	22,211	17,462	19,683	10,101	7,611	5,323	5,323
Unit value (per pound)							
Dom Rep	\$1.17	\$1.37	\$1.49	\$1.17	\$0.98	\$1.00	\$1.10
Malawi	0.50	-	-	0.98	1.00	1.00	0.31
Mexico	1.07	1.39	1.34	1.29	1.95	2.07	1.80
Cameroon	4.95	9.23	8.72	6.42	4.33	4.34	7.08
Paraguay	0.48	0.62	0.46	-	0.57	0.57	0.62
Honduras	1.39	1.53	1.77	1.71	1.85	1.84	1.46
Rep Saf	-	-	-	0.68	0.65	0.65	-
Italy	0.16	-	0.45	1.00	0.36	0.17	0.31
All other	1.02	1.23	1.07	0.87	0.82	0.79	0.88
Average	1.08	1.41	1.46	1.15	0.98	0.97	1.11

1/ Less than 500.

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

Table D.--Filler tobacco, other than cigarette leaf(farm sales weight equivalent): U.S. Imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	Quantity (1,000 pounds)		January - June, 1986 Imports	Percentage distribution
					1982	1983		
Gross imports	4,769	5,110	17,048	10,306	4,789		100	
Developed countries, total	305	247	2,315	1,468	431		9	
GSP countries, total	4,464	4,808	14,686	8,838	4,358		91	
Dom Rep	1,723	1,453	9,169	5,082	3,329		70	
Malawi	0	0	2,393	1,189	114		2	
Mexico	1,299	1,313	1,552	587	231		5	
Cameroon	31	83	90	108	28		1	
Paraguay	7	4	0	677	3		1/4	
Honduras	598	603	787	193	204		2	
Brazil	329	272	261	187	80		2	
Indonesia	0	0	0	372	0		8	
Other GSP	477	1,100	435	433	370			
Other	0	55	47	0	0			
Value (1,000 dollars)								
Gross imports	6,732	7,462	19,683	10,101	5,323		100	
Developed countries, total	169	215	1,931	725	244		5	
GSP countries, total	6,563	7,231	17,734	9,376	5,079		95	
Dom Rep	2,354	2,137	10,692	5,000	3,646		69	
Malawi	-	-	2,344	1,185	36		1	
Mexico	1,804	1,760	2,004	1,147	416		8	
Cameroon	285	719	579	469	196		4	
Paraguay	4	2	-	384	2		1/6	
Honduras	916	1,071	1,366	557	298		2	
Brazil	375	329	310	233	95		2	
Indonesia	-	-	-	184	-		7	
Other GSP	824	1,213	461	416	391			
Other	-	16	18	-	-			

1/ Less than 0.5 percent.
2/ Less than 500.

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

CERTAIN CORDAGE OF ABACA FIBER

DIGEST NO. A106

CERTAIN CORDAGE OF ABACA FIBER
DIGEST NO. A106 (GSP Addition)

Background

Description and uses

TSUS item 315.35 provides for abaca cordage of stranded construction, measuring 3/16 inch or over but under 3/4 inch in diameter. Cordage is an assemblage of textile fibers or yarns, in approximately cylindrical form and of continuous length, whether or not bleached, colored, or treated, designed and chiefly used as an end product. Cordage of stranded construction is composed of three or more strands composed of two or more yarns each, whether or not containing a core, and comprising rope and cable. Abaca, also known as "manila" or "manila hemp", is the hard fiber obtained from the outer layer of the leaf of the abaca plant (Musa textilis) and is found primarily in the Philippines. Abaca should not be confused with "true hemp" (Cannabis sativa), which is a soft or bast fiber that is obtained from the stem of the hemp plant.

The abaca cordage discussed in this digest is purchased largely by retail hardware stores for resale. It is also used for certain industrial and agricultural applications, such as safety rope for utility linemen, animal halters, and general farm use. It is also used for marine decorative and utility purposes, such as to provide a nautical theme when decorating or a protective hand rail on small boats.

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The TSUS item number for the article under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Certain cordage of abaca fiber: TSUS item number, description, tariff rate information, 1/ U.S. imports in 1985 and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
315.35	Abaca cordage, of stranded construction, 3/16 inch or over but under 3/4 inch in diameter.	2¢ per lb + 10% ad val.	6.8% ad val.	6.8% ad val.
		U.S. imports in 1985 (\$1,000)	Product produced in U.S., Jan. 3, 1985	
315.35	Abaca cordage, of stranded construction, 3/16 inch or over but under 3/4 inch in diameter.	4,586	Yes.	

1/ Pursuant to the United States-Israel Free Trade Area Implementation Act of 1985, imports of abaca cordage under TSUS item 315.35 from Israel are subject to a 4.8-percent ad valorem rate of duty in 1986 and those from a designated beneficiary country pursuant to the Caribbean Basin Economic Recovery Act (CBERA) enter duty free. There have been no imports of the abaca cordage from these countries in recent years.

U.S. producers and employment

There are four or five domestic producers of abaca cordage, with the two largest producers, located in Ohio and Wisconsin, accounting for the majority of the output. Only one producer manufactures abaca cordage from fiber, all of which is imported, to finished product (i.e., rope). The other domestic

producers purchase imported abaca yarn, an intermediate product, and manufacture it into rope. Abaca cordage represents a very small part (less than 1 percent) of the total output of domestic cordage production; whereas, manmade-fiber cordage accounts for the largest share. Industry sources estimate that the number of employees involved in the production of abaca cordage totals less than 200 workers. Virtually all of these workers are also involved in the production of other types of cordage or products besides abaca rope.

U.S. consumption and production

Estimated U.S. consumption of abaca cordage declined irregularly from 10.3 million pounds, valued at \$10.1 million, in 1981 to 9.3 million pounds, valued at \$5.5 million, in 1985 (table A). However, the ratio of imports to consumption increased from 78.4 percent (in terms of quantity) and 46.9 percent (in terms of value) in 1981 to 92.7 percent and 83.3 percent, respectively, in 1985. This largely reflected the phasing out of the abaca cordage segment of the operations of several domestic manufacturers to concentrate on producing more profitable items, and the consequent greater use of the lower priced imported cordage.

U.S. production of abaca cordage declined from 2.5 million pounds, valued at \$5.8 million, in 1981 to 0.8 million pounds, valued at \$1.1 million, in 1985. The decline in production is due primarily to lower priced imports gaining acceptance and the displacement of abaca cordage by manmade-fiber cordage.

U.S. exports

Estimated U.S. exports of abaca cordage declined from 215,000 pounds, valued at \$378,000, in 1981 to 108,000 pounds, valued at \$152,000, in 1985 (table B). Exports during this period averaged less than 10 percent of domestic production. Canada, Mexico, and Honduras were the primary markets for this cordage in 1985.

U.S. imports

U.S. imports of the cordage included in this digest decreased from 8.1 million pounds, valued at \$4.8 million, in 1981 to 7.5 million pounds, valued at \$3.9 million, in 1983, and then increased to 8.6 million pounds, valued at \$4.6 million, in 1985 (table C). The increase since 1983 partly reflected the recovery and subsequent expansion of the U.S. economy and the corresponding increase in product demand by consumers. This resulted in a larger demand for abaca cordage, including the lower priced imported cordage.

The great bulk of the imports are supplied by GSP-beneficiary countries, especially the Philippines, the petitioner (table D). The Philippines accounted for 98.5 percent of the quantity and 98.2 percent of the value of total imports in 1981, but its share of total imports declined annually to 89.8 percent of the quantity and 85.3 percent of the value in 1985. Imports of abaca cordage from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

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<u>GSP country</u>	<u>Imports</u>	<u>Percent of total imports</u>
Philippines.....	3,912	85
Pacific Islands.....	50	1
Peru.....	35	1
Taiwan.....	33	1
Ecuador.....	18	<u>1/</u>
Other GSP.....	<u>13</u>	<u>1/</u>
Total.....	4,062	89

1/ Less than 0.5 percent.

Conditions of competition in U.S. market

In the U.S. market, imported and domestically produced abaca cordage compete primarily on price and, to a much lesser extent, quality. U.S. producers manufacturing the cordage from imported yarn believe that the quality of imported abaca cordage is generally comparable to the domestically produced cordage, although the imported cordage often contains a better grade of fiber. However, the domestic producer manufacturing the cordage from the fiber stated that his product is superior in quality to the imported product as a result of the preparation and treatment of the abaca fiber prior to spinning, such as using special waxes, softeners, and oils. The imported abaca cordage generally is not subject to such extensive treatment. In addition, the imported cordage is not always uniform in diameter and twist.

The majority of abaca rope is purchased for retail hardware sales, certain agricultural and industrial uses, and marine decorative purposes.

Price is, for the most part, the basic determinant in the sale of abaca rope. However, for some end uses, product quality in terms of superior tensile strength, uniformity of diameter, and durability are important considerations to the consumer. Such end uses include safety rope used by linemen for utility companies and certain industrial applications that require a high melting point and a high resistance to abrasion, such as in foundries or steel mills. However, the major competition for domestic abaca cordage producers is not from imports, but from manmade-fiber cordage. Importers and domestic producers of manmade-fiber cordage have captured an increasingly larger share of the small abaca rope market by promoting and advertising the superiority of manmade-fiber cordage because of its greater tensile strength, lighter weight, and better durability.

Brand loyalty or preference is generally not a factor in the sale of domestically produced or imported abaca rope. Many domestic cordage producers apply their label to imported abaca rope. Most domestic producers and importers of abaca rope maintain an inventory of common diameter sizes to furnish the market demands quickly. Domestic manufacturers do have an advantage over importers when a order is placed for a specialty type of abaca rope or for a rope of non-standard diameter. The time lag from the placement of special orders to delivery for a domestic producer is usually 2 weeks, whereas the same order from a foreign producer would take about 3 months. However, this is a small segment of the abaca cordage market. Domestic manufacturers claim that higher costs for labor and for product liability insurance, and the lack of a domestic source of the raw material does not allow them to compete on the basis of price with imports.

Position of interested parties

The Government of the Philippines, the petitioner requesting GSP status for abaca cordage under item 315.35, believes its exports of abaca cordage under the GSP would have little adverse impact on the U.S. producers. If GSP status is granted, the Philippine Government believes that abaca cordage production in the Philippines would increase, thus allowing a reduction in price and making it more competitive with other types of cordage. No submissions were received from U.S. producers.

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Table A.—Certain cordage of abaca fiber: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

(Quantity in thousands of pounds; value in thousands of dollars;
unit value per pound)

Year	Production 1/	Exports 1/	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity					
1981.....	2,450	215	8,112	10,347	78.4
1982.....	1,174	111	7,547	8,610	87.7
1983.....	1,973	173	7,476	9,276	80.6
1984.....	1,869	115	8,200	9,954	82.4
1985.....	792	108	8,642	9,326	92.7
Value					
1981.....	5,758	378	4,754	10,134	46.9
1982.....	2,465	285	4,230	6,410	66.0
1983.....	3,650	265	3,897	7,282	53.5
1984.....	2,990	216	4,363	7,137	61.1
1985.....	1,069	152	4,586	5,503	83.3
Unit value					
1981.....	2.35	1.76	0.59	—	—
1982.....	2.10	2.57	.56	—	—
1983.....	1.85	1.53	.52	—	—
1984.....	1.60	1.87	.53	—	—
1985.....	1.35	1.41	.53	—	—

1/ Estimated.

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

Table B.--Certain cordage of abaca fiber: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	Quantity (1,000 pounds)					Value (1,000 dollars)					Unit value (per pound)										
	1981	1982	1983	1984	1985	1985	1986	1981	1982	1983	1984	1985	1985	1986	1981	1982	1983	1984	1985	1985	1986
Canada	49	18	56	15	18	15	14	76	43	134	35	41	41	33	\$1.57	\$2.40	\$2.38	\$2.37	\$2.30	\$2.30	\$2.10
Mexico	11	7	1	1	15	2	5	43	16	3	6	22	12	3	4.03	2.27	2.55	2.73	2.30	2.30	5.15
Hondura	3	1/2	4	4	13	4	6	4	1/2	4	4	13	4	5	1.56	4.08	1.14	0.88	0.91	0.91	0.81
Singapr	0	0	6	15	6	6	5	4	5	5	12	10	8	1	3.93	0.83	0.83	0.82	1.74	1.58	2.81
Japan	2	6	2	0	6	0	0	9	5	5	7	9	9	5	2.88	0.94	2.51	1.56	1.56	1.56	12.54
Chile	2	6	4	0	8	0	0	4	4	4	8	7	7	1	2.88	0.62	0.78	0.90	0.90	0.91	-
F. Guian	1	2	4	4	7	4	1	1	3	6	3	7	6	2	1.37	1.36	1.73	2.04	0.96	8.12	4.44
Italy	1/2	1	1/2	1/2	1	0	0	1	1	1	3	6	4	2	4.60	1.60	9.60	9.29	8.45	8.12	4.44
All other	147	72	95	1/2	34	1	1	236	214	103	148	37	15	18	1.60	2.95	1.08	1.97	1.07	0.72	1.34
Total	215	111	173	115	108	65	22	378	285	265	216	152	93	39	1.76	2.56	1.53	1.87	1.41	1.44	1.75

1/ Less than 500.

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

Table C.--Certain cordage of abaca fiber: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)					1985	January-June--	
	1981	1982	1983	1984	1985		1985	1986
Phil R-----	7,987	7,412	7,322	7,598	7,760	4,130		4,753
Canada-----	6	4	2	299	468	281		499
Pacific-----	0	0	0	0	87	83		0
Portugal-----	15	12	0	94	66	21		0
Peru-----	0	0	0	0	71	35		0
China t-----	0	103	0	16	76	42		23
U King-----	0	0	0	1	30	0		49
Ecuador-----	0	14	65	90	66	11		30
All other-----	104	3	87	103	38	37		0
Total-----	8,112	7,547	7,476	8,200	8,642	4,639		5,354
	Value (1,000 dollars)							
Phil R-----	4,669	4,148	3,813	3,902	3,912	2,189		2,035
Canada-----	7	4	2	319	463	282		442
Pacific-----	0	0	0	0	50	48		0
Portugal-----	11	9	0	54	46	15		0
Peru-----	0	0	0	0	35	19		0
China t-----	0	58	0	8	33	18		9
U King-----	0	0	0	1	28	0		37
Ecuador-----	67	8	25	36	18	5		11
All other-----	67	2	56	44	20	20		0
Total-----	4,754	4,230	3,897	4,363	4,586	2,596		2,534
	Unit value (per pound)							
Phil R-----	\$0.58	\$0.56	\$0.52	\$0.51	\$0.50	\$0.53		\$0.43
Canada-----	1.17	1.16	1.07	1.07	0.95	1.00		0.89
Pacific-----	0	0	0	0	0.58	0.58		0
Portugal-----	0.74	0.75	0	0.57	0.70	0.72		0
Peru-----	0	0	0	0	0.49	0.55		0
China t-----	0	0.57	0	0.50	0.44	0.43		0.39
U King-----	0	0	0	3.00	0.94	0		0.75
Ecuador-----	0.65	0.57	0.38	0.40	0.40	0.43		0.37
All other-----	0.59	0.88	0.65	0.43	0.53	0.53		0
Average-----	0.59	0.56	0.52	0.53	0.53	0.56		0.47

1/ Less than 500.

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

Table D.--Certain cordage of abaca fiber: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January and June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports	7,547	7,476	8,200	8,642	5,354	100
Developed countries, total	4	89	344	509	548	10
GSP countries, total	7,531	7,387	7,762	8,066	4,806	90
Phil R	7,412	7,322	7,598	7,760	4,753	89
Pac Isl	0	0	0	87	0	
Peru	0	0	0	71	0	
China t	103	0	16	76	23	1/
Ecuador	14	65	90	46	30	1
Thailand	0	0	0	25	0	
Kor Rep	2/	0	22	1	0	
Brazil	0	0	27	0	0	
Other GSP	2	0	9	0	0	
Other	12	0	94	66	0	
Value (1,000 dollars)						
Gross imports	4,230	3,897	4,363	4,586	2,534	100
Developed countries, total	4	58	342	479	479	19
GSP countries, total	4,217	3,838	3,967	4,062	2,055	81
Phil R	4,148	3,813	3,902	3,912	2,035	80
Pac Isl	-	-	-	50	-	
Peru	-	-	-	35	-	
China t	58	8	36	18	9	1/
Ecuador	8	25	36	11	11	1/
Thailand	-	-	-	12	-	
Kor Rep	2/	-	10	1	-	
Brazil	-	-	7	-	-	
Other GSP	2	-	5	-	-	
Other	9	-	54	46	-	

1/ Less than 0.5 percent.
2/ Less than 500.

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

CERTAIN BENZENOID CHEMICALS

DIGEST NO. A107

CERTAIN BENZENOID CHEMICALS
DIGEST NO. A107 (GSP Addition)

Background

Description and uses

The benzenoid chemicals discussed in this digest are benzyl alcohol, benzyl chloride, N-tert-butyl-2-benzothiazolesulfenamide, terephthalic acid, and unmixed toluene diisocyanates. The uses for these chemicals are varied. The principal uses are: benzyl alcohol—used in photographic chemicals, fragrances, and pharmaceuticals; benzyl chloride—used to produce benzyl phthalate plasticizers; N-tert-butyl-2-benzothiazolesulfenamide—used as an accelerator in processing rubber; terephthalic acid—used in manufacturing polyester fibers and polyethyleneterephthalate (PET) resins for bottles; and, unmixed toluenediisocyanates—used to produce polyurethane resins and foams and synthetic elastomers.

The TSUS item numbers for the articles under investigation are provided in the table on the following page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

U.S. producers and employment

The number of U.S. producers of these chemicals in 1981 and 1985 are given in the following tabulation:

<u>Product</u>	<u>Year</u>	
	<u>1981</u>	<u>1985</u>
Benzyl alcohol.....	2	2
Benzyl chloride.....	2	3
N-tert-Butyl-2- benzothiazolesulfenamide.	2	3
Terephthalic acid.....	2	2
Toluenediisocyanates (unmixed).	4	3

Source: Synthetic Organic Chemicals, United States Production and Sales, 1981-85.

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Certain benzenoid chemicals: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		Percent ad valorem		
402.56	Benzyl chloride (α -chloro- toluene).	0.9¢ per lb. + 12.5% (14.5%) <u>1/</u>	10.5%	7.9%
403.45(pt.)	Other: (Benzyl alcohol).....	11%	8.1%	6.6%
404.16	Terephthalic acid.....	23.3%	21.1%	20%
405.44	Toluenediisocyanates (unmixed).	0.4¢ per lb. + 12.5% (12.9%) <u>1/</u>	9.2%	7.2%
406.39(pt.)	Other: Products provided for in the chemical Appendix to the Tariff Schedules N-tert-Butyl-2-benzothiazole- sulfenamide.	<u>2/</u>	1.7¢ per lb. + 16.2% (16.9%) <u>1/</u>	1.7¢ per lb. + 16.2% (16.9%) <u>1/</u>
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
402.56	Benzyl chloride (α -chloro- toluene).	500	Yes.	
403.45(pt.)	Other: (Benzyl alcohol).....	3,765 <u>3/</u>	Yes.	
404.16	Terephthalic acid.....	204	Yes.	
405.44	Toluenediisocyanates (unmixed)	175	Yes.	
406.39(pt.)	Other: Products provided for in the chemical Appendix to the Tariff Schedules N-tert-Butyl-2-benzothiazole- sulfenamide.	380 <u>3/</u>	Yes.	

1/ Figure in parenthesis is the percent ad valorem equivalent of the compound rate given in the TSUS for this item.

2/ TSUS item 406.39 was established September 1, 1985 from TSUS item 406.40 with a column 1 rate of duty identical to the 1985 rate.

3/ Estimated by the staff of the U.S. International Trade Commission.

Employment data for the U.S. producers of the products covered in this digest are not available.

U.S. consumption and production

The aggregated data for U.S. consumption and production for these chemicals are shown in Table A. Apparent consumption for this grouping of products increased in quantity by * * * million pounds, or * * * percent to * * * billion pounds in 1985 from 1981, but decreased in value by * * * percent to * * * million over the same period. Most of the increase in apparent consumption was due to an increase in consumption of terephthalic acid over this period, however, apparent consumption of * * *. U.S. consumption of this latter product, * * *, quadrupled over this period, with U.S. production accounting for the major portion of the increase. During 1981-85 the import to consumption ratio for this grouping of products was * * *.

U.S. production of these products increased from * * * billion pounds in 1981 to * * * billion pounds in 1985. Terephthalic acid accounted for * * * percent of the total production quantity of these chemicals in 1985. The two U.S. producers of terephthalic acid are Amoco and Cape Industries (formerly Hercofina). Amoco has historically accounted for around * * * percent of U.S. production of terephthalic acid * * *. Amoco is the world's leading producer of this chemical and, according to a trade

journal, is the price setter for terephthalic acid. ^{1/} Benzyl chloride showed a decline in production from 1981-85, decreasing * * * million pounds, or * * * percent, to * * * million pounds in 1985. The unit value of sales of benzyl chloride also declined from * * * cents per pound in 1981 to * * * cents per pound in 1985.

U.S. exports

All of the chemicals covered by this digest are classified under residual (basket) Schedule B provisions, hence no individual export data are available. Based on estimates made by the Commission staff and industry representatives, exports of these products increased from 1981-85 by 144.7 million pounds to 260.6 million pounds. The value of such exports also increased over this period from \$63.1 million in 1981 to \$91.7 million in 1985. The principal markets for these exports in 1985 by percent of total value were Taiwan (22 percent), Canada (14 percent), the Republic of Korea (12 percent), and China (12 percent).

U.S. imports

U.S. imports of these chemicals from all sources increased from 2.1 million pounds, valued at \$2.3 million in 1981, to 9.0 million pounds, valued at \$5.0 million in 1985 (table C). Of the five products covered by this digest, only unmixed toluenediisocyanates showed a decline in imports. The principal sources of imports of all the chemicals covered in this digest by

^{1/} "Static para may boost fibers," European Chemical News, July 7, 1986, p. 9.

value in 1985 were the Netherlands (24 percent), France (24 percent), and West Germany (21 percent).

Imports of this group of products from GSP-eligible countries accounted for 11 percent by quantity and 8 percent by value of imports from all sources in 1985 (table D). Mexico was the principal source of such imports in 1985 accounting for 88 percent by quantity and 79 percent by value of imports from all GSP-eligible countries.

Imports of certain benzenoid chemicals from GSP eligible countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Mexico.....	323	6
Argentina.....	74	2
Guyana.....	8	<u>1/</u>
Israel.....	<u>1</u>	<u>1/</u>
Total.....	406	8

1/ Less than 0.5 percent.

Conditions of competition in the U.S. market

All imports of these products are of similar quality to the U.S. products and can be substituted for like articles produced in the United States, and hence are competitive with domestic production. According to available data, the average U.S. price for these products is about 22 percent lower than the price of the imported chemicals. For four of the five chemicals covered in this digest there are one or two U.S. firms which are predominant in the domestic merchant markets for these products, and one additional producer with only * * * or less of the market share.

Position of interested parties

The petitioners requesting GSP eligibility for these products are: Compania Quimica Ameyal, S.A. De C.V. (Mexico), requesting that benzyl alcohol and benzyl chloride be added to the list of GSP-eligible products; Quimica Organica De Mexico, S.A. De C.V. (Mexico), requesting that N-tert-butyl-2-benzothiazolesulfenamide be added to the list of GSP-eligible products; Celanese Fibers, a division of Celanese Corporation (U.S.A.), requesting that terephthalic acid (TPA) be added to the list of GSP-eligible items; and, Industries Cydsa Bayer, S.A. De C.V. (Mexico), requesting that unmixed toluenediisocyanates (TDI) be added to the list of GSP-eligible items.

Compania Quimica Ameyal is partially owned (40 percent) by Uniroyal Chemical Company, Inc., a U.S. corporation. ^{1/} Industrias Cydsa Bayer is partially owned (40 percent) by Bayer, A.G., a West German corporation. Bayer, through their various multinational operations, is a world-scale producer of toluenediisocyanates. Uniroyal Chemical Corp. was not a U.S. producer of benzyl alcohol or benzyl chloride during 1981-85.

The only submission to the Commission concerning the proposed GSP-additions covered by this digest was a written opposition submitted by Mr. Thomas B. Evans, Jr., and Mr. Douglas E. Lavin, Counsels from the law firm of Manatt, Phelps, Rothenberg, Tunney, and Evans, on behalf of Cape Industries, a U.S. producer of terephthalic acid. This submission stated that the level of TPA imports into the United States from both Mexico and the Far East would be expected to dramatically exceed current imports if GSP were granted for TPA.

^{1/} "Uniroyal has recently signed an agreement with Avery Inc., for the purchase of Uniroyal Chemical." Chemical and Engineering News, August 18, 1986, p.8.

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These imports would have a serious detrimental effect on the U.S. TPA industry due to three factors: first, the U.S. capacity, utilization for this industry is currently low; second, the Mexican industry is benefited by a government feedstock subsidy for paraxylene; and third, subsidized TPA imports from Mexico would also pose a threat to the U.S. dimethylterephthalate industry, a product directly competitive to TPA.

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Table A.—Certain benzenoid chemicals: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85

(Quantity in thousands of pounds; value in thousands of dollars;
unit value per pound)

Year	U.S. production	Exports 1/	Imports	Apparent consumption 1/	Ratio (percent)
					of imports to consumption
Quantity					
1981....	***	115,835	2,171	***	***
1982....	***	121,251	4,629	***	***
1983....	***	160,160	3,676	***	***
1984....	***	172,907	6,272	***	***
1985....	***	260,567	8,996	***	***
Value					
1981....	***	63,118	2,325	***	***
1982....	***	61,279	4,156	***	***
1983....	***	74,120	2,492	***	***
1984....	***	71,115	4,198	***	***
1985....	***	91,648	5,024	***	***
Unit value					
1981....	***	\$0.54	\$1.07	—	—
1982....	***	.51	.90	—	—
1983....	***	.46	.68	—	—
1984....	***	.41	.67	—	—
1985....	***	.35	.56	—	—

1/ Estimated by the staff of the U.S. International Trade Commission.

Source: Production, compiled from U.S. International Trade Commission, Synthetic Organic Chemicals, United States Production Sales, exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Table B.--Certain benzenoid chemicals: U.S. exports of domestic merchandise, by principal markets, 1981-85,
January-June 1985, and January-June 1986

Market	1981		1982		1983		1984		1985		January-June-- 1986	
	Quantity (1,000 pounds)											
China t	25,208	32,939	30,788	15,172	71,320	24,960	47,966					
Canada	24,649	21,994	28,751	29,911	25,645	12,581	8,805					
Kor Rep	12,284	5,798	21,990	35,373	42,785	20,396	22,285					
China M	2,946	3,845	3,079	21,794	41,675	9,517	24,558					
Indonesia	360	2,453	4,462	12,263	18,037	4,035	6,357					
Japan	12,353	9,846	13,521	4,372	4,259	2,761	4,679					
Fr Germ	1,815	3,342	5,520	2,542	3,953	2,698	2,431					
Belgium	3,477	5,569	5,398	3,760	4,559	1,137	3,337					
All other	32,743	35,464	48,652	47,720	48,333	22,714	26,252					
Total	115,835	121,251	160,160	172,907	260,567	100,798	143,669					
	Value (1,000 U.S. dollars)											
China t	8,067	9,363	8,732	4,921	19,689	6,916	13,507					
Canada	12,834	10,969	14,669	13,908	12,937	6,368	6,511					
Kor Rep	4,403	2,613	6,887	10,200	11,405	5,302	5,201					
China M	1,064	1,578	1,313	6,374	11,312	2,677	5,995					
Indonesia	231	884	1,442	3,475	4,888	1,055	1,709					
Japan	7,713	5,964	8,110	3,749	3,629	2,268	1,534					
Fr Germ	1,369	2,162	3,009	1,909	2,564	1,720	1,469					
Belgium	2,092	3,332	4,155	2,829	2,196	815	1,402					
All other	25,346	24,421	25,803	23,750	23,028	11,373	12,432					
Total	63,118	61,279	74,120	71,115	91,648	38,494	50,760					
	Unit value (per pound)											
China t	\$0.32	\$0.28	\$0.28	\$0.32	\$0.28	\$0.28	\$0.28					
Canada	0.52	0.50	0.51	0.46	0.50	0.51	0.74					
Kor Rep	0.36	0.45	0.31	0.29	0.27	0.26	0.28					
China M	0.36	0.41	0.43	0.29	0.28	0.28	0.24					
Indonesia	0.64	0.36	0.32	0.28	0.27	0.26	0.27					
Japan	0.62	0.61	0.60	0.86	0.85	0.82	0.91					
Fr Germ	0.75	0.65	0.67	0.75	0.65	0.64	0.60					
Belgium	0.60	0.60	0.65	0.75	0.48	0.72	0.42					
All other	0.77	0.69	0.55	0.50	0.48	0.50	0.47					
Average	0.54	0.51	0.46	0.41	0.35	0.38	0.35					

1/ Less than 500.

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

Table C.--Certain benzenoid chemicals: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)					1985	January-June--	
	1981	1982	1983	1984	1985		1985	1986
Nethlds	415	995	590	1,056	1,936	820		380
France	363	261	391	1,093	1,929	1,097		1,009
Fr Germ	1,117	2,018	504	1,576	2,127	853		1,689
U King	2	37	132	582	1,054	559		1,086
Mexico	0	580	872	223	844	87		0
Spain	0	141	175	401	592	223		267
Switzld	0	4	33	33	115	55		1
Belgium	235	390	516	306	179	41		201
All other	39	203	462	1,002	282	228		201
Total	2,171	4,629	3,676	6,272	8,936	4,100		4,674
	Value (1,000 dollars)							
Nethlds	370	869	475	746	1,224	530		294
France	330	274	326	709	1,184	629		706
Fr Germ	1,469	2,188	340	916	1,057	403		1,015
U King	4	54	128	366	439	224		592
Mexico	-	217	294	84	323	49		-
Spain	-	125	142	254	286	131		160
Switzld	-	34	72	50	139	58		36
Belgium	101	177	288	117	152	93		37
All other	50	220	427	957	240	171		272
Total	2,325	4,156	2,492	4,198	5,024	2,289		3,114
	Unit value (per pound)							
Nethlds	\$0.89	\$0.87	\$0.81	\$0.71	\$0.63	\$0.65		\$0.77
France	0.91	1.05	0.83	0.65	0.61	0.57		0.70
Fr Germ	1.32	1.08	0.67	0.58	0.50	0.47		0.60
U King	2.37	1.46	0.97	0.63	0.62	0.40		0.55
Mexico	-	0.37	0.34	0.38	0.38	0.56		-
Spain	-	0.87	0.81	0.63	0.57	0.59		0.60
Switzld	-	9.65	2.17	1.52	1.21	1.07		52.75
Belgium	0.43	0.45	0.56	0.38	0.61	0.52		0.91
All other	1.27	1.08	0.92	0.96	0.85	0.75		1.35
Average	1.07	0.90	0.68	0.67	0.56	0.56		0.67

1/ Less than 500.

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

Table D.--Certain benzenoid chemicals: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports	4,629	3,676	6,272	8,996	4,674	100
Developed countries, total	3,844	2,600	5,562	7,538	4,407	94
GSP countries, total	580	901	223	957	2/	1/
Mexico	580	872	223	844	0	
Argent	0	0	0	109	0	
Guyana	0	0	0	4	0	
Israel	0	0	0	2/	0	
China t	0	29	0	2/	0	
India	0	2/	0	2/	0	
Brazil	0	0	0	0	2/	1/
Kor Rep	0	2/	0	0	2/	1/
Other GSP	0	0	0	0	2/	1/
Other	205	175	488	502	267	6
Value (1,000 dollars)						
Gross imports	4,156	2,492	4,198	5,024	3,112	100
Developed countries, total	3,769	2,031	3,799	4,330	2,943	95
GSP countries, total	217	319	84	407	1	1/
Mexico	217	294	84	323	-	
Argent	-	-	-	74	-	
Guyana	-	-	-	8	-	
Israel	-	-	-	1	-	
China t	-	21	-	2/	-	
India	2/	1	2/	2/	-	
Brazil	-	-	-	-	2/	1/
Kor Rep	-	3	-	-	2/	1/
Other GSP	-	-	-	-	2/	1/
Other	170	142	315	287	168	5

1/ Less than 0.5 percent.
2/ Less than 500.

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

SELECTED DIRECT DYES

DIGEST NO. A108

SELECTED DIRECT DYES
DIGEST NO. A108 (GSP Addition)

Background

Descriptions and uses

There are eight major commercial classes of synthetic organic dyes. Direct dyes is one of the eight major commercial dye classes, which in 1985, accounted for 13 percent of total U.S. production. Products represented by the two TSUS item numbers in his digest were supposedly not produced in the United States prior to 1979. Industry sources state, however, that virtually all these dyes are now produced domestically.

Direct dyes, which have been used since the late 1800's, are so named because they dye cellulosic fibers directly without any pre-processing (i.e. mordanting). These dyes represent an extensive range of products that are economical and easy to use. However, their physical properties such as light fastness can vary greatly from product to product.

The TSUS item numbers for the articles under investigation are provided in the table on the following page along with information on U.S. tariff rates, U.S. imports in 1985, and GSP competitive status.

U.S. producers and employment

Data reported to the commission indicate that 15 companies produced dyes covered by this digest in 1985. Total direct dye production accounted for 13 percent of all U.S. dye production.

According to industry sources, there are approximately * * * employees involved with the production, sales, and service of with direct dyes. Production facilities are located on the East Coast and the Southeast.

Selected direct dyes: TSUS item number, description, tariff information, U.S. imports in 1983, and the GSP competitive status.

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		—Percent ad valorem—		
409.78	Direct dyes: Direct black 51, 69, 112, 114, 118, 122; direct blue 74, 77, 90, 137, 156, 158, 158:1, 207, 211, 225, 244, 267; direct brown 97, 113, 157, 169, 170, 200, 212, 214; direct green 33, 59, 67, 68; direct orange 17, 60, 105, 106, 107, 118; direct red 9, 89, 92, 95, 111, 127, 173, 207, 221, direct violet 47, 93, and 95, 96, 98, 109, 110, 133, 134.	20.2%	13.1%	9.5%
409.82	Other: Products provided for in the Chemical Appendix to the Tariff Schedules.	26.5%	22.2%	20%
		U.S. imports in 1985 (\$1,000)		
		Product produced in U.S., Jan. 3, 1985		
409.78	Direct dyes: Direct black 51, 69, 112, 114, 118, 122; direct blue 74, 77, 90, 137, 156, 158, 158:1, 207, 211, 225, 244, 267; direct brown 97, 113, 157, 169, 170, 200, 212, 214; direct green 33, 59, 67, 68; direct orange 17, 60, 105, 106, 107, 118; direct red 9, 89, 92, 95, 111, 127, 173, 207, 221, direct violet 47, 93, and 95, 96, 98, 109, 110, 133, 134.	1,856	Yes.	
409.82	Other: Products provided for in the Chemical Appendix to the Tariff Schedules.	3,592	Yes.	

U.S. consumption and production

U.S. consumption of all direct dyes decreased from 37.5 million pounds in 1981 to 30.5 million pounds in 1983 before increasing to approximately 32.8 million pounds in 1985. In 1985, U.S. production of all direct dyes was estimated at approximately 30 million pounds, valued at \$79.3 million. U.S. production and consumption of direct dyes follow general conditions in the economy and particular conditions in the textile industry. Total U.S. production of direct dyes declined from 36 million pounds in 1981 to 27.7 million pounds in 1983. Production then increased to 30 million pounds in 1985. U.S. consumption and production data for the selected dyes covered in this digest are unavailable (table A). Industry sources state, however, that production and consumption of these dyes accounts for less than * * * percent of total dye production and consumption.

U.S. exports

U.S. exports of all direct dyes increased continuously from 1.0 million pounds, valued at \$2.7 million in 1982 to 2.0 million pounds, valued at \$5.5 million in 1985. More than 75 percent of U.S. exports went to Canada and Switzerland in 1985 (table B).

U.S. imports

During 1981-84, imports of selected direct dyes increased from approximately 1.9 million pounds, valued at some \$5.9 million to 2.3 million pounds, valued at \$6.3 million (table C). In 1985, imports declined slightly

to 1.9 million pounds, valued at \$5.4 million. Imports of selected direct dyes in 1985, represented approximately 40 percent of all imported direct dyes.

Imports from Generalized System of Preferences (GSP) countries increased from 139,000 pounds, valued at \$398,000 in 1983, to 287,000 pounds, valued at \$701,000, in 1984 before declining to 214,000 pounds, valued at \$425,000 in 1985. Imports from GSP countries in 1985 represented 11 percent of all imports of direct dyes. The two major GSP suppliers during 1982-85 were Taiwan and India.

Imports of selected pigments from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>	
Taiwan.....	165	3	
India.....	116	2	
Yugoslavia.....	57	1	
Argentina.....	9		<u>1/</u>
Romania.....	<u>6</u>		<u>1/</u>
Total.....	353	6	

1/ Less than 1 percent.

Conditions of competition in U.S. market

The dye industry is a mature industry with most new developments occurring in process design and applications technology. Marketing dyes in the United States usually requires the producer to have a technical service staff that assists users with applications problems. Many U.S. producers have either production facilities or technical service labs in the South Eastern

textile region. The dye industry is dominated by large European multinationals. Smaller exporters to the United States often market their products through small domestic producers and select limited end-use markets. Also, the current excess capacity in the industry has emphasized the need for lower costs and increased productivity. The larger companies with extensive experience will most likely develop this technology.

Position of interested parties

The Government of Argentina is the petitioner to add selected direct dyes to the list of eligible products under the GSP. Information given in its petition is aggregated for pigments, dyes, and certain chemical intermediates. The petition states that although their chemical industry currently has excess capacity, it is unable to sell its products in the United States, given its current domestic cost structure. The petition further states that profitability in these industries is approximately 3 percent of total sales. If preferential treatment is given, the action would strengthen the economic development in Argentina.

In a written brief, the AD Hoc U.S. Dye Manufacturers' Coalition opposed adding selected direct dyes to the list of GSP-eligible products. The petition stated that since the U.S. textile industry has suffered from substantial imports, the U.S. dye industry has substantial excess capacity. This condition has lowered prices and profit margins and caused a number of major U.S. companies (e.g., Dupont) to leave the industry.

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They point out that the production technology for direct dyes is readily available and producing direct dyes does not require a lot of sophisticated equipment. Given these two conditions, GSP countries enjoy significant cost advantages, relative to U.S. producers, because they have lower wage costs, no environmental costs, and duty-free access to dye intermediates.

They further note that there would be a strong economic incentive for these countries to import semi-finished dyes and then ship the finished goods to the United States duty free.

In oral testimony, David Alcorn, president of Krompton & Knowles, further opposed adding selected direct dyes to the list of GSP-eligible products. He noted that direct dyes are used extensively to dye cellulosic fibers such as cotton and rayon. Because they can be produced at low cost, direct dyes are a major product sold by the U.S. dye industry to the U.S. textile industry.

He stated that currently U.S. dye imports were, for the most part, specialty dyes not produced in the United States. If import duties were removed for GSP countries, they would be able to export large quantities of the major domestically produced dyes. A greater threat than dye imports from Argentina would be the large quantities available from Korea, Taiwan, Mexico, and Brazil. Since these countries severely limit their imports, Mr. Alcorn believes the United States should not give these countries exceptional trade advantages.

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Table A.—Selected direct dyes: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

Year	U.S. production 1/	Exports	Imports	Apparent consump- tion 1/	Ratio (percent) of imports to consumption 1/
Quantity (1,000 pounds)					
1981....		1,174	1,873		
1982....		1,041	1,869		
1983....		1,314	2,172		
1984....		1,425	2,280		
1985....		2,039	1,893		
Value (1,000 dollars)					
1981....		3,123	5,850		
1982....		2,712	5,178		
1983....		5,450	5,985		
1984....		4,685	6,269		
1985....		5,488	5,448		
Unit value (per pound)					
1981....		2.66	3.12		
1982....		2.61	2.77		
1983....		4.15	2.76		
1984....		3.29	2.75		
1985....		2.69	2.88		

1/ Not available.

Source: Production, compiled from U.S. International Trade Commission, Synthetic Organic Chemicals, United States Production and Sales, exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Table B.---Selected direct dyes: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981		1982		1983		1984		1985		January-June-- 1986	
	Quantity (1,000 pounds)											
Switzld	1/	63	386	507	574	326	312					
Canada	899	783	791	799	626	266	317					
Hg Kong	2	1	0	0	550	285	84					
Brazil	0	1/	0	0	48	0	0					
U King	23	27	10	7	57	3	18					
Salvadr	1	2	1	1	15	9	4					
Colomb	15	14	9	8	13	4	4					
Peru	0	2	1	4	12	1	8					
All other	235	150	115	99	146	55	100					
Total	1,174	1,041	1,314	1,425	2,039	949	848					
	Value (1,000 dollars)											
Switzld	1	351	3,121	2,548	2,896	1,708	1,567					
Canada	2,199	1,614	1,858	1,631	1,389	644	743					
Hg Kong	7	5	4	-	359	185	68					
Brazil	-	2	-	-	231	-	-					
U King	50	51	41	15	119	15	58					
Salvadr	7	20	11	12	82	47	29					
Colomb	82	69	46	51	69	25	22					
Peru	-	10	5	23	63	7	32					
All other	779	590	364	406	279	147	246					
Total	3,123	2,712	5,450	4,685	5,488	2,779	2,766					
	Unit value (per pound)											
Switzld	\$8.05	\$5.53	\$8.08	\$5.02	\$5.05	\$5.23	\$5.02					
Canada	2.45	2.06	2.35	2.04	2.22	2.43	2.34					
Hg Kong	3.99	5.56	3.90	-	0.65	0.65	0.81					
Brazil	-	11.84	-	-	4.86	-	-					
U King	2.19	1.87	4.07	2.15	2.08	5.26	3.23					
Salvadr	8.71	11.41	11.98	10.19	5.39	5.54	6.76					
Colomb	5.47	5.11	5.17	6.55	5.42	6.42	4.98					
Peru	-	5.97	10.32	5.94	5.24	4.81	4.30					
All other	3.32	3.17	3.17	4.12	1.92	2.68	2.47					
Average	2.66	2.61	4.15	3.29	2.69	2.93	3.26					

1/ Less than 500.

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

Table C.--Selected direct dyes: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)					January-June-- 1985	1986
	1981	1982	1983	1984	1985		
Fr Germ	481	675	911	923	505	336	374
Nethlds	226	289	556	625	558	272	365
Switzld	110	149	122	163	192	93	74
U King	92	65	55	78	180	75	86
France	189	153	138	55	146	34	68
China t	7	7	17	28	79	14	38
Belgium	15	23	41	37	44	11	22
India	49	99	44	118	36	14	13
All other	705	410	288	253	152	77	126
Total	1,873	1,869	2,172	2,280	1,893	923	1,165
Value (1,000 dollars)							
Fr Germ	1,527	1,654	2,229	2,281	1,691	961	1,258
Nethlds	632	724	1,365	1,373	1,375	590	1,026
Switzld	622	757	622	663	682	426	485
U King	394	186	154	289	656	275	566
France	656	559	672	373	286	76	181
China t	21	14	35	78	165	41	107
Belgium	65	70	130	144	116	32	93
India	110	245	171	402	116	49	31
All other	1,822	968	677	666	361	182	274
Total	5,850	5,178	5,985	6,269	5,448	2,632	4,020
Unit value (per pound)							
Fr Germ	\$3.17	\$2.45	\$2.45	\$2.47	\$3.35	\$2.86	\$3.36
Nethlds	2.80	2.51	2.45	2.19	2.46	2.17	2.81
Switzld	5.66	5.09	4.53	4.05	3.55	4.57	6.57
U King	4.30	2.88	3.79	3.70	3.65	3.75	6.61
France	3.47	3.66	3.87	6.82	1.96	2.24	2.68
China t	3.23	1.85	2.09	2.80	2.08	3.01	2.82
Belgium	4.22	3.03	3.16	3.94	2.61	2.97	4.24
India	2.25	2.43	3.91	3.40	3.24	3.53	2.37
All other	2.59	2.36	2.35	2.64	2.37	2.37	2.18
Average	3.12	2.77	2.76	2.75	2.88	2.85	3.45

1/ Less than 500.

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

Table D.--Selected direct dyes: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports	1,869	2,172	2,280	1,893	1,165	100
Developed countries, total	1,627	1,996	1,951	1,666	1,034	89
GSP countries, total	153	123	218	148	82	7
China	7	17	28	79	38	3
India	99	44	118	36	13	1
Yugosl	33	28	37	31	31	3
Argent	0	0	0	1	0	
Romania	0	0	1	0	0	
Thailand	0	0	1	0	0	
Kor Rep	0	35	33	0	0	
Egypt	14	0	0	0	0	
Other	89	54	111	79	49	4
Value (1,000 dollars)						
Gross imports	5,178	5,985	6,269	5,448	4,020	100
Developed countries, total	4,495	5,488	5,445	4,993	3,748	93
GSP countries, total	363	333	620	352	196	5
China	14	35	78	165	107	3
India	245	171	402	116	31	1
Yugosl	74	73	80	57	59	1
Argent	-	-	-	9	-	
Romania	-	-	6	6	-	
Thailand	-	-	4	-	-	
Kor Rep	-	54	51	-	-	
Egypt	30	-	-	-	-	
Other	320	164	204	103	75	2

1/ Less than 0.5 percent.
2/ Less than 500.

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

SELECTED PIGMENTS

DIGEST NO. A109



SELECTED PIGMENTS
DIGEST NO. A109 (GSP Addition)

Background

Descriptions and uses

The synthetic organic pigments covered in this report are derived from benzenoid crudes and chemical intermediates. Pigments are finely divided insoluble powders that are produced in a wide variety of hues, tints, and physical properties. Usually, a number of specific physical characteristics determine the final use. Principal uses of pigments include inks, coatings, and plastics. In the United States, there are more than 200 pigments produced in commercial quantities. The products covered in TSUS item 410.28 represent pigments that were supposedly not produced in 1979. By 1985, however, about 10 of these pigments were supposedly produced domestically.

The TSUS item numbers for the articles under investigation are provided in the table on the following page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

U.S. producers and employment

Data reported to the Commission in 1985 indicate that at least 15 companies produced the chemicals covered by this digest. Since most pigment companies produce a variety of products, it is difficult to determine the exact number of product-related employees. According to industry sources, however, approximately * * * employees, involved with production, sales, and product service, were associated with the pigments covered in this digest in 1985.

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Selected Pigments: TSUS item number, description, tariff rate information, U.S. imports in 1983, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		Percent ad valorem		
410.28	Pigment black 1; Pigment blue 16, 18; Pigment brown 22, 23, 25, 32; Pigment green 8; Pigment range 31, 34, 36, 51; Pigment red 9, 14, 34, 48:3, 52, 68, 112, 139, 144, 146, 151, 166, 169, 170, 171, 175, 176, 177, 178, 180, 185, 188, 192, 199, 208, 209, 216, 220, 221; Pigment violet 32; Pigment yellow 16, 24, 49, 62:1, 81, 93, 95, 97, 101, 108, 109, 110, 113, 117, 127, 138, 153.	17.4%	11.3%	8.3%
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
410.28	Pigment black 1; Pigment blue 16, 18; Pigment brown 22, 23, 25, 32; Pigment green 8; Pigment range 31, 34, 36, 51; Pigment red 9, 14, 34, 48:3, 52, 68, 112, 139, 144, 146, 151, 166, 169, 170, 171, 175, 176, 177, 178, 180, 185, 188, 192, 199, 208, 209, 216, 220, 221; Pigment violet 32; Pigment yellow 16, 24, 49, 62:1, 81, 93, 95, 97, 101, 108, 109, 110, 113, 117, 127, 138, 153.	26,606	Yes.	

U.S. consumption and production

Data on U.S. consumption and production of the specific pigments in this report are unavailable (table A). Industry sources state, however, that production and consumption of these products accounts for less than * * * percent of total pigments production and consumption. Trends in production and consumption follow those of the whole pigments industry. The industry is a mature industry influenced by overall economic conditions and particular economic conditions in housing and printing. Total U.S. synthetic pigment production declined from 75.8 million pounds in 1981 to 71.3 million pounds in 1982. Production then increased to 85.7 million pounds in 1984, before decreasing to 80.3 million pounds in 1985. During 1981-82, total U.S. synthetic pigment consumption remained constant at approximately 61 million pounds. During 1983-85, consumption increased to 83.8 million pounds in 1984 before declining to 81.3 million pounds in 1985.

U.S. exports

U.S. exports of all synthetic pigments varied between 20 and 23 million pounds during 1981-83; exports then dropped to 18 million pounds in 1985. Average unit values for U.S. pigment exports are substantially lower than for both average overall industry and average import unit values. In 1985, the three largest markets for U.S. exports, were Canada, the Netherlands, and Japan, accounting for 46 percent of total exports.

U.S. imports

U.S. imports of all pigments increased steadily from 8.9 million pounds in 1981 to 19.3 million pounds in 1985. Imports of the selected pigments in this digest remained constant at approximately 2 million pounds during 1981-83 and then increased to approximately 3 million pounds during 1984-85 (Table C). Unit values for imports of the selected pigments were substantially higher than the average unit value for all imports. In 1985, the unit value for selected imports was \$8.66, while average unit value for all imported pigments was \$4.68. Of the 3.08 million pounds of selected dyes imported in 1985, 272,000 pounds (9 percent) came from Generalized System of Preferences (GSP) countries. The principal source of GSP imports in 1985 was Mexico with 245,000 pounds.

Imports of selected pigments from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars).

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Cameroon.....	117	1/
Mexico.....	105	1/
India.....	79	1/
Congo.....	46	1/
Taiwan.....	5	1/
Total.....	352	1

1/ Less than 1 percent.

Conditions of competition in U.S. market

Using pigments is a sophisticated process that requires applications expertise. Marketing pigments in the United States requires the producer to have a technical service staff that can assist the end user with applications

2. Argentine producers have available the latest technology and possess modern high-volume production facilities.

3. The U.S. pigments industry must adhere to strict and costly environmental regulations. The Argentine producers have no environmental regulations.

4. Many GSP-eligible countries subsidize industries for social reasons (i.e., employment) and are willing to produce products at any cost to enter a market. Eliminating U.S. duties on pigments could initiate this strategy in a number of GSP countries that have a pigment industry.

5. The average duty per pound was 81 cents. Adding this amount to the export tax benefits already provided by the Argentine government will greatly disort the cost advantage of the Argentine producers.

6. In Argentina, raw materials imported for further processing and eventual export are eligible for duty-drawback. There is no control over shipping partially processed European goods through the Argentine tariff-free system.

In addition to harming the U.S. pigments industry, the DCMA is concerned that the U.S. intermediates industry that supplies the pigments industry would also be harmed.

problems. The major end users are likely to buy from an established company with a reputation for good applications assistance. Smaller foreign exporters to the United States often market their products through small domestic producers and select product specific markets. The current excess capacity is keeping prices low and forcing all producers to increase productivity. Increases in productivity are likely to be developed in larger U.S. and European production facilities.

Position of interested parties

The Government of Argentina is the petitioner to add selected pigments to the list of eligible products under the GSP. Information given in its petition is aggregated for pigments, dyes, and certain chemical intermediates. The petition states that although it currently has excess capacity, it is unable to sell its pigments in the United States given its current domestic cost structure. If preferential treatment is given, the action would strengthen the economic development of the country.

In a written brief, the Dry Color Manufacturers' Association (DCMA) opposed adding the pigments found in item 410.28 to the list of GSP-eligible products. The DCMA is against allowing these products duty-free access to the United States for the following reasons:

1. The pigments industry is not a new industry in Argentina. It has been in existence since the 1950's and has at least 8 producers. For the last 20 years, the industry has been protected from foreign competition with high tariffs.

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Table A.—Selected pigments: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

Year	U.S. production 1/	Exports 1/	Imports	Apparent consump- tion 1/	Ratio (percent) of imports to consumption 1/
Quantity (1,000 pounds)					
1981....			2,023		
1982....			1,666		
1983....			2,368		
1984....			3,510		
1985....			3,078		
Value (1,000 dollars)					
1981....			18,389		
1982....			16,689		
1983....			22,850		
1984....			29,778		
1985....			26,666		
Unit value (per pound)					
1981....			9.09		
1982....			10.02		
1983....			9.65		
1984....			8.48		
1985....			8.66		

1/ Not available.

Source: Exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Table B.---Selected pigments: U.S. exports of domestic merchandise, by principal markets, 1981-85,
January-June 1985, and January-June 1986

Data Not Available

Digest No.
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Table C.--Selected pigments: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)					Value (1,000 dollars)		Unit value (per pound)	
	1981	1982	1983	1984	1985	1985	1986	1985	1986
Fr Germ	944	883	1,112	1,712	1,724	862			
Switzld	1,025	601	1,156	1,189	567	239			873
Japan	10	145	22	434	420	387			285
U King	5	9	76	76	44	23			77
Italy	6	7	17	20	11	7			53
Camroon	0	0	0	0	12	0			4
Mexico	1	0	2	1	245	1			0
Belgium	1/	0	0	6	19	3			25
All other	31	21	49	73	36	19			30
Total	2,023	1,666	2,368	3,510	3,078	1,539			26
									1,372
Fr Germ	8,849	8,817	10,822	16,817	17,874	8,162			
Switzld	9,045	5,326	11,053	8,116	5,007	2,164			10,008
Japan	109	2,352	277	3,776	2,850	2,622			3,653
U King	96	74	111	253	133	133			949
Italy	17	30	137	169	125	85			226
Camroon	-	-	-	117	-	-			51
Mexico	6	-	3	1	105	2			-
Belgium	3	-	-	93	87	11			99
All other	264	90	446	553	272	109			85
Total	18,389	16,689	22,850	29,778	26,666	13,286			158
Fr Germ	\$9.37	\$9.99	\$9.73	\$9.82	\$10.37	\$9.46			\$11.46
Switzld	8.82	8.86	9.56	6.83	8.83	9.06			12.82
Japan	10.50	16.21	12.37	8.70	6.79	6.78			12.40
U King	20.41	7.91	11.73	3.33	5.22	5.90			4.23
Italy	2.73	4.50	8.09	8.62	11.24	12.89			14.45
Camroon	-	-	-	-	9.68	-			-
Mexico	10.21	-	1.44	3.22	0.43	3.06			4.00
Belgium	31.45	-	-	15.42	4.49	3.75			2.85
All other	8.49	4.38	9.06	7.60	7.50	5.87			6.11
Average	9.09	10.02	9.65	8.48	8.66	8.63			11.10

1/ Less than 500.

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

Table D.--Selected pigments: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports	1,666	2,368	3,510	3,078	1,372	100
Developed countries, total	1,666	2,366	3,507	2,805	1,344	98
GSP countries, total	0	2	2	269	28	2
Cameroon	0	0	0	12	0	
Mexico	0	2	2/	245	25	2
India	0	0	0	5	0	
Co. Craz	0	0	0	6	0	
China t	0	0	0	1	0	1/
Panama	0	0	0	0	0	
Colomb	0	0	0	0	0	
Israel	0	0	0	0	3	1/
Other GSP	0	0	2	0	0	
Other	0	1	1	4	0	
Value (1,000 dollars)						
Gross imports	16,689	22,850	29,778	26,666	15,228	100
Developed countries, total	16,689	22,844	29,670	26,284	15,109	99
GSP countries, total	-	3	105	352	119	1
Cameroon	-	-	-	117	-	
Mexico	-	3	1	105	99	1
India	-	-	-	79	-	
Co. Craz	-	-	-	46	-	
China t	-	-	-	5	2	1/
Panama	-	-	-	-	-	
Colomb	-	-	-	-	-	
Israel	-	-	-	-	18	1/
Other GSP	-	-	104	-	-	
Other	-	4	3	30	-	

1/ Less than 0.5 percent.
2/ Less than 500.

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

CERTAIN ORGANIC ACIDS

DIGEST NO. A110

CERTAIN ORGANIC ACIDS
DIGEST NO. A110 (GSP Addition)

Background

Description and uses

Certain organic acids is a chemical group of acyclic carboxylic acids, including sulfonic acids and thiocarboxylic acids with more than one oxygen function. Examples of specific organic acids that have commercial markets include succinic, malonic, and fumaric acids. Certain organic acids are used in a wide variety of applications including food and medicinal additives, and other chemical intermediates.

The TSUS item number for the articles under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and GSP competitive status.

Certain organic acids: TSUS item number, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item	Description	Col. 1 rate of duty effective during--		
		1981	1985	1987
		-----Percent ad valorem-----		
425.9960	Certain organic acids.....	5.6%	4.7%	4.2%
		U.S. imports in 1985 (\$1,000)	Product produced in U.S., Jan. 3, 1985	
425.9960	Certain organic acids.....	27,404	Yes.	

U.S. producers and employment

It is estimated that there are 10 domestic producers of certain organic acids. All are widely diversified and vertically integrated chemical firms.

Actual employment data are not available concerning production of these acids.

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U.S. consumption and production

U.S. production of certain organic acids is estimated to have risen from 44 million pounds, valued at an estimated \$26 million, in 1981 to 52 million pounds, valued at \$31 million, in 1985 (table A). U.S. apparent consumption is estimated to have risen to 78 million pounds, valued at \$52 million, in 1985, an increase of 70 percent from an estimated 46 million pounds, valued at \$25 million, in 1981. The ratio of imports to consumption has varied erratically, from about 65 percent by quantity in 1981 to about 45 percent in 1985, due to shifts in the types of organic acids imported within this tariff classification.

U.S. exports

Exports of certain organic acids decreased from about 28 million pounds, valued at \$17 million, in 1981 to 9 million pounds, valued at \$7 million, in 1985 (table B). The major markets for these acids in 1985 were Canada, Mexico, Belgium, and Japan. Together, these four countries accounted for 84 percent of total exports. U.S. exports of these chemicals are high relative to the levels of U.S. production, because many of these chemicals are specialty intermediates or proprietary compounds destined for further processing outside the United States.

U.S. imports

Imports of certain organic acids increased from about 30 million pounds, valued at \$17 million, in 1981 to about 35 million pounds, valued at \$27 million, in 1985 (table C). Imports of these acids from GSP beneficiary countries reached a level of 5.3 million pounds, valued at \$2.8 million, in 1985, or 15 percent by quantity of total imports (table D). Romania was the largest supplier of imports from GSP beneficiary countries in 1985, accounting for 70 percent by quantity of all such imports.

Imports of certain organic acids from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Romania.....	\$1,556	6
Brazil.....	436	2
Taiwan.....	299	1
Hong Kong.....	211	1
Tonga.....	139	<u>1/</u>
Other GSP countries....	<u>149</u>	<u>1/</u>
Total.....	2,790	10

1/ Less than 0.5 percent.

Conditions of competition in the U.S. market

Increased demand for certain organic acids led to a buildup of plants and capacities in the 1970's. The period 1981-85 was marked by capacity utilization of only about 60 percent and widespread discounting of prices for many of the organic acids classifiable in this category. Generally, the chemicals classified as certain organic acids are only moderately price sensitive. Most chemicals imported under this category are not produced in

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the United States. The certain organic acids produced in the United States are generally not available elsewhere.

Position of interested parties

The Colombian Government Trade Bureau (Proexpo) has petitioned for GSP duty-free treatment for fumaric acid. In a written submission to the Commission, the petitioner has stated that actual Colombian production of fumaric acid is at a level of about 617,000 pounds per year, or a capacity utilization of about 54 percent. The Colombian product is not currently exported to the United States. However, it is contended that shipments would occur if GSP-duty free treatment were granted for fumaric acid.

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Table A.—Certain organic acids: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Year	Production 1/	Exports	Imports	Apparent consumption 1/	Ratio (percent) of imports to consumption 1/
Quantity (1,000 pounds)					
1981.....	44,000	27,998	29,797	45,799	65
1982.....	42,000	22,338	48,972	68,634	71
1983.....	48,000	31,283	17,100	33,817	50
1984.....	50,000	26,182	22,474	58,515	38
1985.....	52,000	9,039	34,697	77,658	45
Jan.—June—					
1985.....	2/	2,541	15,830	2/	2/
1986.....	2/	4,039	38,697	2/	2/
Value (1,000 dollars)					
1981.....	25,520	17,044	16,677	25,153	66
1982.....	24,360	15,925	23,930	32,365	74
1983.....	27,840	16,333	13,971	25,478	55
1984.....	29,500	14,520	17,049	32,029	53
1985.....	31,200	6,987	27,404	51,617	53
Jan.—June—					
1985.....	2/	3,373	13,843	2/	2/
1986.....	2/	4,085	30,877	2/	2/
Average unit value (dollars per pound)					
1981.....	\$0.58	\$0.61	\$0.56	—	—
1982.....	.58	.71	.49	—	—
1983.....	.58	.52	.82	—	—
1984.....	.59	.55	.76	—	—
1985.....	.60	.77	.74	—	—
Jan.—June—					
1985.....	2/	.74	.87	—	—
1986.....	2/	1.01	.80	—	—

1/ Estimated by the staff of the U.S. International Trade Commission.

2/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce and the U.S. International Trade Commission.

Table B.--Certain organic acids: U.S. exports of domestic merchandise, by principal markets, 1981-85,
 January-June 1985, and January-June 1986

Market	Quantity (1,000 pounds)					1985	1986	
	1981	1982	1983	1984	1985		1985	1986
Canada	1,609	1,468	4,645	4,118	1,973	1,026	1,219	
Mexico	714	1,521	1,914	2,443	3,173	1,687	483	
Belgium	6,208	4,133	7,673	7,630	1,632	489	843	
Japan	9,238	5,177	4,414	3,119	1,090	84	753	
China	855	961	2,160	87	156	44	116	
Brazil	230	283	139	150	170	88	51	
Venez.	2,282	2,211	664	646	213	0	24	
Italy	2	2	7	18	992	491	51	
All other	6,859	6,582	9,667	7,176	992	491	519	
Total	27,998	22,338	31,283	26,182	9,059	4,541	4,039	
Value (1,000 dollars)								
Canada	1,674	1,197	3,187	2,702	2,221	986	904	
Mexico	1,536	3,020	1,316	1,620	1,277	789	349	
Belgium	3,164	2,715	3,745	4,037	845	345	806	
Japan	6,321	3,388	2,302	1,444	634	294	447	
China	372	505	813	682	371	198	229	
Brazil	658	791	438	349	248	150	107	
Venez.	1,061	1,008	291	279	221	100	25	
Italy	3	5	8	4	180	-	513	
All other	3,455	3,296	4,234	3,403	990	512	703	
Total	17,044	15,925	16,333	14,520	6,387	3,373	4,085	
Unit value (per pound)								
Canada	\$0.92	\$0.82	\$0.69	\$0.66	\$1.13	\$0.96	\$0.74	
Mexico	0.75	1.99	0.69	0.66	0.40	0.47	0.72	
Belgium	0.51	0.66	0.49	0.53	0.62	0.55	0.96	
Japan	0.68	0.65	0.52	0.46	0.58	0.60	0.59	
China	0.44	0.53	0.38	0.31	2.37	2.36	1.97	
Brazil	2.86	2.80	3.14	2.32	3.54	3.38	3.46	
Venez.	0.46	0.46	0.64	0.43	1.04	1.14	1.05	
Italy	1.45	2.05	1.15	1.66	10.09	1.04	10.13	
All other	0.50	0.50	3.34	0.57	1.00	1.04	1.36	
Average	0.61	0.71	3.52	0.55	0.77	0.74	1.01	

1/ Less than 500.

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

Table C.--Certain organic acids: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)					Value (1,000 dollars)					Unit value (per pound)											
	1981	1982	1983	1984	1985	1985	1986	1981	1982	1983	1984	1985	1985	1986	1981	1982	1983	1984	1985	1985	1986	
France	8,095	8,249	7,260	9,494	10,195	4,388	3,658	5,125	6,860	3,595	6,860	3,595	6,860	4,256	1.19	0.53	0.50	0.54	0.67	0.39	0.39	\$0.54
Japan	2,034	2,761	3,005	1,372	7,054	2,413	2,546	2,915	6,325	2,270	2,413	2,270	6,325	18,921	1.05	1.25	0.85	1.47	0.90	0.89	0.89	0.93
U Kingdom	611	552	654	657	1,106	639	1,365	1,022	2,499	1,960	639	1,960	2,499	564	0.33	0.33	0.76	0.63	0.26	0.29	0.29	0.76
Fr Germany	16,832	32,461	1,784	2,869	2,869	5,573	10,611	1,366	2,390	1,242	5,573	1,242	2,390	1,051	0.74	0.74	0.80	0.87	0.83	0.87	0.87	0.72
Canada	283	1,350	1,374	2,225	3,046	211	1,026	1,492	2,065	1,171	211	1,171	2,065	2,215	0.74	0.74	0.80	0.87	0.83	0.87	0.87	0.72
Romania	741	1,376	603	2,380	3,722	512	252	1,000	1,556	304	512	304	1,556	130	0.42	0.40	0.42	0.42	0.42	0.40	0.40	0.42
Netherlands	319	417	422	747	594	235	602	807	1,355	494	235	494	1,355	498	0.74	0.89	0.96	1.08	1.64	1.64	1.64	1.45
Belgium	646	1,059	460	288	594	1,484	373	833	1,355	356	1,484	356	1,355	1,093	3.32	1.55	1.80	2.89	0.93	0.86	0.86	0.89
All other	436	1,758	1,533	2,828	416	1,359	823	333	1,242	1,359	1,359	1,359	1,242	2,150	29,797	43,772	17,100	22,874	4,797	2,766	1,230	3,363
Total	29,797	43,772	17,100	22,874	34,897	15,330	15,330	34,897	34,897	15,330	34,897	15,330	34,897	38,997	16,677	23,930	13,971	17,949	27,404	13,343	13,343	30,377
France	0.55	0.53	0.50	0.54	0.67	0.55	0.50	0.54	0.67	0.39	0.54	0.39	0.67	0.54	0.55	0.53	0.50	0.54	0.67	0.39	0.39	\$0.54
Japan	1.19	1.05	0.85	1.47	0.90	1.19	0.85	1.47	0.90	0.89	1.19	0.89	0.90	0.93	1.05	1.25	0.85	1.47	0.90	0.89	0.89	0.93
U Kingdom	0.33	0.33	0.76	0.63	0.26	0.33	0.76	0.63	0.26	0.29	0.33	0.29	0.26	0.76	0.33	0.33	0.76	0.63	0.26	0.29	0.29	0.76
Fr Germany	0.74	0.74	0.80	0.87	0.83	0.74	0.80	0.87	0.83	0.87	0.74	0.87	0.83	0.72	0.74	0.74	0.80	0.87	0.83	0.87	0.87	0.72
Canada	0.74	0.74	0.80	0.87	0.83	0.74	0.80	0.87	0.83	0.87	0.74	0.87	0.83	0.72	0.74	0.74	0.80	0.87	0.83	0.87	0.87	0.72
Romania	0.42	0.40	0.42	0.42	0.42	0.42	0.40	0.42	0.42	0.40	0.42	0.40	0.42	0.42	0.42	0.40	0.42	0.42	0.42	0.40	0.40	0.42
Netherlands	0.74	0.89	0.96	1.08	1.64	0.74	0.89	1.08	1.64	1.64	0.74	1.64	1.64	1.45	0.74	0.89	0.96	1.08	1.64	1.64	1.64	1.45
Belgium	3.32	1.55	1.80	2.89	0.93	3.32	1.80	2.89	0.93	0.86	3.32	0.86	0.93	0.89	3.32	1.55	1.80	2.89	0.93	0.86	0.86	0.89
All other	3.12	2.35	1.59	0.68	0.71	3.12	1.59	0.68	0.71	0.71	3.12	0.71	0.68	0.54	3.12	2.35	1.59	0.68	0.71	0.71	0.71	0.54
Average	0.56	0.49	0.32	0.79	0.37	0.56	0.32	0.79	0.37	0.37	0.56	0.37	0.79	0.30	0.56	0.49	0.32	0.79	0.37	0.37	0.37	0.30

1/ Less than 500.

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

Table D.--Certain organic acids: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	Quantity (1,000 pounds)				January - June 1986 Imports	Percentage distribution	
	1982	1983	1984	1985			
Gross imports	48,972	17,100	22,474	34,697	38,697	100	
Developed countries, total	47,056	15,648	19,104	28,743	36,708	95	
GSP countries, total	1,916	1,253	2,670	5,347	1,762	5	
Romania	1,376	603	2,380	3,722	309	1	
Brazil	0	0	0	809	769	2	
China	45	140	38	105	0	0	
Hong Kong	0	0	113	149	150	1/	
Tonga	0	0	0	340	0	0	
Israel	378	411	55	107	467	1	
Yugoslavia	0	0	0	34	0	0	
Malagasy	0	0	0	81	0	0	
Other GSP	116	100	84	2/	67	1/	
Other	2/	199	700	608	227	1	
			Value (1,000 dollars)				
Gross imports	23,930	13,971	17,049	27,404	30,877	100	
Developed countries, total	22,157	12,096	14,200	23,775	29,469	95	
GSP countries, total	1,772	1,598	1,823	2,790	1,136	4	
Romania	595	256	1,004	1,556	130	1/	
Brazil	411	765	625	636	596	2	
China	0	0	171	299	0	0	
Hong Kong	0	0	0	211	187	1	
Tonga	0	0	0	139	0	0	
Israel	743	508	61	75	169	1	
Yugoslavia	0	0	0	44	0	0	
Malagasy	0	0	0	29	0	0	
Other GSP	73	70	161	1	54	1/	
Other	1	277	1,026	839	272	1	

1/ Less than 0.5 percent.
2/ Less than 500.

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

CERTAIN CERAMIC TABLE AND KITCHEN ARTICLES

DIGEST NO. A111

CERTAIN CERAMIC TABLE AND KITCHEN ARTICLES
DIGEST NO. A111 (GSP ADDITION)

Background

Description and uses

The items included in this digest are fine-grained 1/ earthenware 2/ or stoneware 3/ mugs and other steins (TSUS item 533.30) and household ware of nonbone china 4/ or subporcelain 5/ available in specified sets 6/ the aggregate value of which is over \$56 (TSUS item 533.64), used for preparing, serving, or storing food or beverages, or food or beverage ingredients.

The TSUS item numbers for the articles under investigation are provided on the following page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

U.S. producers and employment

There are an estimated 70 establishments, concentrated in the Appalachian and Middle Atlantic States, producing ceramic table and kitchen articles in the United States, employing roughly 10,000 workers in 1985. Of this total, approximately 4 producers manufacture the higher-valued chinaware subject to this investigation. Earthenware and stoneware mugs and other steins are manufactured by many studio craftsmen and less than 35 U.S. firms.

1/ See headnote 2(i) to schedule 5, pt. 2, of the TSUS.

2/ See headnote 2(b) to schedule 5, pt. 2, of the TSUS.

3/ See headnote 2(c) to schedule 5, pt. 2, of the TSUS.

4/ See headnote 2(e) to schedule 5, pt. 2, of the TSUS.

5/ See headnote 2(d) to schedule 5, pt. 2, of the TSUS.

6/ See headnote 2(c) to schedule 5, pt. 2, subpart C, of the TSUS.

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Certain ceramic table and kitchen articles: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		Percent ad valorem		
533.30	Fine-grained earthenware or stone-ware mugs and other steins.....	13.5	13.5	13.5
533.64	Household ware of nonbone china or subporcelain available in specified sets valued over \$56.....	15.8	10.6	8.0
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
533.30	Fine-grained earthenware or stone-ware mugs and other steins.....	75,096	Yes.	
533.64	Household ware of nonbone china or subporcelain available in specified sets valued over \$56.....	89,036	Yes.	

U.S. consumption and production

U.S. consumption and shipment data for the articles subject to this investigation are not available; however, these items are believed to represent a small segment of the entire ceramic table and kitchen articles industry—less than 30 percent of total U.S. shipments (an estimated \$370.0 million) and less than 20 percent of total apparent consumption (an estimated \$903.7 million) in 1985 (table A). Total U.S. imports of ceramic table and

kitchen articles accounted for an estimated 55 to 60 percent of apparent consumption of these articles in 1985. U.S. imports of earthenware mugs and other steins and higher-valued chinaware are believed to represent over 75 percent of apparent consumption of these articles due to the preference for imported merchandise, especially that produced by reputable European and Japanese manufacturers, their lower cost (particularly mugs and steins from the Asian countries), and the limited number of U.S. sources of these articles, particularly higher-valued chinaware.

U.S. exports

Official data for U.S. exports of earthenware and stoneware mugs and other steins and nonbone china and subporcelain household ware available in specified sets valued over \$56 are unavailable. Estimated U.S. exports fluctuated annually but exhibited an overall increase of 21 percent by value during 1981-85, from 437,000 dozen (\$7.4 million) to 1.2 million dozen (\$9.0 million) (table B). The primary export markets were the United Kingdom (27 percent of U.S. exports in 1985), Australia (16 percent), and Singapore (10 percent).

U.S. imports

U.S. imports of the articles under investigation increased irregularly in value by 37 percent during 1981-85, from 11.9 million dozen (\$120.1 million) to 21.8 million dozen (\$164.1 million) (table C). Japan was the principal

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supplier of these imports during the period, accounting for 54 percent in 1985. Korea, West Germany, and the United Kingdom were secondary sources.

Imports of these articles from GSP-eligible countries more than doubled during 1982-85, rising from 2.6 million dozen (\$15.4 million) to 6.6 million dozen (\$34.3 million) and represented 21 percent of total imports of these articles in 1985, up from 14 percent in 1982 (table D). The principal GSP-eligible source was Korea, with 45 percent of GSP imports and 9 percent of total imports in 1985. Secondary GSP-eligible sources were Taiwan (22 percent and 5 percent) and Brazil (19 percent and 4 percent). It should be noted that the principal beneficiaries of the GSP designation of these items would be established ceramics manufacturing countries such as Korea, Taiwan, and Brazil, which have already made significant inroads in the U.S. market.

Imports of earthenware mugs and other steins (TSUS item 533.30) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Korea.....	15,254	20
Taiwan.....	7,610	10
Brazil.....	5,975	8
Hong Kong.....	697	1
Other GSP.....	163	1/
Total.....	29,699	39

1/ Less than 0.05 percent.

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Imports of high-valued chinaware (TSUS item 533.64) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Sri Lanka.....	1,855	2
Philippines.....	1,772	2
Brazil.....	506	1
Hong Kong.....	363	<u>1/</u>
Other GSP.....	<u>112</u>	<u>1/</u>
Total.....	4,608	5

1/ Less than 0.05 percent.

Conditions of competition in U.S. market

In consumer goods such as ceramic table and kitchen articles, non-price factors such as design and quality are often more significant purchase factors than price. This is more prevalent in the higher-valued chinaware category, where consumers are willing to pay a much higher price for perceived higher quality and certain brand name products. The U.S. market for the mugs and steins subject to this investigation is generally more price sensitive due to the lower level of craftsmanship expected. The domestic market for ceramic tableware in general is associated with imported merchandise due to the limited number of domestic sources and the design and style offered by reputable and well-known sources in Japan and European countries which appeal to many U.S. consumers.

Position of interested parties

Russ Berrie & Co., Inc., a U.S. importer and the petitioner for earthenware and stoneware mugs and other steins, supports the designation of TSUS item 533.30 for GSP eligibility. The petitioner states that such designation will benefit imports from developing countries vis-a-vis imports from Japan, create greater employment and capital investment in these countries, and would not adversely affect the U.S. industry.

The Government of the Philippines, the petitioner for household ware of nonbone china or subporcelain available in specified sets valued over \$56, supports the designation of TSUS item 533.64 for GSP eligibility. The petitioner states that without GSP eligibility, the Philippines is at a disadvantage in the U.S. market vis-a-vis imports from developed countries, that such eligibility would not adversely affect the U.S. industry and would benefit the Philippine industry, and that other developed countries have granted such treatment to this product.

The American Restaurant China Council, which represents domestic producers of commercial chinaware, states that the granting of GSP treatment to these articles (items 533.30 and 533.64) will adversely impact commercial chinaware manufacturers. The council claims that their industry has already been affected by lower cost imports of these mugs from GSP-eligible countries, and the domestic industry's competitive position would further deteriorate as a result of GSP designation. Concerning imports of higher-valued household

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chinaware, the council states that due to the wide disparity in tariff rates between commercial and household chinaware, GSP designation would result in greater incentive to misclassify U.S. commercial chinaware imports, which is already occurring to a limited degree. Increased misclassification would adversely affect the U.S. industry.

The Pfaltzgraff Company, Scio Pottery Company, and Homer Laughlin Company, all domestic producers of household earthenware (including mugs), state that there is a domestic industry producing these mugs, contrary to the petitioner's assertion, that duty-free treatment is not needed for the designated beneficiary countries to compete in the U.S. market, and claims that designation of these mugs (item 533.30) would adversely affect the U.S. industry.

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Table A.—Certain ceramic table and kitchen articles: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Period	U.S. producers' shipments	Exports 1/	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (1,000 dozen)					
1981.....	2/	437	11,889	2/	—
1982.....	2/	1,141	12,387	2/	—
1983.....	2/	1,098	16,328	2/	—
1984.....	2/	1,757	18,440	2/	—
1985.....	2/	1,222	21,835	2/	—
January–June—					
1985.....	2/	769	10,288	2/	—
1986.....	2/	573	11,037	2/	—
Value (1,000 dollars)					
1981.....	2/	7,448	120,135	2/	—
1982.....	2/	11,078	113,256	2/	—
1983.....	2/	9,655	137,204	2/	—
1984.....	2/	12,989	163,121	2/	—
1985.....	2/	9,001	164,132	2/	—
January–June—					
1985.....	2/	5,284	79,898	2/	—
1986.....	2/	4,090	77,501	2/	—
Unit value (dollars per dozen)					
1981.....	—	\$17.03	\$10.10	—	—
1982.....	—	9.71	9.14	—	—
1983.....	—	8.80	8.40	—	—
1984.....	—	7.39	8.85	—	—
1985.....	—	7.36	7.52	—	—
January–June—					
1985.....	—	6.87	7.77	—	—
1986.....	—	7.14	7.02	—	—

1/ Estimated by the staff of the U.S. International Trade Commission.

2/ Not available.

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

Table B.--Certain ceramic table and kitchen articles: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981		1982		1983		1984		1985		January-June-- 1986	
	Quantity (1,000 dozen)	Value (1,000 dollars)	Quantity (1,000 dozen)	Value (1,000 dollars)	Quantity (1,000 dozen)	Value (1,000 dollars)	Quantity (1,000 dozen)	Value (1,000 dollars)	Quantity (1,000 dozen)	Value (1,000 dollars)	Quantity (1,000 dozen)	Value (1,000 dollars)
U King	15	316	95	1,219	98	379	379	379	385	276	90	276
Austral	40	423	139	1,555	286	323	323	323	295	181	190	181
Singapr	4	107	20	479	53	50	50	50	58	37	28	37
Japan	3	73	225	644	90	38	38	38	46	36	9	36
Belgium	1	3	106	396	140	177	177	177	153	87	114	87
Rep Saf	1	34	109	927	87	187	187	187	69	38	27	38
Canada	182	2,063	162	1,882	154	1,823	1,823	1,823	78	52	21	78
Hg Kong	3	15	13	73	3	22	22	22	11	8	3	11
All other	188	4,415	273	4,024	188	3,358	3,358	3,358	128	54	92	128
Total	437	7,448	1,141	11,078	1,098	12,989	12,989	12,989	1,222	769	573	1,222
Value (1,000 dollars)												
U King	316	1,219	971	2,761	971	2,761	2,761	2,761	2,415	1,796	663	2,415
Austral	423	1,555	1,524	2,285	2,285	2,285	2,285	2,285	1,472	863	869	1,472
Singapr	107	479	479	515	515	515	515	515	887	516	300	887
Japan	73	396	644	858	858	858	858	858	775	491	248	775
Belgium	3	3	621	769	769	769	769	769	692	386	472	692
Rep Saf	34	927	955	1,295	1,295	1,295	1,295	1,295	479	235	173	479
Canada	2,063	1,882	1,572	823	823	823	823	823	411	223	118	411
Hg Kong	15	73	130	260	260	260	260	260	260	168	124	260
All other	4,415	4,024	2,461	3,358	3,358	3,358	3,358	3,358	1,609	607	1,123	1,609
Total	7,448	11,078	9,655	12,989	12,989	12,989	12,989	12,989	9,001	5,284	4,090	9,001
Unit value (per dozen)												
U King	\$21.59	\$12.79	\$9.94	\$7.28	\$9.94	\$7.28	\$7.28	\$7.28	\$6.28	\$6.51	\$7.40	\$6.28
Austral	10.45	11.22	5.33	7.08	5.33	7.08	7.08	7.08	4.98	4.76	4.57	4.98
Singapr	29.85	18.32	9.08	10.24	9.08	10.24	10.24	10.24	15.43	13.91	10.72	15.43
Japan	22.50	2.86	10.47	22.49	10.47	22.49	22.49	22.49	16.94	13.70	29.12	16.94
Belgium	8.72	3.75	4.45	4.35	4.45	4.35	4.35	4.35	4.54	4.42	4.13	4.54
Rep Saf	30.38	8.51	11.01	6.93	11.01	6.93	6.93	6.93	6.90	6.26	6.35	6.90
Canada	11.31	11.64	10.24	6.14	10.24	6.14	6.14	6.14	5.28	4.28	5.72	5.28
Hg Kong	4.63	5.81	39.95	14.59	39.95	14.59	14.59	14.59	24.21	20.88	45.88	24.21
All other	23.44	14.73	13.07	7.52	13.07	7.52	7.52	7.52	12.53	11.31	12.23	12.53
Average	17.03	9.71	8.80	7.39	8.80	7.39	7.39	7.39	7.36	6.87	7.14	7.36

1/ Less than 500.

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

Table C.--Certain ceramic table and kitchen articles: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June--	
						1985	1986
	Quantity (1,000 dozen)						
Japan	6,847	6,515	8,517	9,291	10,661	4,823	5,701
Kor Rep	1,575	1,366	2,278	2,799	3,752	1,962	1,645
Fr Germ	841	1,393	1,207	913	1,306	465	501
U King	764	1,016	1,571	1,347	1,985	1,057	676
China t	797	830	1,053	1,650	1,784	1,755	938
Brazil	35	60	106	503	514	266	289
France	63	48	112	90	88	25	53
China M	240	382	694	1,031	678	387	647
All other	728	778	789	817	1,068	547	586
Total	11,889	12,387	16,328	18,440	21,835	10,288	11,037
	Value (1,000 dollars)						
Japan	68,597	56,850	76,341	92,036	88,684	42,998	40,696
Kor Rep	6,754	5,947	8,058	12,993	15,274	8,652	6,749
Fr Germ	13,919	19,977	19,169	14,599	15,233	7,293	7,674
U King	7,841	8,205	9,333	9,437	11,583	5,834	4,917
China t	3,088	3,044	3,482	6,607	7,663	2,950	3,936
Brazil	803	1,555	2,196	5,932	6,481	3,062	2,718
France	3,186	2,476	2,565	3,662	4,181	1,481	2,516
China M	697	1,435	3,041	3,186	2,344	1,319	2,105
All other	15,250	13,766	13,019	14,669	12,690	6,308	6,190
Total	120,135	113,256	137,204	163,121	164,132	79,898	77,501
	Unit value (per dozen)						
Japan	\$10.02	\$8.73	\$8.96	\$9.91	\$8.32	\$8.92	\$7.14
Kor Rep	4.29	4.35	3.54	4.64	4.07	4.41	4.10
Fr Germ	16.56	14.35	15.89	15.98	11.67	15.70	15.31
U King	10.26	8.08	5.94	7.01	5.84	5.52	7.27
China t	3.88	3.67	3.31	4.01	4.29	3.91	4.19
Brazil	23.07	26.04	20.69	11.80	12.62	11.50	9.41
France	50.46	52.13	22.84	40.80	47.65	58.26	47.83
China M	2.91	3.76	4.38	3.09	3.46	3.41	3.25
All other	20.95	17.69	16.50	17.95	11.88	11.52	10.57
Average	10.10	9.14	8.40	8.85	7.52	7.77	7.02

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

Table D.--Certain ceramic table and kitchen articles: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 dozen)						
Gross imports	12,387	16,328	18,440	21,835	11,037	100
Developed countries, total	9,272	11,645	11,910	14,368	7,115	64
GSP countries, total	2,565	3,837	5,309	6,607	3,178	29
Kor Rep	1,366	2,278	2,799	3,752	1,645	15
China t	830	1,053	1,650	1,784	1,938	9
Brazil	60	106	503	514	289	3
Sri Lanka	69	77	90	100	88	1
Phil R	159	252	105	61	52	1/
Hg Kong	71	45	129	317	153	1
Chile	1	2	4	12	10	1/
Romania	0	1	21	18	1	1/
Other GSP	8	23	10	49	2	1/
Other	550	846	1,221	861	744	7
Value (1,000 dollars)						
Gross imports	113,256	137,204	163,121	164,132	77,501	100
Developed countries, total	94,970	113,514	126,972	124,504	58,025	75
GSP countries, total	15,385	18,580	30,506	34,305	16,536	21
Kor Rep	5,947	8,058	12,993	15,274	6,749	9
China t	3,044	3,482	6,607	7,663	3,936	5
Brazil	1,555	2,196	5,932	6,481	2,718	4
Sri Lanka	1,459	1,448	1,635	1,855	1,368	2
Phil R	3,060	2,550	2,704	1,773	1,145	1
Hg Kong	216	191	368	1,059	536	1
Chile	11	24	45	87	63	1/
Romania	-	3	70	56	1	1/
Other GSP	93	628	152	55	20	1/
Other	2,901	5,110	5,642	5,322	2,939	4

1/ less than 0.5 percent.

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



ENAMELS, COLORS, GLAZES, AND FLUXES, OTHER THAN GROUND OR PULVERIZED

DIGEST NO. A112

ENAMELS, COLORS, GLAZES, AND FLUXES, OTHER THAN GROUND OR PULVERIZED
DIGEST NO. A112 (GSP Addition)

Background

Description and uses

The items included in this digest are enamels, colors, glazes, and fluxes of glass, frit, or calcine in other than ground or pulverized form. The main item of this group is vitreous enamel frit, an intermediate product used in the manufacture of porcelain enamel. Vitreous enamel frit is also employed as a constituent of ceramic glazes and other ceramic compositions.

The TSUS item number for the articles under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Enamels, colors, glazes, and fluxes of glass, frit or calcine, other than ground or pulverized: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col 1 rate of duty effective during—		
		1981	1985	1987
		—Percent ad valorem—		
540.27	Enamels, colors, glazes, and fluxes of glass, frit, or calcine other than ground or pulverized.	28.9	18.7	13.6
		U.S. imports in 1985 (\$1,000)		Product produced in U.S., Jan. 3, 1985
540.27	Enamels, glazes, and fluxes of glass, frit, or calcine, other than ground or pulverized.....	49		Yes.

U.S. producers and employment

The United States is probably the world's largest producer of vitreous enamel frit. It is estimated that there are approximately 10 domestic establishments producing frits for aluminum, steel, other metal substrates, and clayware. The industry is primarily concentrated in highly industrialized states, such as Pennsylvania and Ohio. Some producers are large multiproduct chemical firms manufacturing frit for sale to the trade; other producers manufacture frit exclusively for internal consumption. Employment in the industry is estimated at approximately 700.

U.S. consumption and shipments

In 1985 U.S. consumption of vitreous enamel was estimated at 127 million pounds, valued at approximately \$62 million (table A). During 1981-85 both consumption and shipments increased by slightly under 20 percent as a result of the economic recovery generating increased demand of consumer durable goods. In 1985 U.S. shipments were estimated at 130 million pounds (\$72 million). Since shipment figures do not include vitreous enamel frit produced for internal consumption, the actual U.S. consumption of this product is somewhat understated. Import penetration is very low, less than 1 percent of the U.S. market.

U.S. exports

Exports of the articles under investigation increased by 22 percent during 1981-85 to \$9.7 million (table B). Principal export markets were Japan and Canada, which together accounted for almost 65 percent of the U.S. exports of this product in 1985. During January-June 1986 U.S. exports increased by 14 percent compared to the first 6 months of the previous year primarily because of high-unit-value shipments to the United Kingdom. Shipments to Japan and Canada showed a slight decline.

U.S. imports

U.S. imports under TSUS item 540.27 consisted mainly of vitreous enamel frit and were minimal throughout the period (under \$50,000 each year). Imports increased by over 200 percent during 1981-85 to \$49,000 in 1985. Principal foreign sources were Japan, France, Spain, and the United Kingdom. Nearly all imports appeared to consist of specialty products not available in the United States. Ninety percent of the imports in 1985 originated in developed countries. Imports from GSP-eligible countries were zero in 1985 and negligible throughout the period.

Conditions of competition in U.S. market

In the case of vitreous enamels, buyers are willing to pay a higher price for non-price factors such as higher quality, timely deliveries, and technical support. These enamels are generally used on appliances, automotive parts,

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bathroom fixtures, and a number of other durable consumer items. The quality of the enamel, primarily rated on the basis of resistance to impact and appearance, is a determinant of the durability of the final product. Producers therefore look primarily for quality when selecting a supplier. Furthermore, chemical products have a short shelf life and buyers tend to restock at short intervals; reliability of deliveries is an important factor, because it ensures uninterrupted production. This need has become even stronger in recent times, since manufacturers are minimizing stocks and requiring the supplier to deliver the material "as needed". Domestic suppliers are therefore in a position to dominate the market, since they offer proven quality, timely deliveries, and technical support. Foreign suppliers primarily provide special types of vitreous enamel frit not manufactured in the United States either because of insufficient demand or because U.S. environmental regulations impose costs that impair the U.S. product's viability on the market.

Position of interested parties

The petitioners for the designation of TSUS item 540.27 for GSP eligibility are the Government of Mexico and Ferro Mexicana, S.A., Mexico, a subsidiary of Ferro Corporation, one of the largest U.S. producers of vitreous enamel frit. However, in recent correspondence with the U.S. Trade Representative Office, Ferro Mexicana indicated that it did not authorize the request to the Mexican Government to submit such petition to the United States

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Trade Representative Office, it does not consider it appropriate, and does not support it. Accordingly, Ferro Mexicana requested withdrawal of the petition.

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Table A.—Enamels, colors, glazes, and fluxes, not ground or pulverized:
U.S. producers' shipments, exports of domestic merchandise, imports for
consumption, and apparent consumption, 1981-85, January-June 1985, and
January-June 1986

Period	U.S. producers' shipments			Apparent consumption	Ratio of imports to consumption
	Exports	Imports			
Quantity (1,000 pounds)					
1981.....	<u>1/</u> 109,100	2,481	24	<u>1/</u> 106,600	<u>2/</u>
1982.....	108,600	2,065	22	106,557	<u>2/</u>
1983.....	<u>1/</u> 115,000	2,785	12	<u>1/</u> 112,200	<u>2/</u>
1984.....	<u>1/</u> 125,000	3,179	9	<u>1/</u> 122,000	<u>2/</u>
1985.....	<u>1/</u> 130,300	3,470	47	<u>1/</u> 126,900	<u>2/</u>
January-June—					
1985.....	<u>1/</u> 80,000	1,820	44	<u>1/</u> 78,200	<u>2/</u>
1986.....	<u>1/</u> 78,000	1,669	80	<u>1/</u> 76,400	<u>2/</u>
Value (1,000 dollars)					
1981.....	<u>1/</u> 60,075	7,955	11	<u>1/</u> 52,100	<u>2/</u>
1982.....	59,800	6,892	13	<u>1/</u> 52,921	<u>2/</u>
1983.....	<u>1/</u> 63,300	8,841	16	<u>1/</u> 54,475	<u>2/</u>
1984.....	<u>1/</u> 68,800	9,820	10	<u>1/</u> 59,000	<u>2/</u>
1985.....	<u>1/</u> 71,700	9,728	49	<u>1/</u> 62,000	<u>2/</u>
January-June—					
1985.....	<u>1/</u> 35,000	5,499	31	<u>1/</u> 29,500	<u>2/</u>
1986.....	<u>1/</u> 37,000	6,280	10	<u>1/</u> 30,700	<u>2/</u>
Unit value (dollars per pound)					
1981.....	<u>1/</u> .55	\$3.21	\$0.46	—	—
1982.....	.55	3.34	.59	—	—
1983.....	<u>1/</u> .55	3.17	1.35	—	—
1984.....	<u>1/</u> .55	3.09	1.09	—	—
1985.....	<u>1/</u> .55	2.80	1.04	—	—
January-June—					
1985.....	<u>1/</u> .55	3.02	.70	—	—
1986.....	<u>1/</u> .55	3.76	.13	—	—

1/ Estimated by the staff of the U.S. International Trade Commission.

2/ Less than 0.5.

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

Table B.--Enamels, colors, glazes, and fluxes: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	Quantity (1,000 pounds)					Value (1,000 dollars)				
	1981	1982	1983	1984	1985	1985	1986	1985	1986	
Japan	350	157	227	292	215	183	95			
Canada	221	1,119	1,655	1,687	2,337	1,172	981			
U King	112	101	72	36	98	69	62			
Fr Germ	61	63	15	184	177	108	37			
Venez	152	77	44	257	154	90	112			
China t	3	8	4	9	43	7	66			
Mexico	470	63	141	143	74	10	11			
France	144	10	3	1	1	1	18			
All other	968	471	616	568	371	181	287			
Total	2,481	2,065	2,785	3,179	3,470	1,820	1,669			
	Value (1,000 dollars)									
Japan	1,657	1,862	2,403	3,548	3,122	2,068	1,948			
Canada	2,429	2,851	3,345	2,814	3,079	1,377	1,681			
U King	340	484	824	1,127	1,084	668	1,145			
Fr Germ	454	231	252	461	493	258	316			
Venez	178	73	43	315	336	229	192			
China t	236	209	259	75	263	134	188			
Mexico	577	196	195	185	164	34	86			
France	498	112	239	122	164	102	80			
All other	1,586	875	1,280	1,174	1,023	628	646			
Total	7,955	6,892	8,841	9,820	9,728	5,499	6,280			
	Unit value (per pound)									
Japan	\$4.73	\$11.90	\$10.58	\$12.14	\$14.51	\$11.30	\$20.52			
Canada	10.99	2.55	2.02	1.67	1.32	1.18	1.71			
U King	3.04	4.82	11.39	31.65	11.06	9.69	18.42			
Fr Germ	7.42	3.64	16.39	2.50	2.79	2.39	8.53			
Venez	1.17	0.95	0.98	1.22	2.18	2.53	1.72			
China t	79.27	27.33	73.19	8.46	6.13	19.24	2.85			
Mexico	1.23	3.11	1.39	1.29	2.22	3.49	8.03			
France	3.47	16.75	23.28	46.92	404.61	354.36	4.43			
All other	1.64	1.86	2.08	2.07	2.76	3.47	2.25			
Average	3.21	3.34	3.17	3.09	2.80	3.02	3.76			

1/ Less than 500.

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

Table C.--Enamels, colors, glazes, and fluxes: U.S. imports for consumption, by principal sources, 1981-85,
January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)					Value (1,000 dollars)				
	1981	1982	1983	1984	1985	1985	1985	1985	1985	1986
Japan	24	20	11	0	3	9	47	54	3	0
France	0	0	0	0	3	0	0	0	0	0
Spain	0	0	0	0	39	0	39	39	39	39
U. King	1/	1	0	3	1	1	1	1	1	1
Canada	0	1	0	0	1	0	1	1	1	0
Belgium	0	0	0	6	0	6	0	0	0	40
Hg Kong	0	0	0	1/	0	1/	0	0	0	0
Mexico	0	0	1/	1/	0	1/	0	0	0	0
All other	1/	1/	1/	1/	0	1/	0	0	0	0
Total	24	22	12	9	47	9	47	54	3	80
Value (1,000 dollars)										
Japan	9	8	14	-	19	-	19	19	19	-
France	-	-	-	-	14	-	14	14	-	-
Spain	-	-	-	-	6	-	6	6	6	6
U. King	1	4	-	4	5	4	5	5	1	2
Canada	-	1	-	-	5	-	5	5	-	-
Belgium	-	-	-	3	-	3	-	-	-	3
Hg Kong	-	-	-	1	-	1	-	-	-	-
Mexico	-	-	1	1	-	1	-	-	-	-
All other	1	1/	1/	1/	-	1/	-	-	-	-
Total	11	13	16	10	49	10	49	31	31	10
Unit value (per pound)										
Japan	\$0.38	\$0.39	\$1.29	-	\$5.83	-	\$5.83	\$5.83	\$5.83	-
France	-	-	-	-	5.02	-	5.02	-	-	-
Spain	-	-	-	-	0.15	-	0.15	0.15	0.15	0.15
U. King	6.38	3.58	-	1.63	10.31	1.63	10.31	2.17	2.17	1.40
Canada	-	0.89	-	-	3.88	-	3.88	3.88	-	-
Belgium	-	-	-	0.52	-	0.52	-	-	-	0.07
Hg Kong	-	-	-	113.75	-	113.75	-	-	-	-
Mexico	-	-	3.00	3.00	-	3.00	-	-	-	-
All other	5.05	4.34	2.17	2.92	-	2.92	-	-	-	-
Average	0.46	0.59	1.35	1.09	1.04	1.09	1.04	0.70	0.70	0.13

1/ Less than 500.

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

Table D.--Enamels, colors, glazes, and fluxes: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports	22	12	9	47	80	100
Developed countries, total	22	11	9	8	41	51
GSP countries, total	0	2/	2/	0	0	0
Mexico	0	2/	2/	0	0	0
Hg Kong	0	0	2/	0	0	0
China	0	0	2/	0	0	0
Other	0	2/	0	39	39	49
Value (1,000 dollars)						
Gross imports	13	16	10	49	10	100
Developed countries, total	13	14	8	43	4	43
GSP countries, total	-	1	2	-	-	-
Mexico	-	1	1	-	-	-
Hg Kong	-	-	1	-	-	-
China	-	-	2/	-	-	-
Other	-	2/	-	6	6	57

1/ Less than 0.5 percent.

2/ Less than 500.

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

STRONTIUM, UNALLOYED, UNWROUGHT, AND WASTE AND SCRAP
DIGEST NO. A113

STRONTIUM, UNALLOYED, UNWROUGHT, AND WASTE AND SCRAP
DIGEST NO. A113 (GSP Addition)

Background

Description and uses

Strontium is a metallic element of the alkaline group. It occurs in the minerals strontianite and celestite and resembles barium and calcium in its properties and combinations, but is slightly harder and less reactive than barium and is softer than calcium. The metal is silvery white and lustrous and it quickly forms a protective oxide coating in the air. Strontium combines readily with oxygen to form an oxide when heated. The melting point of strontium is approximately 770 degrees C. The metal is extracted from the ore through the process of electrolysis. Although strontium is used primarily as a compound, strontium metal, as an alloy with aluminum, has found applications in vacuum tubes, automotive wheels, and in engine blocks and other automotive parts, where it provides flexibility and machinability to the final product. Primary strontium compounds are used in the manufacture of glass for color television picture tube faceplates, 53%; pyrotechnics and signals, 14%; ferrite ceramic magnets, 11%; and other uses, 22%.

The TSUS item number for the articles under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Digest No.
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Strontium, unalloyed, unwrought, and waste and scrap: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

(Percent ad valorem)

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
632.46	Strontium, unalloyed, unwrought and waste and scrap.	4.7%	4%	3.7%
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
632.46	Strontium, unalloyed, unwrought and waste scrap.	86	No.	

U.S. producers and employment

There have been no U.S. producers of strontium metal since 1959. Only one U.S. company is a major producer of strontium compounds.

U.S. consumption, production, and imports

As there is presently no production of strontium metal, U.S. imports are equal to U.S. consumption. U.S. imports decreased from 33,382 pounds (\$331,000) in 1981 to 9,052 pounds (\$86,000) in 1985 (table A). Canada supplied all imports between 1981-85. There were no imports from GSP nations during 1981-85. Demand for strontium metal has been dependent on demand by aluminum alloyers which, in turn, depends on final demand for aluminum products and on strontium inventory levels.

U.S. exports

U.S. exports of strontium metal are not separately reported in the official trade statistics, but are believed to total zero.

Conditions of competition in U.S. market

Since there is no domestic production of strontium metal, the United States is completely dependent on imports of this item at the present time.

Position of interested parties

The Fomento Y Desarrollo de Pequeños Mineras, a trade association representing Mexican producers of strontium metal, has petitioned for duty free treatment of strontium metal, TSUS 632.46, imported into the United States from Mexico.

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Table A.—Strontium, unalloyed, unwrought, and waste scrap: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Period	U.S. production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (pounds)					
1981.....	0	0	33,382	33,382	100
1982.....	0	0	14,633	14,633	100
1983.....	0	0	1,991	1,991	100
1984.....	0	0	1,424	1,424	100
1985.....	0	0	9,052	9,052	100
Jan.—June—					
1985.....	0	0	8,470	8,470	100
1986.....	0	0	29,954	29,954	100
Value (1,000 dollars)					
1981.....	0	0	331	331	100
1982.....	0	0	137	137	100
1983.....	0	0	23	23	100
1984.....	0	0	18	18	100
1985.....	0	0	86	86	100
Jan.—June—					
1985.....	0	0	82	82	100
1986.....	0	0	283	283	100
Unit value (dollars per pound)					
1981.....	—	—	\$9.90	—	—
1982.....	—	—	9.37	—	—
1983.....	—	—	11.45	—	—
1984.....	—	—	12.63	—	—
1985.....	—	—	9.52	—	—
Jan.—June—					
1985.....	—	—	9.68	—	—
1986.....	—	—	9.46	—	—

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

Table B.--Strontium, unalloyed, unwrought and waste and scrap: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (pounds)						
Canada	33,382	14,633	1,991	1,424	9,052	8,470
Total	33,382	14,633	1,991	1,424	9,052	29,954
Value (1,000 dollars)						
Canada	331	137	23	18	86	82
Total	331	137	23	18	86	283
Unit value (per pound)						
Canada	\$9.90	\$9.37	\$11.45	\$12.63	\$9.52	\$9.46
Average	9.90	9.37	11.45	12.63	9.52	9.46

^{1/} Less than 500.

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

BALL OR ROLLER BEARING TYPE PILLOW BLOCK UNITS

DIGEST NO. A114

BALL OR ROLLER BEARING TYPE PILLOW BLOCK UNITS
DIGEST NO. A114 (GSP Addition)

Background

Description and uses

A ball or roller bearing type pillow block unit consists of a ball or roller bearing (called an "insert") implanted into a casing that allows the unit to be attached by bolts to a surface parallel to the bearing's axis, typically to a floor or other horizontal surface, such as on heavy equipment. When the casing allows for attachment perpendicular to the bearing's axis, usually to a vertical surface, this product is called a "flange" and is classified under Tariff Schedules of the United States (TSUS) item 681.10. Approximately 90 percent of all ball or roller bearing type pillow block units produced use an iron casting for housing the bearing insert—malleable metal was used until its price rose. The housing for the remaining 10 percent of production is of cast steel. Ball bearing type pillow block units are generally small (under 2-1/2 inches shaft size) and average about \$30 in price when sold to original equipment manufacturers (OEM's). Ball bearing type pillow block units are typically incorporated into agricultural and construction machinery and smaller industrial fans and blowers. Roller bearing pillow block units are relatively large (under 5 inches shaft size) and average about \$100 in price when sold to an OEM. Roller bearing type pillow block units are primarily used in heavy industrial applications, also including larger industrial fans and blowers. The Tariff Schedules of the United States Annotated (TSUSA) item number for the articles under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the Generalized System of Preferences (GSP) competitive status.

Ball or roller bearing type pillow block units: TSUSA item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		(percent ad valorem)		
TSUSA item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
681.0410	Ball or roller bearing type pillow block units.	8.6%	6.7%	5.7%
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
681.0410	Ball or roller bearing type pillow block units.	6,509	Yes.	

U.S. producers and employment

Currently, there are approximately 22 U.S. producers of ball and roller bearing type pillow block units. The number of U.S. producers has decreased by about 10 firms since 1981. The most prominent U.S. producers of these articles are the Fafnir Div. of The Torrington Co., the Reliance Electric subsidiary of Dodge-Master Reeves, PT Components Inc., McGill Manufacturing Co. Inc., and the Browning Mfg. Div. of Emerson Electric Co. About 10 U.S. producers of these articles also were importers during 1982 through June 1986, several of which assemble ball or roller bearing type pillow block units in the United States with both foreign and domestically produced components. U.S. producers began to switch to foreign-built components in their assembly

operations in 1983. This occurred primarily in the production of ball bearing type pillow blocks because of the need to reduce high unit production costs in the face of increased domestic competition arising from: (1) the increased foreign sourcing of ball or roller bearing type pillow block units; and (2) a declining U.S. market resulting from depressed demand in the agricultural machinery industry. Employment for 1985 in the manufacture of ball or roller bearing type pillow block units is estimated at 5,000 workers. Approximately 30 percent of the labor content used in producing ball or roller bearing type pillow block units is directly related to the manufacture of the ball or roller bearing insert and 60 percent is dedicated to the manufacture and assembly of the casing for the bearing.

U.S. consumption and shipments

During 1981-85, estimated apparent U.S. consumption of ball or roller bearing type pillow block units increased from \$191.8 million to \$213.0 million, or by 11 percent (table A). The increase in consumption was primarily due to the growing demand for these products from OEM's of industrial fans and blowers and construction machinery. However, the increase in demand in these two industry sectors was partially offset by weak demand in the agricultural machinery industry, which has faced a depressed market since 1979. According to industry sources, the U.S. industry is currently operating significantly below capacity since there is relatively low demand for these

products. Industry sources also indicate that approximately two-thirds of the market for these products is accounted for by OEM's and the remaining third is accounted for by the replacement aftermarket. About half of the OEM market is serviced by distributors and half directly by manufacturers. Approximately two-thirds of market demand is for ball bearing type pillow block units with the remaining demand for roller bearing type pillow block units.

U.S. shipments of ball or roller bearing type pillow block units increased by almost 10 percent, rising from an estimated \$196.0 million in 1981 to \$215.1 million in 1985 (table A). The economic factors responsible for the increase in shipments were the same as those causing the increase in apparent consumption. The rate of growth in U.S. shipments during 1982-85 did not keep pace with that of apparent U.S. consumption because of increased import penetration in the market. The increasing import penetration was a result primarily of increased foreign sourcing by U.S. suppliers. The ratio of imports to estimated apparent consumption rose from 2 percent in 1981 to slightly below 4 percent in 1983-84, and then dropped to 3 percent in 1985.

U.S. exports

U.S. exports of ball or roller bearing type pillow blocks are not separately reported in the official U.S. trade statistics, but are grouped in a broader export classification that includes all mounted ball and roller bearings. Estimated exports of ball and roller bearing type units were valued at \$8.7 million in 1981 and remained relatively constant at that level through

1985, when they totaled an estimated \$8.5 million (table B). Estimated U.S. exports during January-June 1986 have decreased by 31 percent, compared with the corresponding period of 1985. During 1981-85, Canada was the principal export market and in 1985 accounted for 31 percent, or an estimated \$2.7 million of total U.S. exports of these articles. Mexico was the second largest export market during this period, and accounted for an estimated 19-percent share of total U.S. exports of these products, or \$1.6 million, in 1985. U.S. exports during 1981-85 remained stagnant primarily because of weak overseas demand in machinery producing industries, as well as the increased competition in world markets. U.S. export growth during 1982-85 was further hampered as a result of the highly valued U.S. dollar relative to the currencies of major U.S. trading partners, especially Japan and Western Europe, in markets where the principal competition was from Japanese and Western European producers.

U.S. imports

U.S. imports of ball and roller bearing type pillow block units rose from \$4.5 million in 1981 to \$7.3 million in 1984, before dropping to \$6.5 million in 1985. Overall, U.S. imports of these products increased by 44 percent during 1981-85 (table C). Japan, the United Kingdom, and Canada were the principal U.S. suppliers of these articles during 1981-85. In 1985, imports from Japan accounted for 56 percent of total U.S. imports (\$3.6 million), while those from the United Kingdom and Canada accounted for 14 percent

(\$904,000) and 12 percent (\$796,000), respectively. U.S. imports from all developed countries accounted for 83 percent of total imports in 1985. U.S. imports from GSP eligible countries increased from an estimated \$177,000 (4 percent of total imports) to an estimated \$1.1 million (17 percent of total imports) in 1985 (table D). U.S. imports from Taiwan accounted for an estimated 49 percent (\$549,000) of total imports from GSP eligible countries in 1985 and those from Korea accounted for 47 percent (\$524,000). The remainder of total estimated GSP imports in 1985 was accounted for by Brazil, Singapore, and Romania. According to industry sources, imports of roller bearing type pillow blocks tend to be sourced from developed countries whereas ball bearing type pillow blocks tend to be supplied by the GSP countries. Imports from Mexico totaled an estimated \$21,000 in 1984; there were no U.S. imports of these articles from Mexico during 1981-83 and January 1985-June 1986. Imports of ball and roller bearing type pillow block units from eligible GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan.....	\$ 549	8
Korea.....	524	8
Brazil.....	41	1
Singapore.....	9	<u>1/</u>
Romania.....	2	<u>1/</u>
Other GSP.....	—	—
Total.....	<u>2/ 1,126</u>	<u>17</u>

1/ Less than 0.5 percent.

2/ Total may not add due to rounding.

U.S. imports of these articles under TSUS item 806.30 totaled \$1,280 in 1982 and were supplied by Canada. During 1981-June 1986, no U.S. imports of these articles were entered under TSUS item 807.00.

Conditions of competition in the U.S. market

The most important factor influencing a U.S. purchaser's decision to buy ball or roller bearing type pillow block units is price, since foreign produced ball or roller bearing type pillow block units do not offer any significant design advantage over similar domestically produced articles. Closely following price as a factor in the U.S. buyer's purchasing decision are quality, brand loyalty, and service. OEM's are more concerned with price and delivery of these products, whereas distributors in the replacement market are more concerned with product quality and supplier relationships. According to industry sources, market prices for ball and roller bearing type pillow block units bottomed out in 1985 and have since started to increase. The decline in U.S. prices prior to 1985 was primarily due to weak demand for these products from OEM's, which have increasingly turned to purchasing foreign-built products as well as to the offshore sourcing of the products that incorporate these types of pillow block units. In the import market, the decline in U.S. prices prior to 1985 was heavily influenced by the low value of the Japanese yen and the United Kingdom pound relative to the U.S. dollar and thus an increasing volume of less expensive imports putting downward

pressure on domestic prices. Recently, prices have risen as the U.S. dollar has decreased in value relative to the currencies of major U.S. trading partners. Industry sources indicate that given comparable product quality, the price differential of foreign produced articles is between 5 and 10 percent below that of a domestically produced item. However, U.S. purchasers would likely buy the domestically built product because of such factors as engineering support and, in some cases, because of faster delivery times provided by the U.S. manufacturer. U.S. purchasers will buy ball and roller bearing type pillow block units from U.S. manufacturers of these articles because they frequently purchase other related components from these same firms. Prices of imports from developing countries, such as Taiwan, Korea, Brazil, and Romania, range between 30 to 40 percent below prices of domestically produced articles. However, such imports are usually of a lesser quality than those produced domestically.

Position of interested parties

The Government of Mexico has petitioned for duty-free treatment of U.S. imports of ball and roller bearing type pillow block units entering under TSUS item 681.04. The petitioner indicated that LKS Rodamientos y-Equipos, S.A. de C.V., Borg Warner of Mexico, S.A. de C.V. (a subsidiary of Borg Warner Corp. (United States), and DODGE de Mexico, S.A., will be the principal Mexican

firms to benefit from duty-free GSP status. The petition stated that current estimated production capacity in Mexico for the products covered by this digest is 60,000 pieces 1/ per month. Estimated capacity utilization at these plants in Mexico during 1984-86 declined from 30 percent to 25 percent.

No other interested parties have expressed a position with respect to the GSP eligibility status of TSUSA item 681.0410.

1/ Production of "pieces" (components) do not translate equally into production of units since a ball or roller bearing type pillow block unit consists of several components including inner and outer races, bearings, and housing. An accurate estimation of unit production can not be provided because the assembly plans (e.g., the number of components that are planned to be assembled into complete units versus the number of components to be shipped unassembled) of the Mexican facilities producing these products are not known.

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Table A.—Ball or roller bearing type pillow block units: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85, January-June 1985, and January-June 1986

Period	U.S. producers'	Exports 1/	Imports	Apparent	Ratio (percent)
	shipments 1/			consumption 1/	of imports to consumption 1/
Value (1,000 dollars)					
1981.....	196,000	8,717	4,533	191,816	2.4
1982.....	168,000	8,494	4,176	163,682	2.6
1983.....	171,600	7,279	5,991	170,312	3.5
1984.....	208,900	8,816	7,268	207,352	3.5
1985.....	215,100	8,850	6,509	213,029	3.1
Jan.—June—					
1985.....	107,600	4,052	3,604	107,152	3.4
1986.....	108,600	2,816	3,466	109,250	3.2

1/ Estimated by the staff of the U.S. International Trade Commission.

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

Table B.--Ball or roller bearing type pillow block units: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	(In thousands of dollars)				
	1981	1982	1983	1984	1985
Canada	2,033	2,403	3,189	4,003	2,704
Mexico	1,989	1,138	588	1,170	1,656
Fr Germ	228	109	160	59	829
Venez	263	381	144	148	55
Israel	84	72	171	264	119
U King	229	327	174	179	139
Italy	189	166	133	104	78
Phil R	275	343	200	361	128
All other	3,425	3,554	2,519	2,527	1,208
Total	8,717	8,494	7,279	8,816	1,939
					8,581
					4,052
					1,023
					2,816

Source: Estimated by the staff of the U.S. International Trade Commission based on official statistics of the U.S. Department of Commerce.

Table C.--Ball or roller bearing type pillow block units: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	(In thousands of dollars)					
	1981	1982	1983	1984	1985	January-June-- 1985 : 1986
Japan	2,842	2,524	4,328	4,264	3,625	2,275
U King	1,288	828	730	1,466	904	347
Canada	193	500	414	576	796	507
China	69	173	255	248	549	198
Kor Rep	-	3	108	472	524	225
Brazil	-	-	-	-	41	-
Fr Germ	47	80	71	43	22	17
Sweden	69	14	56	146	17	17
All other	26	54	27	53	31	19
Total	4,533	4,176	5,991	7,268	6,509	3,604
						102
						3,466

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

Table D.—Ball or roller bearing type pillow block units: U.S. imports by certain world areas including designated GSP countries, 1982-85, and January-June 1986

(In thousands of dollars)

Item	1982	1983	1984	1985	January-June 1986	
					Imports	Percentage distribution
Gross imports...	4,176	5,991	7,268	6,509	3,466	100
Developed countries total.....	3,993	5,627	6,526	5,380	2,676	77
GSP countries, total.....	177	363	741	1,126	785	23
Taiwan.....	173	255	248	549	402	12
Korea.....	3	108	472	524	263	8
Brazil.....	-	-	-	41	112	3
Singapore.....	-	-	1	9	3	1/
Romania.....	-	-	-	2	5	1/
Mexico.....	-	-	21	-	-	-
Israel.....	1	-	-	-	-	-
Other.....	5	-	-	4	5	1/

1/ Less than 0.5 percent.

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

TIME SWITCHES, VALUED OVER \$1.10 BUT NOT OVER \$5.00

DIGEST NO. A115

TIME SWITCHES, VALUED OVER \$1.10 BUT NOT OVER \$5.00
DIGEST NO. A115 (GSP ADDITION)

Background

Description and uses

Time switches are devices which regulate the operation of various control switches on a timed basis. They are usually components of larger systems that make or break an electric circuit automatically. Time switches are used in such areas as home appliances, heating and air-conditioning systems, and lighting circuits. They usually contain clock movements or modules, and fall into one of three types: mechanical, electromechanical and electronic. Mechanical time switches are springwound and are most often used in appliances. Electromechanical time switches, which generally have a synchronous motor, are employed when precision or switching power somewhat greater than that of mechanical time switches is required; they are found in both household and industrial applications. Electronic time switches have a solid-state module, making them the most precise of the three types, and have applications in both industry and the home.

The TSUS item numbers for the articles under investigation are provided in the tabulation on the next page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

U.S. producers and employment

There are approximately 50 domestic producers of time switches. Most producers specialize in one type of switch and some import to fill out their lines. Producers are concentrated in the Eastern States, however, a large number of producers are also located in the Chicago area and California. For statistical reporting purposes this industry is often grouped with clock

Time switches, valued over \$1.10 but not over \$5.00: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		Percent		
	Time switches with watch or clock movements, or with synchronous or subsynchronous motors:			
715.62	Valued over \$1.10 but not over \$2.25 each.....	21¢ each + 13.6% ad val. + 5.3¢ for each jewel, if any (29.3% AVE)	13¢ each + 8.8% ad val. + 3.4¢ for each jewel, if any (17.5% AVE)	10¢ each + 6.4% ad val. + 2.5¢ for each jewel, if any
715.64	Valued over \$2.25 but not over \$5.00 each.....	31¢ each + 8.5% ad val. + 5.3¢ for each jewel, if any 16.8% AVE)	20¢ each + 5.5% ad val. + 3.4¢ for each jewel, if any (14.0% AVE)	15¢ each + 4% ad val. + 2.5¢ for each jewel, if any
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
	Time switches with watch or clock movements, or with synchronous or subsynchronous motors:			
715.62	Valued over \$1.10 but not over \$2.25 each.....	1,862	Yes.	
715.64	Valued over \$2.25 but not over \$5.00 each.....	2,173	Yes.	

manufacturers and producers of other timing devices. Specific employment data for the time switch industry is not available, however, industry sources indicate that there are less than 5,000 employees in the industry.

U.S. consumption and production

Shipment data on time switches, valued over \$1.10 but not over \$5.00, are not available and consumption data cannot be calculated (table A). Estimated U.S. producers' shipments of all time switches declined during 1981-82 and then increased 43 percent from \$14 million in 1982 to \$20 million in 1985. Estimated apparent U.S. consumption of all time switches followed a similar pattern as it also decreased during 1981-82 and then increased 54 percent from \$13 million in 1982 to \$20 million in 1985. The ratio of total imports to estimated apparent consumption for all time switches decreased from 50 percent in 1981 to 40 percent in 1985 and the ratio of potential GSP imports to estimated apparent consumption decreased from 32 percent in 1981 to 15 percent in 1985.

U.S. exports

U.S. export data for time switches valued over \$1.10 but not over \$5.00 are not available. U.S. exports of all time switches increased annually from \$5.3 million in 1981 to \$8.2 million in 1985, or by 56 percent. Canada was the leading U.S. export market during the period and received \$4.4 million in 1985. Canada's share of total exports increased from 43 percent to 53 percent during the period. Mexico rose from the third leading market in 1981 to second in 1985 as U.S. exports to Mexico increased 108 percent, from \$476,000 to \$993,000, during the period.

U.S. imports

U.S. imports of time switches valued over \$1.10 but not over \$5.00 decreased by 6 percent from \$4.3 million in 1981 to \$4.0 million in 1985, and accounted for 53 percent of imports of all time switches in 1985 (table B). Imports of the subject articles from Japan, the leading source of U.S. imports in 1985, rose from 425,000 units, valued at \$1.6 million, in 1981 to 1.1 million units, valued at \$2.5 million, in 1985, or by 162 percent and 53 percent, respectively. Concurrently, imports of such products from Mexico, the leading supplier in 1981, decreased from 721,000 units, valued at \$2.6 million, in 1981 to 311,000 units, valued at \$868,000, in 1985, or by 56 percent and 67 percent, respectively. Together, these two countries accounted for 83 percent of total U.S. imports of such products in 1985. The average unit value of imports of time switches in this category decreased 35 percent during the period, from \$3.72 to \$2.42. The unit value of such imports from Japan decreased more than average, from \$3.80 to \$2.22 or by 42 percent, and that of such imports from Mexico decreased less than average, from \$3.68 to \$2.79 or by 24 percent.

Imports of time switches valued over \$1.10 but not over \$5.00 from GSP countries during 1982-85 decreased by 12 percent from \$1.2 million to \$1.1 million (table C). Imports from these countries as a share of total imports declined from 52 percent to 27 percent during the period. Mexico was the leading supplier among GSP countries during the period and accounted for 79 percent of total imports from those countries in 1985. Hong Kong and Korea

followed as the second and third leading GSP country suppliers with 11 percent and 9 percent of such imports in 1985, respectively.

Imports of time switches under TSUS item 715.62 from potential GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea....	26	1
Mexico.....	19	1
Hong Kong.....	<u>7</u>	<u>1/</u>
Total.....	47	2

1/ Less than 0.5 percent.

Imports of time switches under TSUS item 715.64 from potential GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Mexico.....	849	39
Hong Kong.....	118	5
Republic of Korea....	69	3
Taiwan.....	<u>19</u>	<u>1</u>
Total.....	1,055	48

Conditions of competition in U.S. market

The U.S. market for time switches is very broad and complex. Time switches have numerous industrial, commercial, and residential applications. These different applications require variations in product which include, among other factors, size specifications and precision of the time-keeping function. To further add to the complexity of these variations, the electrical current and operating standards in the United States (ie.,

electrical standards required by Underwriters Laboratories) are different from that in most other major developed markets. According to industry sources, imported products are generally smaller than domestic switches, and are most competitive in the low-price end of the market, where domestic producers are noncompetitive. It is also reported that most Asian producers currently are competitive and are flexible enough to expand and adapt their production to increase their share of the U.S. market. However, most domestic producers indicated that the quality of domestically produced time switches is better. In addition, marketing advantages held by domestic producers, particularly speed of delivery and communications, reportedly aid the domestic industry.

Position of interested parties

A petition for the addition of the subject products to the list of articles receiving duty-free treatment was received from the Admiral Division of Magic Chef, Inc., Galesburg, IL. Admiral is a domestic manufacturer of various types of home appliances and is primarily concerned with "refrigerator defrost control timers" which are used exclusively as a component in household refrigerators. According to Admiral, the U.S. Customs Service classifies the subject articles under TSUS item numbers 715.62 and 715.64, depending upon the unit value. Admiral imports these articles from Korea because they believe the quality is superior to those produced domestically. Admiral also recognizes that the Customs Service classifies other types of products under these time switch provisions. Admiral noted that among these other products are a wireless remote control module which is used for waking a person by means of the radio, as well as controlling the overall musical system

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consisting of a cassette deck, tuner, and turntable, and also microwave oven timers. According to Admiral, the basis for their petition lies in large measure on the premise that granting GSP eligibility to these products from Korea would be mutually beneficial to original equipment manufacturers (OEM), such as Admiral, as well as to the incipient time switch/defrost control industry in Korea. Admiral believes that designating TSUS items 715.62 and 715.64 as GSP eligible would benefit domestic OEM producers of refrigerators that use the defrost control timers, as well as the U.S. consumer through lower prices and corresponding quality considerations. They further noted that designation of these articles as eligible for GSP would likely further the economic development of Korea through the expansion of exports, primarily to the United States. Admiral also believes that there would be little, if any, impact upon domestic producers of a like or directly competitive product in the United States.

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Table A.—Time switches, valued over \$1.10 but not over \$5.00: Producers' shipments, exports of domestic merchandise, imports for consumption, apparent consumption, 1981-85, January-June 1985, and January-June 1986

(Value in millions of dollars)

Year	Producers' shipments	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
1981.....	<u>1/</u>	<u>1/</u>	4	<u>2/</u>	<u>2/</u>
1982.....	<u>1/</u>	<u>1/</u>	2	<u>2/</u>	<u>2/</u>
1983.....	<u>1/</u>	<u>1/</u>	3	<u>2/</u>	<u>2/</u>
1984.....	<u>1/</u>	<u>1/</u>	3	<u>2/</u>	<u>2/</u>
1985.....	<u>1/</u>	<u>1/</u>	4	<u>2/</u>	<u>2/</u>
January-June:					
1985.....	<u>1/</u>	<u>1/</u>	1	<u>2/</u>	<u>2/</u>
1986.....	<u>1/</u>	<u>1/</u>	3	<u>2/</u>	<u>2/</u>

1/ Data are not available.

2/ Cannot be calculated.

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

Table B.---Time switches, valued over \$1.10 but not over \$5.00: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981		1982		1983		1984		1985		January-June-- 1986	
	Quantity (1,000 units)											
Japan	425	329	453	842	1,114	1,238	1,669	534	283	909		
Mexico	721	357	639	277	311	277	311	117	117	144		
Fr Germ	3	1	5	16	88	16	88	26	26	42		
Hg Kong	1	41	1	66	47	66	47	46	46	38		
Kor Rep	1	6	1	0	39	0	39	17	17	159		
France	0	9	0	22	0	22	0	20	20	10		
China M	0	0	0	0	21	0	21	21	21	0		
Canada	1	0	0	0	11	0	11	0	0	0		
All other	5	6	16	16	12	16	12	5	5	18		
Total	1,156	748	1,114	1,238	1,669	1,238	1,669	534	534	1,320		
	Value (1,000 dollars)											
Japan	1,614	1,151	1,318	2,204	2,469	2,204	2,469	680	680	1,819		
Mexico	2,649	1,101	1,607	756	868	756	868	336	336	379		
Fr Germ	12	1	14	61	300	61	300	68	68	178		
Hg Kong	5	107	1	145	120	145	120	118	118	82		
Kor Rep	3	18	1	50	96	50	96	43	43	337		
France	-	13	-	-	57	-	57	44	44	24		
China M	2	-	-	-	31	-	31	-	-	-		
Canada	16	25	39	44	22	44	22	22	22	48		
All other	4,302	2,416	2,980	3,259	4,035	3,259	4,035	1,360	1,360	2,866		
Total												
	Unit value											
Japan	\$3.80	\$3.49	\$2.91	\$2.62	\$2.22	\$2.62	\$2.22	\$2.40	\$2.40	\$2.00		
Mexico	3.68	3.09	2.51	2.73	2.79	2.73	2.79	2.88	2.88	2.64		
Fr Germ	4.15	4.00	3.08	3.72	3.41	3.72	3.41	2.60	2.60	4.25		
Hg Kong	4.21	2.60	1.61	2.21	2.57	2.21	2.57	2.57	2.57	2.17		
Kor Rep	4.00	3.30	2.13	2.29	2.47	2.29	2.47	2.16	2.16	2.11		
France	-	1.39	-	-	2.37	-	2.37	2.37	2.37	2.40		
China M	-	-	-	-	2.77	-	2.77	-	-	-		
Canada	2.95	3.83	2.47	2.78	3.80	2.78	3.80	4.74	4.74	2.62		
All other	3.13	3.23	2.68	2.63	2.42	2.63	2.42	2.55	2.55	2.17		
Average	3.72	3.23	2.68	2.63	2.42	2.63	2.42	2.55	2.55	2.17		

1/ Less than 500.

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

Table C.--Time switches, valued over \$1.10 but not over \$5.00: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 units)						
Gross imports	748	1,114	1,238	1,669	1,320	100
Developed countries, total	340	459	887	1,247	966	73
GSP countries, total	408	655	351	401	354	27
Mexico	357	639	277	311	144	11
Hg Kong	41	1	66	47	38	3
Kor Rep	6	2	0	39	159	12
China t	5	14	2	4	13	1
Singapr	2	2	7	0	0	
Other	0	0	0	21	0	
Value (1,000 dollars)						
Gross imports	2,416	2,980	3,259	4,035	2,866	100
Developed countries, total	1,169	1,335	2,334	2,883	2,037	71
GSP countries, total	1,247	1,645	926	1,103	830	29
Mexico	1,101	1,607	756	868	379	13
Hg Kong	107	1	145	120	82	3
Kor Rep	18	1	-	96	337	12
China t	19	35	5	19	32	1
Singapr	1	1	20	-	-	
Other	-	-	-	49	-	

1/ Less than 0.5 percent.
2/ Less than 500.

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

PHTHALIC ANHYDRIDE

DIGEST NO. B101

PHTHALIC ANHYDRIDE
DIGEST NO. B101 (GSP Removal)

Background

Description and uses

Phthalic anhydride is a benzenoid intermediate chemical primarily produced from o-xylene feedstocks. This chemical is commercially available in molten and flaked forms. The principal uses for phthalic anhydride, expressed as a percentage of consumption, are plasticizers (51 percent), polyester resins (25 percent), and alkyd resins (19 percent).

The TSUS item number for the chemical under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Phthalic anhydride: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during		
		1981	1985	1987
		Percent ad valorem		
402.12	Phthalic anhydride.....	1.2¢ per lb + 8.6% (13.0%) 1/	1.2% per lb + 8.6% (10.4%) 1/	1.2¢ per lb + 8.6% (14.0%) 1/ 2/
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
402.12	Phthalic anhydride.....	2,203	Yes.	

1/ The figure in parentheses is the ad valorem equivalent rate of the compound column 1 rate of duty given in the TSUS for item 402.12.

2/ Estimated by the staff of the U.S. International Trade Commission.

U.S. customs treatment

Prior to the Tokyo Round of the Multilateral Trade Negotiations, phthalic anhydride was classified under TSUS item 403.08. The present item number and column 1 rate of duty were established on July 1, 1980, with no provisions for a staged reduction in the column 1 rate of duty. GSP eligibility for imports of phthalic anhydride became effective on January 1, 1976, under Executive Order No. 11888, dated November 24, 1975, which modified the TSUS to implement the GSP as authorized by title V of the Trade Act of 1974. In 1984, Brazil was granted a waiver of the competitive-need limit as defined under the de minimis provision of the GSP. Brazil has petitioned for a continuation of this waiver.

U.S. producers and employment

The number of U.S. producers of phthalic anhydride increased from 8 in 1981 to 9 in 1982 and 1983 before declining to 6 in 1984. At present, there are 6 U.S. producers of phthalic anhydride. Of the 6 producers of phthalic anhydride, only 3 produce the flaked form of this chemical.

Exact employment figures for the industry producing phthalic anhydride are not available; however, U.S. Department of Labor statistics for all domestic producers of industrial organic chemicals show only a 1 percent increase in all employees in that sector from 163,000 in 1983 to 164,000 in 1985. Data from the same source show no change in the number of production workers employed during 1985 (84,000 workers) compared with the number employed during 1983.

U.S. consumption and production

Phthalic anhydride is consumed domestically in two forms—molten or flaked. The particular form used by the consumer depends upon the equipment available for handling the raw material. Generally, plants consuming large quantities of phthalic anhydride will use the molten form, however inventories of flaked phthalic anhydride are kept on hand as a backup feedstock should problems develop in the system designed to handle the molten product. A product produced from phthalic anhydride will have identical chemical and physical characteristics regardless of which of the two forms of phthalic anhydride was used in the process.

Apparent consumption of all forms of phthalic anhydride declined from 853 million pounds, valued at \$290 million in 1981 to * * * million pounds valued at * * * million in 1985. U.S. production of all forms of this chemical decreased from 870 million pounds valued at \$296 million in 1981 to * * * million pounds valued at * * * million in 1985.

According to industry sources and certain independent market research studies, production of the flaked form of phthalic anhydride can vary from * * * percent of the total annual production of this chemical. One trade journal ^{1/} stated that the U.S. production of flaked phthalic anhydride was about 88 million pounds in 1984 or about 10 percent of total production during that year. Using this 10 percent estimate, the 1985 production of the flaked form of phthalic anhydride would have been approximately * * * million pounds, and U.S. apparent consumption of flaked phthalic anhydride in 1985 would have been about * * * million pounds.

^{1/} "Phthalic: Something Has to Give," Chemical Business, July 1985, pp.44-48.

U.S. exports

U.S. exports of phthalic anhydride are of the flaked product only. U.S. exports decreased from a high of 22 million pounds, valued at \$7.7 million in 1981 to 13 million pounds, valued at \$3.7 million in 1985 (table B). As phthalic anhydride capacity was brought on-stream in developing countries, these former U.S. markets began supplying their own demand as well as exporting to other world markets. The value of exports to value of production ratio declined from 2.6 in 1981 to * * * in 1985. Some additional capacity is expected to be built worldwide in the near future which could further reduce U.S. exports markets. Because of this situation, it is doubtful that any significant increase in U.S. exports of this chemical will occur in the next few years.

U.S. imports

U.S. imports of phthalic anhydride are solely of the flaked product. Total U.S. imports increased from 5.6 million pounds, valued at \$1.6 million in 1981 to 12.0 million pounds valued at \$2.2 million in 1985 (table C). The principal sources of the imports during 1985 by value were Brazil (43 percent), the Republic of Korea (15 percent), Mexico (12 percent), Venezuela (11 percent), and Israel (10 percent). ^{1/} Imports from all sources increased by 44 percent in quantity to 9.1 million pounds and by 72 percent in value to \$1.9 million during the first half of 1986 compared with the corresponding period in 1985. From January-June 1986, the principal sources of these

^{1/} Approximately 94 percent by value of imports from Israel during 1985 were GSP imports, the remainder were entered duty free under the provisions of the United States-Israel Free Trade Area Act of 1985 effective September 1, 1985.

imports by value were Venezuela (30 percent), Mexico (20 percent), Brazil (10 percent), and Romania (7 percent).

GSP imports increased from 5.2 million pounds, valued at \$1.5 million in 1981 to 11.8 million pounds valued at \$2.1 million in 1985 (table D).

Imports of phthalic anhydride from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Brazil.....	944	43
Republic of Korea...	340	15
Mexico.....	269	12
Venezuela.....	235	11
Israel.....	198	9
Other GSP.....	<u>152</u>	<u>7</u>
Total.....	2,138	97

The ratio of imports from all sources to apparent consumption (on a value basis) went from 0.6 percent in 1981 to 1.5 percent in 1983 and then declined to * * * percent in 1985. Estimates of this ratio for the domestic flaked phthalic anhydride market are 8 percent in 1981; 3 percent in 1982; 15 percent during 1983; 12 percent in 1984; and * * * in 1985.

On a value basis, total imports as a percentage of domestic apparent consumption of the estimated 1985 flake phthalic anhydride market were * * * percent. The percentage of apparent consumption represented by GSP imports in 1985 of the U.S. flaked product market was estimated to be * * * percent. In 1985, GSP imports accounted for 97 percent of the value of imports of this product from all sources. Imports are of similar quality to the domestic product.

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According to the official import statistics, the unit value of GSP imports in 1985 was 18 cents per pound. For comparison, the unit value of all sales of phthalic anhydride in 1985 was * * * cents per pound as calculated from data submitted to the Commission by all domestic phthalic anhydride producers. 1/ However, according to a published article in an industry trade journal, a spokesman for one domestic phthalic anhydride manufacturer, namely, USS Chemical, questioned the validity of the reported import prices and stated that the company did not consider imports as being competitive with the USS product. 2/

Conditions of competition in U.S. market

Imports of this product from all sources are of similar quality to the U.S. product and can be substituted for the like product produced in the United States. According to available data, the average U.S. price for the flake form of this chemical is about * * * than the price of the imported chemical. However these estimates are not based on actual transaction prices between buyers and sellers in the U.S. market as such data are confidential and are not available.

1/ Synthetic Organic Chemicals, Production and Sales 1985, USITC publication in preparation.

2/ Chemical Business, July 1985, p. 48.

Position of interested parties

The petitioner for the removal of GSP-eligibility for this chemical is the United States Steel Corporation (USX). In a written brief and in hearing testimony, Mr. Peter J. Koenig of USX and, in addition, acting as counsel for the Committee on Flake Phthalic Anhydride Imports, supported the petition for removal of GSP eligibility for phthalic anhydride. Mr. Koenig argued that the domestic market for the flaked production constitutes a unique industry separate from the market for the molten form of this chemical. The market for the flake form is small and sensitive to imports because of similarity between imported and domestic products.

In a written brief, Mr. Alan H. Price, and Mr. Donald Cameron, Counsels for Oxidaciones Organicas, (Oxidor), the principal manufacturer and exporter of phthalic anhydride from Venezuela, opposed the removal of GSP eligibility for such imports. Counsels stated that the molten and flake markets are not separate and constitute a single U.S. market for this product. In hearing testimony, Mr. Pablo Pick, President of American Petrochemical Corp., the exclusive importer of phthalic anhydride from Oxidor, concurred with the written submission of Oxidor's counsels.

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Table A.—Phthalic anhydride: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

(Quantity in thousands of pounds; value in thousands of dollars;
unit value per pound)

Year	Production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity					
1981.....	869,520	22,387	5,641	852,774	0.7
1982.....	684,391	11,124	1,897	675,164	0.3
1983.....	838,305	10,880	13,242	840,667	1.6
1984.....	870,245	9,561	10,194	870,878	1.2
1985.....	***	12,961	11,964	***	***
Value					
1981.....	295,637	7,701	1,641	289,577	0.6
1982.....	212,161	4,007	550	208,704	0.3
1983.....	209,576	4,079	3,012	208,509	1.5
1984.....	234,966	3,204	2,599	234,361	1.1
1985.....	***	3,688	2,203	***	***
Unit value					
1981.....	\$0.34	\$0.34	\$0.29	—	—
1982.....	.31	.36	.29	—	—
1983.....	.25	.37	.23	—	—
1984.....	.27	.34	.25	—	—
1985.....	***	.28	.18	—	—

Source: Production, compiled from U.S. International Trade Commission, Synthetic Organic Chemicals, United States Production and Sales, 1981-85; exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Table B.--Phthalic anhydride: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June--	
						1985	1986
	Quantity (1,000 pounds)						
Canada	12,035	7,343	9,728	8,169	11,630	7,322	3,145
U King	20	0	2	2	75	0	0
Mexico	6,614	2,992	124	42	981	899	105
Fr Germ	117	68	326	7	40	35	37
Kor Rep	0	0	340	0	159	0	0
Venez	0	0	0	0	54	54	0
Brazil	12	0	0	0	4	0	0
Nethlds	0	8	36	0	4	0	0
All other	3,589	714	324	1,341	17	10	3
Total	22,387	11,124	10,880	9,561	12,961	8,322	3,289
	Value (1,000 dollars)						
Canada	3,406	2,178	2,541	2,061	2,953	1,827	618
U King	15	0	3	13	287	0	0
Mexico	2,888	1,114	48	15	285	255	42
Fr Germ	32	24	88	15	102	97	43
Kor Rep	0	0	634	0	34	0	0
Venez	0	0	0	0	12	12	0
Brazil	13	0	94	0	6	6	0
Nethlds	0	10	0	0	5	0	0
All other	1,348	682	672	1,100	5	2	5
Total	7,701	4,007	4,079	3,204	3,688	2,199	709
	Unit value (per pound)						
Canada	\$0.28	\$0.30	\$0.26	\$0.25	\$0.25	\$0.25	\$0.20
U King	0.72	0	1.35	7.05	3.84	0	0
Mexico	0.44	0.37	0.39	0.37	0.29	0.28	0.40
Fr Germ	0.28	0.35	0.27	2.01	2.58	2.74	1.17
Kor Rep	0	0	1.86	0	0.21	0	0
Venez	0	0	0	0	0.21	0.21	0
Brazil	1.02	0	0	0	3.16	3.16	0
Nethlds	0	1.29	2.62	0	1.28	0	0
All other	0.38	0.96	2.07	0.82	0.28	0.21	1.86
Average	0.34	0.36	0.37	0.34	0.28	0.26	0.22

1/ Less than 500.

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

Table C.--Phthalic anhydride: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)					Value (1,000 dollars)				
	1981	1982	1983	1984	1985	1985	1985	1985	1985	1985
Brazil	3,368	533	7,240	5,340	5,858	5,012	897			
Kor Rep	0	0	0	865	1,562	0	220			
Mexico	0	0	0	725	1,362	611	1,812			
Venez	1,102	2	1,769	1,080	1,330	0	2,778			
Israel	0	0	0	568	923	612	373			
Romania	220	258	2,983	1,345	655	0	655			
Fr Germ	12	33	0	60	64	64	2			
China t	0	0	39	0	154	0	0			
All other	938	1,070	1,212	212	55	16	2,331			
Total	5,641	1,897	13,242	10,194	11,964	6,314	9,068			
	Unit value (per pound)									
Brazil	0.29	0.28	0.20	0.28	0.16	0.15	0.20			
Kor Rep	-	-	-	0.24	0.22	-	0.25			
Mexico	-	-	-	0.21	0.20	0.19	0.21			
Venez	0.30	0.29	0.21	0.21	0.18	-	0.20			
Israel	-	-	-	0.24	0.23	0.21	0.23			
Romania	0.29	0.27	0.25	0.23	0.17	-	0.19			
Fr Germ	0.62	0.62	-	0.61	0.66	0.66	5.46			
China t	-	-	0.27	-	0.21	-	-			
All other	0.28	0.29	0.34	0.21	0.37	0.75	0.20			
Average	0.29	0.29	0.23	0.25	0.18	0.17	0.20			

1/ Less than 500.

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

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Table D.—Phthalic anhydride: U.S. imports for consumption under the GSP,
by principal GSP sources, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 pounds)						
Brazil	3,368	533	7,240	5,340	5,858	826
Republic of Korea	-	-	-	528	1,562	220
Mexico	-	-	-	725	1,362	1,812
Venezuela	1,102	2	1,769	1,080	1,330	2,778
Israel	-	-	-	568	877	178
Romania	220	258	2,983	726	655	655
Taiwan	-	-	39	-	154	-
Argentina	468	848	724	77	39	957
Total	5,158	1,641	12,755	9,044	11,837	7,426
Value (1,000 dollars)						
Brazil	979	147	1,470	1,500	944	164
Republic of Korea	-	-	-	125	340	54
Mexico	-	-	-	149	269	377
Venezuela	326	1	372	228	235	549
Israel	-	-	-	134	198	41
Romania	64	70	749	163	111	123
Taiwan	-	-	11	-	33	-
Argentina	139	246	170	17	8	182
Total	1,508	464	2,772	2,316	2,138	1,490
Unit value (per pound)						
Brazil	0.29	0.28	0.20	0.28	0.16	0.20
Republic of Korea	-	-	-	.24	.22	.25
Mexico	-	-	-	.21	.20	.21
Venezuela	.30	.29	.21	.21	.18	.20
Israel	-	-	-	.24	.23	.23
Romania	.29	.27	.25	.22	.17	.19
Taiwan	-	-	.27	-	.21	-
Argentina	.30	.29	.24	.22	.21	.19
Average	.29	.28	.22	.26	.18	.20

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

PHTHALIC ACID ESTERS

DIGEST NO. B102

PHTHALIC ACID ESTERS
DIGEST NO. B102 (GSP Removal)

Background

Description and uses

Phthalic acid esters are chemicals of a type called plasticizers in commerce. Plasticizers are organic chemicals that are added to synthetic plastics and resin materials to (1) improve workability during fabrication, (2) extend or modify the natural properties of these materials, or (3) develop new improved properties not present in the original material.

The TSUS item numbers for the articles under investigation are provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

TSUSA item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		Cents per pound; percent ad valorem		
409.3410	Phthalic acid esters.....	1.3¢ + 17.7%	0.5¢ + 17.7%	0.1¢ + 17.7%
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
409.3410	Phthalic acid esters.....	5,061		Yes.

U.S. customs treatment

Products chiefly used as plasticizers, TSUS item 409.34, which includes TSUSA item 409.3410, phthalic acid esters, is currently eligible for duty-free treatment under the Generalized System of Preference (GSP) and has been since its institution on July 1, 1976. All beneficiary developing countries

enumerated in General Headnote 3(e) of the TSUS are eligible and have been since January 1, 1976 with no exclusions. None of the eligible countries which exported phthalic acid esters to the United States during 1981-85 lost their GSP eligibility at any time during the period.

U.S. producers and employment

In 1984, the last year for which data are available, there were 21 U.S. producers of phthalic acid esters who produced over 35 different chemicals used primarily as plasticizers, 12 produced dioctyl phthalates, the class of phthalic acid esters concentrated on in the submission by petitioner. These plasticizer producers range from small companies with only a few product lines, to large multinational corporations for which these products are a relatively small part of their overall operations. The producers of phthalic acid esters are primarily located in the Atlantic Coast, Gulf Coast, and Midwestern States. Information on employment in this industry segment is not available.

U.S. consumption and production

U.S. consumption (table A) of phthalic acid esters decreased from \$497 million in 1981 to \$365 million in 1982, increased to \$426 million in 1984, then declined to an estimated \$422 million in 1985, in line with the trends in the general end-use markets for these products.

U.S. production closely followed the production trends, decreasing from an estimated \$538 million in 1981 to an estimated \$400 million in 1982,

increasing to an estimated \$460 million in 1984, then declining to an estimated \$454 million in 1985.

Imports were less than 0.3 percent of consumption during 1981–84 and increased to 1.7 percent in 1985.

U.S. exports

Annual U.S. exports of phthalic acid esters (table B) ranged from \$35 million to \$42 million during 1981–85. Exports for January–June 1986 amounted to \$39 million, a significant increase over the \$18 million exported during the corresponding period in 1985. The increase is partly the result of a difference in the product mix of imports and a consequent increase of average unit value, and partly an increase in demand by Taiwan. Exports to Taiwan increased ten-fold from \$2 million in January–June 1985, to \$20 million in January–June 1986. Belgium and Canada were the largest markets for U.S. exports of phthalic acid esters in 1985, together accounting for about 54 percent of the total. In January–June 1986, Taiwan was the largest market, accounting for 51 percent of the total, while Belgium and Canada together accounted for 30 percent.

U.S. imports

During 1981–85 U.S. imports (table C) ranged from a low of \$233,000 in 1982 to \$5 million in 1985. In 1985 the largest suppliers of phthalic acid esters to the U.S. marketplace were Brazil (35 percent) Taiwan (24 percent), Israel (14 percent), and Mexico (17 percent), all of which were eligible for duty-free treatment under the GSP. Not all was entered duty free, however, as seen in comparing tables C and D.

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Supporters of the petition have alleged that some dioctyl phthalates (DOP), which should be classified in statistical annotation 409.3410 are misclassified in annotation 409.3450. Inspection of imports classified in 409.3450 yields the observation that imports from Taiwan have a unit value low enough to indicate that the material could be DOP, since, as petitioner points out, DOP is the lowest priced plasticizer imported. However, several other factors, such as clerical errors in preparation of the statistics or filing of the import documents, lower quality of the material, and the like could account for the lower unit value. In addition, while DOP is the lowest priced plasticizer imported, some others are not much more expensive. Information gathered to compile the Commission Annual report Synthetic Organic Chemicals, U.S. Production and Sales indicates several plasticizers very nearly as low priced as DOP. The U.S. Customs Service has not reported any reclassification of material as a result of their testing programs, and the Census Bureau indicates that there is no apparent clerical error to account for the low unit value. In short, although the theory of a misclassification as alleged by petitioner is plausible and supported by speculation by other members of the industry and the trade press, no factual information is available to indicate if, or to what extent, the alleged misclassification occurred. As to the alleged transshipment of Romanian DOP through the Netherlands, if it occurred, duties were collected on these imports and removal of GSP eligibility would have no effect.

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Imports of phthalic acid esters from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Brazil.....	\$1,766	35
Taiwan.....	1,196	24
Mexico.....	837	17
Israel.....	<u>688</u>	<u>14</u>
Total.....	4,487	<u>1/ 89</u>

1/ Numbers may not add to total due to rounding.

Conditions of competition in the U.S. market

Imports and domestic products are fungible chemicals with no significant quality, grade, or other differences which would impact on trade in the U.S. marketplace. Price appears to be the most significant factor in purchasing agents' buying decisions with service, response time, and brand loyalty as minor considerations. There appears to be little in the way of non-price purchasing incentives in this industry.

Imports are small relative to the total phthalic acid esters market. However, they do appear to exert a significant influence on the pricing structure of the total market. A threat of shifting to imports by a purchaser may be used to secure a lower price, and the trend in average unit prices, would indicate that imports played a significant roll in 1985 in a overall unit price decline of about 12 percent, from 34 cents per pound to 30. GSP imports increased from zero in 1984 to \$4.5 million in 1985 while domestically produced material showed an overall decrease of about 4 cents per pound in

average unit value during that period. Overall capacity utilization in this industry is not available. However, submissions from the petitioner indicate that their utilization rate actually increased slightly during 1985, the year of maximum import penetration, over the 1984 rate.

Position of interested parties

The petitioner in this case is the United States Steel Corp., which petitioned for removal of GSP status for dioctyl phthalates, a part of the phthalic acid esters covered in TSUSA item 409.3410. No other submissions from interested parties were received prior to the hearing. Since the hearing, submissions from Exxon Chemicals Corp., U.S. Diversified Group, BASF Corp., Nuodex Inc., and The Ad Hoc Committee on DOP Imports have been received, all supporting the petition.

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Table A.—Phthalic acid esters: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Year	U.S. production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (1,000 pounds)					
1981....	1,119,823	82,543	3,479	1,040,759	0.3
1982....	951,641	76,135	119	875,625	<u>1/</u>
1983....	1,146,595	95,293	2,308	1,053,610	.2
1984....	1,179,054	78,908	2,948	1,103,094	.3
1985.... <u>2/</u>	1,136,000	91,122	17,842	<u>2/</u> 1,062,720	<u>2/</u> 1.7
Jan.—June—					
1985..	<u>3/</u>	43,443	7,317	<u>3/</u>	<u>3/</u>
1986..	<u>3/</u>	50,255	3,001	<u>3/</u>	<u>3/</u>
Value (1,000 dollars)					
1981....	<u>2/</u> 537,515	42,020	1,476	<u>2/</u> 496,971	<u>2/</u> 0.3
1982....	<u>2/</u> 399,689	35,056	233	<u>2/</u> 364,866	<u>2/</u> .1
1983....	<u>2/</u> 424,240	36,039	912	<u>2/</u> 421,543	<u>2/</u> .2
1984....	<u>2/</u> 459,831	35,372	1,323	<u>2/</u> 425,782	<u>2/</u> .3
1985....	<u>2/</u> 454,400	37,037	5,061	<u>2/</u> 422,424	<u>2/</u> 1.2
Jan.—June—					
1985..	<u>3/</u>	17,923	2,158	<u>3/</u>	<u>3/</u>
1986..	<u>3/</u>	38,923	993	<u>3/</u>	<u>3/</u>
Unit value (per pound)					
1981....	\$0.48	\$0.51	\$0.42	—	—
1982....	.42	.46	1.92	—	—
1983....	.37	.38	.39	—	—
1984....	.39	.45	.45	—	—
1985....	<u>2/</u> .40	.41	.28	—	—
Jan.—June—					
1985..	<u>3/</u>	.41	.29	—	—
1986..	<u>3/</u>	.77	.33	—	—

1/ Less than 0.05 percent.

2/ Estimated.

3/ Not available.

Source: Compiled from official statistics of the U.S. International Trade Commission and the U.S. Department of Commerce.

Table B.--Phthalic acid esters: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	Quantity (1,000 pounds)					Value (1,000 dollars)				
	1981	1982	1983	1984	1985	1985	1985	1985	1985	1986
Belgium	12,632	10,752	13,030	14,455	13,756	5,681	7,018			
Canada	20,458	12,608	18,904	21,061	24,870	10,565	15,656			
China t	9,605	7,091	23,470	13,358	10,576	7,566	9,176			
Japan	7,804	5,682	6,527	5,437	6,048	3,012	3,835			
Hg Kong	10,974	9,854	4,551	8,706	13,186	4,795	6,874			
Mexico	1,224	1,725	1,209	2,441	3,860	2,083	2,677			
Singapr	928	3,326	3,878	3,664	8,042	3,804	1,836			
Nethlds	956	1,207	122	1,587	3,380	2,385	863			
All other	17,962	23,889	23,603	8,199	7,404	3,553	2,321			
Total	82,543	76,135	95,293	78,908	91,122	43,443	50,255			
	Value (1,000 dollars)									
Belgium	9,208	6,178	8,279	9,817	10,241	4,703	5,757			
Canada	9,302	6,552	7,560	8,791	9,782	4,400	5,846			
China t	3,916	2,580	7,400	4,396	3,302	2,414	19,701			
Japan	4,668	3,325	3,426	2,746	3,193	1,609	2,085			
Hg Kong	4,460	4,082	1,251	2,668	3,013	1,138	1,804			
Mexico	1,048	963	964	1,583	2,530	1,038	1,574			
Singapr	415	1,226	604	951	1,737	798	465			
Nethlds	637	1,062	127	910	1,029	719	356			
All other	8,365	9,088	6,429	3,509	2,210	1,105	1,334			
Total	42,020	35,056	36,039	35,372	37,037	17,923	38,923			
	Unit value (per pound)									
Belgium	\$0.73	\$0.57	\$0.64	\$0.68	\$0.74	\$0.83	\$0.82			
Canada	0.45	0.52	0.40	0.42	0.39	0.42	0.37			
China t	0.41	0.36	0.32	0.33	0.31	0.32	2.15			
Japan	0.60	0.59	0.52	0.51	0.53	0.53	0.54			
Hg Kong	0.41	0.41	0.27	0.31	0.23	0.24	0.26			
Mexico	0.86	0.56	0.80	0.65	0.66	0.50	0.59			
Singapr	0.45	0.37	0.16	0.26	0.22	0.21	0.25			
Nethlds	0.67	0.88	1.04	0.57	0.30	0.30	0.41			
All other	0.47	0.38	0.27	0.43	0.30	0.31	0.41			
Average	0.51	0.46	0.38	0.45	0.41	0.41	0.77			

1/ Less than 500.

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

Table C.--Phthalic acid esters: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)					Value (1,000 dollars)					
	1981	1982	1983	1984	1985	1981	1982	1983	1984	1985	1986
Brazil	0	0	0	0	6,615	-	-	-	-	1,766	-
China	0	0	0	0	4,531	-	-	-	-	1,196	282
Israel	0	0	1,722	0	3,274	-	-	543	-	921	-
Mexico	0	0	0	0	2,875	-	-	-	-	837	403
Japan	1/	0	0	1	2	-	-	-	1/	112	-
Italy	0	0	485	611	362	-	-	172	181	98	129
U King	129	81	66	2,248	110	79	52	50	880	82	51
Canada	1,001	21	22	76	38	413	162	135	252	38	23
All other	2,349	17	13	12	35	983	20	12	10	12	106
Total	3,479	119	2,308	2,948	17,842	1,476	233	912	1,323	5,061	993
Unit value (per pound)											
Brazil	-	-	-	-	\$0.27	-	-	-	-	0.27	0.39
China	-	-	-	-	0.26	-	-	-	-	0.28	-
Israel	-	-	0.32	-	0.28	-	-	-	-	0.30	0.26
Mexico	-	-	-	-	0.29	-	-	-	-	43.54	-
Japan	4.36	-	-	0.42	50.06	-	-	-	0.42	0.27	0.28
Italy	-	-	0.36	0.30	0.27	-	-	-	0.30	0.75	0.59
U King	0.62	0.64	0.75	0.39	0.75	-	-	-	1.01	1.18	2.14
Canada	0.41	7.88	6.16	3.30	1.01	-	-	-	0.84	-	0.65
All other	0.42	1.18	0.95	0.84	0.33	-	-	-	0.29	-	0.33
Average	0.42	1.97	0.39	0.45	0.28	-	-	-	0.29	-	0.33

1/ Less than 500.

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

Digest No.
B102—Con.Table D.—Phthalic acid esters: U.S. imports for consumption under the
GSP, by principal GSP source, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 pounds)						
Brazil	-	-	-	-	6,615	-
Israel	-	-	1,722	-	2,381	-
South Korea	-	-	-	-	-	35
Mexico	-	-	-	-	2,875	1,557
Romania	2,339	-	-	-	-	-
Taiwan	-	-	-	-	4,531	720
All other	-	-	-	-	-	-
Total	2,339	-	1,722	-	16,412	2,312
Value (1,000 dollars)						
Brazil	-	-	-	-	1,766	-
Israel	-	-	543	-	688	-
South Korea	-	-	-	-	-	10
Mexico	-	-	-	-	837	403
Romania	974	-	-	-	-	-
Taiwan	-	-	-	-	1,196	282
All other	-	-	-	-	-	-
Total	974	-	543	-	4,487	695
Unit value (per pound)						
Brazil	-	-	-	-	\$0.27	-
Israel	-	-	\$0.32	-	.29	-
South Korea	-	-	-	-	-	0.30
Mexico	-	-	-	-	.29	.26
Romania	\$0.42	-	-	-	-	-
Taiwan	-	-	-	-	.26	.39
All other	-	-	-	-	-	-
Average	0.42	-	0.32	-	.27	.30

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

CERTAIN CERAMIC FLOOR AND WALL TILES

DIGEST NO. B103

CERTAIN CERAMIC FLOOR AND WALL TILES
DIGEST NO. B103 (GSP Removal)

Background

Description and uses

Ceramic floor and wall tiles are used as decorative veneers on floors and walls. This digest covers certain small and/or irregularly shaped ceramic mosaic tiles mounted in sheets, hereafter referred to as mosaic specialties. All mosaic tiles have a facial area of less than 6 square inches; mosaic specialties have over 300 tiles per square foot and/or tiles most of which do not have faces bounded entirely by straight lines. These tiles differ aesthetically from the 1-inch and 2-inch squares and 1 x 2 inch rectangles that comprise the bulk of U.S. production and consumption of mosaic tiles but have the same function. The bulk of mosaic specialties are glazed, i.e., coated with a glassy coating. Glazes make a tile face impervious to moisture and impart a decorative appearance but are susceptible to wear in heavily trafficked floor installations. Glazed tiles tend to be used primarily as wall coverings, and unglazed tiles tend to be used primarily as floor coverings. The petitioner states that glazed mosaic tiles, which include glazed mosaic specialties, represent the product most like the tiles now receiving GSP treatment. 1/

The TSUS item number for the article under investigation is provided on the following page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

1/ Prehearing submission by the Tile Council of America, Inc., p. 3.

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Certain ceramic floor and wall tiles: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		-----Percent ad valorem-----		
532.22	Certain ceramic floor and wall tiles.	23.4%	21.1%	20%
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
532.22	Certain ceramic floor and wall tiles.	16,154	Yes.	

U.S. customs treatment

On March 30, 1980, these tiles were designated as eligible articles under the GSP. The Governments of Colombia and Malaysia, the Guatemala Export Promotion Center, and Stylex, S.A., Honduras, had petitioned the U.S. Trade Representative seeking duty-free treatment for all mosaic tiles under the GSP. Such treatment was granted only to mosaic specialties covered under TSUS item 532.22, which were not produced or consumed in significant quantities in the United States. All other ceramic mosaic tiles, covered under TSUS item 532.20 and including the bulk of mosaic tiles produced in the United States, remained ineligible for duty-free treatment under the GSP.

Korea, the principal source of GSP imports during 1980-82, became ineligible for GSP treatment on these tiles on April 1, 1982, and was graduated from the GSP for this item on March 30, 1984.

U.S. producers and employment

Mosaic tiles were produced by an estimated 10 U.S. establishments and 1,200 employees in 1985, and at least some of these establishments and employees produced mosaic specialties. ^{1/} Mosaic specialties tend to be glazed, and glazed mosaic tiles were produced by an estimated 4 firms and 75 employees in 1985.

U.S. consumption and producers' shipments

Data are unavailable for U.S. consumption and producers' shipments of mosaic specialties, but they are available for glazed mosaic tiles. Imports accounted for the bulk of U.S. consumption of glazed mosaic tiles during the period, representing 96 percent in 1985 (table A). Consumption increased by about 53 percent during 1981-85 to 61 million square feet (\$38 million) in 1985, following the upward trend in construction activity. U.S. producers' shipments increased by 9 percent to 2 million square feet (\$2 million) in 1985.

U.S. exports

There were no known U.S. exports of either mosaic specialties or glazed mosaic tiles during 1981-85.

^{1/} Transcript of hearing, pp. 408, 420-423.

U.S. imports

U.S. imports of mosaic specialties roughly doubled during 1981-85 to about 30 million square feet (\$16 million) in 1985 (table B). Imports for consumption under the GSP accounted for about a third of the growth in imports of mosaic specialties (table C). Japan, Korea, Taiwan, and Thailand supplied the bulk of U.S. imports of mosaic specialties in 1985. Japan and Korea had begun the period as the leading suppliers, but after Korea lost its GSP eligibility for mosaic specialties in 1982, GSP imports from Taiwan and Thailand gained U.S. market share at Korea's expense.

Imports of mosaic specialties from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan.....	\$4,690	29
Thailand.....	2,930	18
Brazil.....	291	2
Israel.....	83	1
Indonesia.....	51	<u>1/</u>
Other GSP.....	<u>115</u>	<u>1</u>
Total.....	8,160	51

1/ Less than 0.5 percent.

Conditions of competition in the U.S. market

Competition in the U.S. market for mosaic tiles is based on a number of factors. U.S. producers of mosaic tiles tend to do well in nonresidential markets, where they enjoy competitive advantages in the availability of both tiles and technical assistance over imports. Domestic producers can supply

large quantities of specific types of tiles more quickly than foreign producers and have factory personnel available to assist consumers with problems. Imported tiles tend to do well in residential markets, where they enjoy competitive advantages in price and aesthetic appeal over domestic tiles. Imported tiles are available in a wider range of sizes, shapes, colors, and surface decorations than domestic tiles. Imports compete with each other primarily on the basis of price and aesthetic qualities.

Changes in the U.S. market for glazed mosaic tiles should be put in perspective. The composition of U.S. imports of glazed mosaic tiles has changed since GSP eligibility was granted on mosaic specialties, but their overall share of U.S. imports of mosaic tiles has not changed. In 1979, the year before mosaic specialties became eligible for the GSP, mosaic specialties and glazed mosaic nonspecialties represented 94 percent of the quantity of mosaic tiles imported into the United States; mosaic specialties represented 4 percent and glazed mosaic nonspecialties 90 percent. In 1985, the share of total mosaic imports remained at 94 percent, but mosaic specialties represented 49 percent and glazed mosaic nonspecialties 45 percent. Imports of mosaic specialties increased from about 3 million square feet annually before GSP eligibility to 30 million square feet in 1985. Some of this growth in mosaic specialties most likely was an attempt by certain foreign producers to modify their products to take advantage of product eligibility under GSP provisions, but some of the growth reflected a change in consumer preference, since roughly half of the quantity imported in 1985 came from countries not eligible for GSP treatment on mosaic specialties.

Position of interested parties

The Tile Council of America, Inc., a trade association representing U.S. producers of ceramic floor and wall tiles, has petitioned to have these tiles removed from the list of articles eligible for GSP. The petitioner states that the U.S. industry has been adversely affected by import competition and alleged unfair trade practices. The petitioner believes that GSP treatment for TSUS item 532.22 allows foreign manufacturers to avoid duties of about 20 percent ad valorem by making minor product alterations, such as slightly rounding corners or making the tile edges slightly wavy, and entering the resultant tiles under the GSP provisions. The petitioner maintains that TSUS item 532.22 was intended to cover very small hobby tiles that are not commercially produced in the United States rather than the altered products entering under this number that do compete with U.S.-produced tiles. The Tile Council believes that imports are competitive in the U.S. market and do not need duty-free treatment under the GSP to remain competitive.

The Government of Thailand opposes the petition. Thailand's position has four major points: first, that the U.S. ceramic industry is experiencing strong growth; second, that GSP imports entering under TSUS item 532.22 are not adversely affecting the U.S. industry; third, that GSP imports from Thailand in particular do not pose a threat to the U.S. industry; and finally, that the loss of GSP benefits for ceramic mosaic tile would adversely affect Thailand's economy.

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Table A.—Ceramic floor and wall tiles, glazed mosaic: 1/ U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Year	U.S. producers' shipments	Exports ^{3/}	Imports ^{3/}	Apparent consumption ^{3/}	Ratio (percent) of imports to consumption ^{3/}
Quantity (1,000 square feet)					
1981....	<u>2/</u> 2,004	0	37,576	39,580	95
1982....	<u>2/</u> 2,379	0	33,438	35,817	93
1983....	<u>2/</u> 1,997	0	33,022	35,019	94
1984....	<u>2/</u> 1,942	0	48,655	50,597	96
1985....	<u>2/</u> 2,179	0	58,575	60,754	96
Jan.—June—					
1985..	<u>3/</u> 1,098	0	40,376	41,474	97
1986..	<u>3/</u> 1,123	0	34,740	35,863	97
Value (1,000 dollars)					
1981....	<u>3/</u> 2,886	—	25,260	28,146	90
1982....	<u>3/</u> 3,592	—	21,409	25,001	86
1983....	<u>3/</u> 2,816	—	19,460	22,276	87
1984....	<u>3/</u> 2,894	—	30,890	33,784	91
1985....	<u>3/</u> 3,203	—	34,665	37,868	92
Jan.—June—					
1985..	<u>3/</u> 1,559	—	23,114	24,673	94
1986..	<u>3/</u> 1,729	—	18,018	19,747	91
Unit value (per square foot)					
1981....	<u>3/</u> \$1.44	—	\$0.67	—	—
1982....	<u>3/</u> 1.51	—	.64	—	—
1983....	<u>3/</u> 1.41	—	.59	—	—
1984....	<u>3/</u> 1.49	—	.63	—	—
1985....	<u>3/</u> 1.47	—	.59	—	—
Jan.—June—					
1985..	<u>3/</u> 1.42	—	.57	—	—
1986..	<u>3/</u> 1.54	—	.52	—	—

1/ Product coverage includes more than those tiles described under item number 532.22 of the Tariff Schedules of the United States.

2/ U.S. producers' shipments estimated by the Tile Council of America, Inc., except as noted.

3/ Estimated by the staff of the United States International Trade Commission.

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

Table B.--Certain ceramic floor and wall tiles: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (1,000 square feet)						
Japan	2,540	1,470	2,277	3,833	6,940	4,875
China	25	197	1,596	7,176	9,947	6,310
Thailand	118	127	545	4,065	6,103	3,619
Kor Rep	12,008	12,811	5,449	8,143	5,568	3,285
Brazil	0	21	0	179	677	299
Italy	85	220	534	198	402	296
Israel	0	0	0	240	0	0
Portugal	2	37	22	13	60	19
All other	98	290	98	569	504	233
Total	14,877	15,173	10,521	24,174	30,440	19,176
Value (1,000 dollars)						
Japan	2,024	1,101	1,641	3,006	4,756	2,975
China	12	133	940	3,471	4,690	2,638
Thailand	78	75	258	2,323	2,930	1,722
Kor Rep	6,797	7,908	2,616	3,840	2,757	1,778
Brazil	-	11	-	65	291	172
Italy	63	116	246	142	242	165
Israel	-	-	-	-	83	83
Portugal	13	21	17	8	67	19
All other	79	348	88	376	339	176
Total	9,068	9,713	5,806	13,231	16,154	9,728
Unit value (per square foot)						
Japan	\$0.80	\$0.75	\$0.72	\$0.78	\$0.69	\$0.61
China	0.50	0.67	0.59	0.48	0.47	0.42
Thailand	0.66	0.59	0.47	0.57	0.48	0.48
Kor Rep	0.57	0.62	0.48	0.47	0.50	0.54
Brazil	-	0.55	-	0.36	0.43	0.58
Italy	0.74	0.53	0.46	0.72	0.60	0.56
Israel	-	-	-	-	0.34	0.34
Portugal	5.87	0.57	0.76	0.67	1.11	0.99
All other	0.81	1.20	0.90	0.66	0.67	0.76
Average	0.61	0.64	0.55	0.55	0.53	0.51

1/ Less than 500.

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

Table C.—Certain ceramic floor and wall tiles: U.S. imports for consumption under the GSP, by principal GSP source, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 square feet)						
Taiwan	25	197	1,476	7,034	9,588	3,890
Thailand	118	127	545	3,805	6,024	3,583
Brazil	0	21	0	142	605	227
Portugal	2	37	22	12	60	14
Indonesia	0	0	0	0	38	0
Korea	11,616	9,117	52	19	72	223
Hong Kong	16	21	21	52	40	18
Uruguay	0	0	0	0	60	48
All other	16	6	0	53	104	401
Total	11,793	9,526	2,116	11,117	16,591	8,404
Value (1,000 dollars)						
Taiwan	12	133	896	3,384	4,486	1,661
Thailand	78	75	258	2,075	2,888	1,431
Brazil	-	11	-	50	235	123
Portugal	13	21	17	7	67	9
Indonesia	-	-	-	-	51	-
Korea	6,573	5,957	37	10	39	82
Hong Kong	10	13	9	23	38	11
Uruguay	-	-	-	-	31	23
All other	6	7	-	22	55	46
Total	6,692	6,217	1,217	5,571	7,890	3,386
Unit value (per square foot)						
Taiwan	\$0.50	\$0.67	\$0.61	\$0.48	\$0.47	\$0.43
Thailand	.66	.59	.47	.55	.48	.40
Brazil	-	.55	-	.35	.39	.54
Portugal	5.87	.57	.76	.61	1.11	.67
Indonesia	-	-	-	-	1.35	-
Korea	.57	.65	.71	.52	.55	.37
Hong Kong	.66	.65	.42	.45	.95	.60
Uruguay	-	-	-	-	.52	.48
All other	.38	1.17	-	.42	.53	.11
Average	.57	.65	.58	.50	.48	.40

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

CERTAIN PIPE AND TUBE FITTINGS OF IRON OR STEEL

DIGEST NO. B104

CERTAIN PIPE AND TUBE FITTINGS OF IRON OR STEEL
DIGEST NO. B104 (GSP Removal)

Background

Description and uses

The subject of this digest is flanged pipe fittings. In a piping system, pipe fittings join lengths of pipe, change the direction or diameter of the system, and provide access for cleaning the system. Flanges usually have one beveled end and one flanged end; the beveled end is welded to pipe, and the flanged end is bolted to a similarly flanged pipe. Flanges thus facilitate the removal and replacement of pipe in a system.

The TSUS(A) item numbers for the articles under investigation are provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Certain pipe and tube fittings of iron or steel: TSUS(A) item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS(A) item No. 1/	Description	Col. 1 rate of duty effective during--			U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985
		1981	1985	1987		
610.84	Flanges..... Under 14 inches (inside diameter):	11%	7.8%	6.2%	51,176	Yes.
610.8413	Other than alloy iron or steel.....	11%	7.8%	6.2%	27,620	Yes.
	Alloy iron or steel:					
610.8415	Stainless steel.....	11%	7.8%	6.2%	11,048	Yes.
610.8418	Other..... 14 inches and over (inside diameter):	11%	7.8%	6.2%	2,713	Yes.
610.8421	Other than alloy iron or steel.....	11%	7.8%	6.2%	7,472	Yes.
	Alloy iron or steel:					
610.8424	Stainless steel.....	11%	7.8%	6.2%	750	Yes.
610.8428	Other.....	11%	7.8%	6.2%	1,574	Yes.

1/ Prior to 1984, flanges were included in TSUS item 610.80.

U.S. customs treatment

Flanges were granted GSP treatment beginning in 1976. No exclusions have occurred since that time. The products of all beneficiary developing countries are eligible for GSP benefits with respect to these items.

U.S. producers and employment

There are approximately 50 forges in the United States that produce forged steel fittings and flanges. The petitioner, the American Pipe Fittings Association, estimates that 54 percent of the value of shipments of fittings and flanges in 1984 consisted of flanges. Producers of flanges tend to specialize in that product. Employment of production and related workers in the industry producing fittings and flanges fell from 2,327 in 1981 to 912 in 1984, a decline of 61 percent over the 4 years. The decline in employment was particularly sharp during 1982-83 when construction and oilfield markets slumped. 1/

U.S. consumption and shipments

The demand for forged steel fittings and flanges is directly influenced by demand in the oil field and off-highway equipment markets; consequently, the contraction in demand in these markets during 1982-84 significantly affected the industry. 2/ The quantity of apparent U.S. consumption of flanges declined by 51 percent from 349,584 short tons (\$340.6 million) in 1981 to 171,985 short

1/ Competitive Assessment of the U.S. Forging Industry, inv. No. 332-216, USITC Publication 1833, April 1986, pp. V-5-V-6.

2/ Ibid., p. V-11.

tons (\$152.9 million) in 1983. Consumption increased by 19 percent between 1983 and 1985, to 204,220 short tons (\$197.8 million) (table A). U.S. producers' shipments of flanges dropped by 53 percent from 312,574 short tons (\$322.8 million) in 1981 to 147,318 short tons (\$152.1 million) in 1983. Shipments increased by 6 percent between 1983 and 1985, to 156,409 short tons (\$161.5 million). The ratio of imports to apparent U.S. consumption increased from 13.2 percent in 1981 to 24.7 percent in 1985.

U.S. exports

Exports of flanges by U.S. producers represented a relatively small portion of total shipments, averaging 3 percent during the period 1981-85. Moreover, exports continually declined over the period, from 9,188 short tons (\$39.9 million) in 1981 to 2,601 short tons (\$14.9 million) in 1985 (table B). Principal markets for exports of flanges are Canada and Mexico. The relatively low levels of U.S. exports in recent years can be attributed in part to the price and cost advantages held by foreign producers. 1/

U.S. imports

From 1981 to 1983, the quantity of imports declined from 46,198 short tons (\$57.7 million) to 30,355 short tons (\$27.3 million) (tables C-1 through C-7). In 1984 and 1985 imports increased, to 50,412 short tons (\$51.2 million). The 1983-85 growth in imports amounted to a 66 percent increase in terms of quantity and 88 percent in terms of value. GSP imports declined from 20,746 short tons (\$23.8 million) in 1981 to 9,152 short tons (\$8.2 million) in 1983

1/ Competitive Assessment of the U.S. Forging Industry, inv. No. 332-216, USITC Publication 1833, April 1986, pp. V-17.

(table D). In 1984 and 1985 such imports increased, to 23,704 short tons (\$20.6 million). The share of GSP trade in total imports fell from 45 percent (on the basis of quantity) in 1981 to 30 percent in 1983, before rising to period highs of 47 percent in 1985 and 63 percent during January-June 1986. The main suppliers of imports under the GSP were the Republic of Korea, Taiwan, and Brazil.

Imports of flanges under each of the TSUS(A) items covered by this digest, and the total of all such items from GSP beneficiary countries in 1985 are shown in the following tabulations (in thousands of dollars):

Item 610.8413:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$7,845	28
Taiwan.....	1,874	7
Brazil.....	2,748	10
Romania.....	1,046	4
Israel.....	0	0
Other GSP countries...	<u>387</u>	<u>1</u>
Total.....	13,900	50

Item 610.8415:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$1,677	15
Taiwan.....	1,055	10
Brazil.....	14	<u>1/</u>
Romania.....	0	0
Israel.....	632	6
Other GSP countries...	<u>0</u>	<u>0</u>
Total.....	3,378	31

1/ Less than 0.5 percent.

Item 610.8418:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$985	36
Taiwan.....	561	21
Brazil.....	65	2
Romania.....	37	1
Israel.....	111	4
Other GSP countries...	<u>43</u>	<u>2</u>
Total.....	1,802	66

Item 610.8421:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$593	8
Taiwan.....	76	1
Brazil.....	507	7
Romania.....	242	3
Israel.....	0	0
Other GSP countries...	<u>106</u>	<u>1</u>
Total.....	1,524	20

Item 610.8424:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$0	0
Taiwan.....	25	3
Brazil.....	12	2
Romania.....	0	0
Israel.....	11	1
Other GSP countries...	<u>0</u>	<u>0</u>
Total.....	48	6

Item 610.8428:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$375	24
Taiwan.....	124	8
Brazil.....	64	4
Romania.....	0	0
Israel.....	52	3
Other GSP countries...	<u>10</u>	<u>1</u>
Total.....	625	40

Total of the above items:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$11,475	22
Taiwan.....	3,715	7
Brazil.....	3,410	7
Romania.....	1,325	3
Israel.....	806	2
Other GSP countries...	<u>546</u>	<u>1</u>
Total.....	21,277	42

Conditions of competition in the U.S. market 1/

With regard to the overall market for forged steel fittings and flanges, U.S. producers and importers generally agree that foreign-made items have an overall competitive advantage because of lower purchase prices. Such prices reflect lower costs of production and favorable exchange rates in recent years. U.S. purchasers also describe lower purchase prices as the most important reason for buying foreign-made forged steel fittings and flanges, while shorter delivery times and reliability of suppliers were the principal reasons for buying domestically-produced items. U.S. producers indicate that neither they nor foreign producers have an advantage in production technology.

Position of interested parties

The petitioner is the American Pipe Fittings Association. The Association asserts that GSP imports increased dramatically in 1985, and the U.S. industry has serious problems, as evidenced in part by plant closings. This information, the Association argues, combined with provisions in the Trade and Tariff Act of 1984 designed to safeguard U.S. producers from any adverse impact

1/ The information in this section is derived from Competitive Assessment of the U.S. Forging Industry, inv. No. 332-216, USITC Publication 1833, April 1986, pp. V-7-V-15.

caused by according GSP treatment to an already competitive country, constitute "changed circumstances" over the 1983 GSP review and justify including the items in the 1986 review.

The Korea Flange Company, Ltd., asserts that GSP imports of flanges have remained relatively constant as a share of total imports, and that such imports declined between January-March 1985 and January-March 1986. The U.S. industry, it notes, was experiencing plant closings during the 1983 GSP review. Thus, there are no "changed circumstances" justifying a review in 1986.

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Table A.--Certain pipe and tube fittings of iron or steel: U.S. producers' shipments, exports, imports, and apparent consumption, 1981-85, January-June 1985, and January-June 1986

Period	U.S. shipments <u>1/</u>	Exports	Imports	Apparent consumption	Ratio of imports to consumption
Quantity					
-----short tons-----					percent
1981-----	312,574	9,188	46,198	349,584	13.2
1982-----	241,821	7,406	44,238	278,653	15.9
1983-----	147,318	5,688	30,355	171,985	17.6
1984-----	153,985	4,163	36,491	186,313	19.6
1985-----	156,409	2,601	50,412	204,220	24.7
January-June--					
1985-----	<u>2/</u>	1,263	24,672	<u>2/</u>	<u>2/</u>
1986-----	<u>2/</u>	731	22,384	<u>2/</u>	<u>2/</u>
Value					
-----1,000 dollars-----					percent
1981-----	322,822	39,884	57,707	340,645	16.9
1982-----	249,750	32,212	58,158	275,696	21.1
1983-----	152,148	26,535	27,258	152,871	17.8
1984-----	159,034	23,083	31,589	167,540	18.9
1985-----	161,537	14,867	51,176	197,846	25.9
January-June--					
1985-----	<u>2/</u>	7,408	23,604	<u>2/</u>	<u>2/</u>
1986-----	<u>2/</u>	4,424	23,732	<u>2/</u>	<u>2/</u>

1/ Shipments of flanges by the U.S. industry are estimated by (1) increasing the value of shipments of flanges and fittings as reported in Competitive Assessment of the U.S. Forging Industry, inv. No. 332-216, USITC Publication 1833, April 1986, p. V-11, to levels comparable to 1982 shipments as reported by the Census of Manufactures; (2) multiplying the value of shipments of fittings and flanges by 0.54 to arrive at the value of shipments of flanges alone (the 0.54 figure is estimated by the petitioner); and (3) multiplying the value of shipments by the value per short ton, as reported by the Census of Manufactures, to arrive at the quantity of shipments. Data for 1985 are estimated using annualized January-August information.

2/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce and from Competitive Assessment of the U.S. Forging Industry, inv. No. 332-216, USITC Publication 1833, April 1986.

Table B.--Certain pipe and tube fittings of iron or steel: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	Quantity (short tons)				1985	1986	
	1981	1982	1983	1984		January-June	1986
Canada	2,112	1,643	1,025	795	692	341	257
Mexico	1,217	259	430	968	411	112	106
Japan	160	8	27	6	88	12	24
S Arab	1,986	2,281	1,593	679	257	231	8
Arab Em	62	99	98	17	34	11	1
Austral	50	52	39	13	60	51	14
Kor Rep	249	526	668	365	12	6	22
Chile	47	16	2	36	136	93	24
All other	3,305	2,522	1,806	1,284	911	406	275
Total	9,188	7,406	5,688	4,163	2,601	1,263	731
	Value (1,000 dollars)						
Canada	11,760	9,458	5,363	5,191	4,309	1,894	1,528
Mexico	5,102	1,595	1,876	2,653	2,718	1,022	569
Japan	945	179	422	166	923	696	127
S Arab	5,354	5,595	4,443	2,428	854	751	65
Arab Em	164	355	323	149	573	97	100
Austral	152	312	434	246	362	279	124
Kor Rep	2,042	1,913	4,865	3,984	359	178	350
Chile	258	126	48	138	348	254	77
All other	14,106	12,680	8,760	8,128	4,621	2,237	1,484
Total	39,884	32,212	26,235	23,083	14,867	7,408	4,424
	Unit value (per short ton)						
Canada	\$5,568.38	\$5,756.27	\$5,232.06	\$6,529.34	\$6,226.93	\$5,553.30	\$5,945.96
Mexico	4,191.99	6,158.47	4,362.64	2,760.97	6,613.25	9,124.62	5,370.14
Japan	5,908.79	22,365.95	15,643.93	27,662.33	10,488.86	57,995.08	5,296.17
S Arab	2,696.09	2,452.95	2,789.37	3,576.19	3,324.00	3,253.15	8,098.13
Arab Em	2,648.00	3,582.19	3,300.54	8,750.47	16,866.94	8,772.91	100,441.00
Austral	3,046.10	6,002.63	11,136.13	18,901.31	6,025.32	5,471.78	8,867.71
Kor Rep	8,202.06	3,637.67	7,282.50	10,914.49	29,883.33	29,742.00	15,909.14
Chile	5,491.68	7,853.88	23,959.50	3,830.97	2,555.94	2,735.58	3,197.92
All other	4,267.97	5,027.70	4,850.49	6,330.54	4,853.23	5,509.36	5,394.98
Average	4,340.93	4,349.50	4,665.09	5,544.77	5,715.83	5,865.60	6,052.26

1/ Less than 500.

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

Table C-1. Certain pipe and tube fittings of iron or steel: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (short tons)					Value (1,000 dollars)	Unit value (per short ton)				
	1981	1982	1983	1984	1985		1985	1986			
Japan	5,976	6,231	3,148	3,480	7,836	12,112	5,205	5,873	13,388	4,960	5,555
Kor Rep	5,724	4,675	3,791	6,217	12,833	4,275	3,798	5,996	11,475	6,412	6,555
Italy	7,477	7,394	7,026	8,017	8,168	8,010	5,118	5,115	6,695	3,299	1,534
Fr Germ	6,455	5,258	1,707	4,512	5,734	7,654	6,856	3,661	5,263	3,044	1,825
China	1,194	1,161	1,769	2,205	3,174	1,751	1,519	2,255	3,715	1,652	2,831
Brazil	6,416	4,916	2,816	4,030	4,972	7,047	5,491	2,441	3,410	1,287	1,988
Spain	3,314	2,809	1,212	2,390	1,292	4,740	4,120	1,523	1,363	880	312
Romania	1,291	492	39	240	2,301	1,273	477	135	1,325	326	1,387
All other	8,351	11,302	8,847	5,400	3,524	11,407	14,792	4,588	4,542	1,743	1,746
Total	46,198	44,238	30,355	36,491	50,412	57,707	58,158	31,589	51,176	23,604	23,732
Japan	10,164	12,112	5,205	5,873	13,388	10,164	12,112	5,205	5,873	13,388	10,164
Kor Rep	5,671	4,275	3,798	5,996	11,475	5,671	4,275	3,798	5,996	11,475	5,671
Italy	8,010	8,515	5,118	5,115	6,695	8,010	8,515	5,118	5,115	6,695	8,010
Fr Germ	7,654	6,856	1,975	3,661	5,263	7,654	6,856	1,975	3,661	5,263	7,654
China	1,751	1,519	1,599	2,255	3,715	1,751	1,519	1,599	2,255	3,715	1,751
Brazil	7,047	5,491	1,950	2,441	3,410	7,047	5,491	1,950	2,441	3,410	7,047
Spain	4,740	4,120	711	1,523	1,363	4,740	4,120	711	1,523	1,363	4,740
Romania	1,273	477	22	135	1,325	1,273	477	22	135	1,325	1,273
All other	11,407	14,792	6,879	4,588	4,542	11,407	14,792	6,879	4,588	4,542	11,407
Total	57,707	58,158	27,258	31,589	51,176	57,707	58,158	27,258	31,589	51,176	57,707
Japan	\$1,700.83	\$1,943.84	\$1,653.35	\$1,687.78	\$1,708.59	\$1,700.83	\$1,943.84	\$1,653.35	\$1,687.78	\$1,708.59	\$1,841.18
Kor Rep	1,990.67	914.51	1,001.94	964.47	894.16	1,990.67	914.51	1,001.94	964.47	894.16	1,062.45
Italy	1,071.31	1,151.67	728.47	638.08	819.68	1,071.31	1,151.67	728.47	638.08	819.68	729.66
Fr Germ	1,184.20	1,303.88	1,156.97	811.38	917.94	1,184.20	1,303.88	1,156.97	811.38	917.94	1,185.67
China	1,466.80	1,308.04	903.93	1,022.68	1,170.40	1,466.80	1,308.04	903.93	1,022.68	1,170.40	1,335.78
Brazil	1,098.31	1,117.05	692.39	605.75	685.90	1,098.31	1,117.05	692.39	605.75	685.90	710.38
Spain	1,430.19	1,466.62	586.77	637.32	728.66	1,430.19	1,466.62	586.77	637.32	728.66	875.90
Romania	986.11	970.25	565.41	563.60	575.71	986.11	970.25	565.41	563.60	575.71	556.08
All other	1,365.96	1,308.82	777.58	849.61	1,288.88	1,365.96	1,308.82	777.58	849.61	1,288.88	1,045.99
Average	1,249.12	1,314.66	897.96	865.65	1,015.16	1,249.12	1,314.66	897.96	865.65	1,015.16	1,060.23

1/ Less than 500.

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

Table C-2.—Flanges under 14 inches, other than alloy iron or steel (TSUS item 610.8013): U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986 1/

Item	Quantity (short tons)					Value (1,000 dollars)				
	1981	1982	1983	1984	1985	1985	1986	1985	1986	
Japan	2,426	2,276	1,735	1,400	2,585	807	894			
South Korea	4,775	3,853	2,407	4,477	10,097	5,964	4,871			
Italy	6,747	6,138	5,744	5,185	6,484	3,694	1,809			
West Germany	4,862	3,491	785	3,001	4,174	2,660	988			
Taiwan	934	981	1,437	1,723	2,210	977	1,481			
Brazil	5,667	3,123	2,108	3,340	4,194	1,426	2,323			
Spain	2,644	2,149	895	1,969	1,415	1,028	262			
Romania	1,291	492	20	202	1,869	525	1,470			
All other	6,632	7,832	5,513	4,001	2,313	880	1,332			
Total	35,978	30,335	20,642	25,296	35,341	17,960	15,430			
	Unit value (dollars per short ton)									
Japan	1,417.67	1,615.33	1,265.55	1,135.50	1,133.13	1,084.36	1,091.00			
South Korea	1,019.76	903.82	913.89	823.10	776.99	741.52	919.13			
Italy	989.19	895.52	626.09	572.53	680.79	618.37	629.74			
West Germany	1,134.64	1,274.44	1,052.06	734.23	832.39	792.49	943.43			
Taiwan	1,244.94	962.13	684.35	768.63	848.37	828.70	831.89			
Brazil	1,088.68	950.90	579.13	582.56	655.27	748.18	697.58			
Spain	1,157.22	1,014.97	470.06	557.05	657.76	628.81	823.69			
Romania	986.36	970.27	525.17	567.20	559.48	548.39	533.69			
All other	1,152.73	942.28	723.42	658.79	1,019.47	803.57	727.17			
Average	1,106.50	1,023.80	747.98	694.29	781.54	735.36	800.07			

1/ Prior to 1984, such products were classified in TSUS item 610.8013.

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

Table C-4.—Flanges under 14 inches, other alloy iron or steel (TSUS item 610.8418): U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986 1/

Item	Quantity (short tons)					Value (1,000 dollars)		Unit value (dollars per short ton)	
	1981	1982	1983	1984	1985	1985	1986	1985	1986
Japan	767	1,785	180	423	121	40	40	40	40
South Korea	114	133	334	611	1,136	426	778	426	778
Italy	108	168	310	1,441	58	45	51	45	51
West Germany	88	174	76	95	126	62	—	62	—
Taiwan	112	81	168	187	533	183	355	183	355
Brazil	105	285	102	38	91	46	15	46	15
Spain	160	108	140	126	71	28	24	28	24
Romania	—	—	19	—	46	4	56	4	56
All other	198	1,707	162	379	229	124	89	124	89
Total	1,651	4,441	1,492	3,298	2,410	959	1,409	959	1,409
Value (1,000 dollars)									
Japan	1,219	2,748	484	886	321	87	134	87	134
South Korea	112	117	286	388	985	319	911	319	911
Italy	241	377	484	810	79	58	63	58	63
West Germany	146	432	213	96	137	45	0	45	0
Taiwan	165	80	211	200	561	205	478	205	478
Brazil	114	504	74	22	65	39	9	39	9
Spain	197	263	58	79	92	32	45	32	45
Romania	0	0	12	0	37	2	35	2	35
All other	423	3,742	254	292	437	166	123	166	123
Total	2,617	8,262	2,074	2,772	2,713	953	1,797	953	1,797
Unit value (dollars per short ton)									
Japan	1,588.48	1,539.16	2,690.34	2,095.42	2,660.0766	2,152.78	3,331.87	2,152.78	3,331.87
South Korea	984.92	877.79	855.39	634.60	866.8807	749.50	1,171.11	749.50	1,171.11
Italy	2,229.85	2,240.34	1,559.20	562.16	1,365.3781	1,285.25	1,219.09	1,285.25	1,219.09
West Germany	1,670.31	2,488.31	2,788.75	1,010.31	1,086.7733	725.05	—	725.05	—
Taiwan	1,477.18	982.45	1,251.55	1,067.97	1,052.9872	1,121.59	1,344.95	1,121.59	1,344.95
Brazil	1,086.84	1,769.95	720.93	592.30	714.6016	843.13	613.98	843.13	613.98
Spain	1,231.54	2,444.85	415.74	626.81	1,301.5658	1,134.72	1,853.71	1,134.72	1,853.71
Romania	—	—	612.28	—	793.9526	525.84	627.95	525.84	627.95
All other	2,139.40	2,191.91	1,568.19	770.86	1,907.2110	1,329.86	1,382.15	1,329.86	1,382.15
Average	1,585.42	1,860.48	1,390.11	840.41	1,125.5689	993.18	1,275.41	993.18	1,275.41

1/ Prior to 1984, such products were classified in TSUS item 610.8018.

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

Table C-5.—Flanges 14 inches and over, other than alloy iron or steel (TSUS item 610.8021): U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986 1/

Item	1981	1982	1983	1984	1985	January-June—		
						1985	1986	
	Quantity (short tons)							
Japan	1,889	1,459	904	867	3,176	1,156	1,198	
South Korea	834	545	723	562	583	364	201	
Italy	496	726	682	336	1,123	602	150	
West Germany	1,427	1,201	716	1,289	1,350	656	439	
Taiwan	30	9	28	29	69	51	47	
Brazil	618	1,368	589	503	608	203	398	
Spain	290	338	162	92	364	218	70	
Romania	—	—	—	20	386	23	969	
All other	1,015	1,337	2,284	634	504	261	142	
Total	6,600	6,983	6,088	4,333	8,164	3,535	3,615	
	Value (1,000 dollars)							
Japan	2,405	1,817	921	776	2,676	933	1,086	
South Korea	687	531	673	569	593	351	186	
Italy	783	1,073	622	223	1,202	676	159	
West Germany	1,773	1,442	601	1,120	1,402	753	450	
Taiwan	30	16	29	24	76	48	40	
Brazil	731	1,599	641	380	507	160	318	
Spain	263	333	172	90	296	165	52	
Romania	0	0	0	12	242	36	567	
All other	1,466	1,890	1,459	437	478	267	158	
Total	8,139	8,700	5,118	3,631	7,472	3,389	3,015	
	Unit value (dollars per short ton)							
Japan	1,273.11	1,244.80	1,019.46	894.14	842.69	807.51	906.02	
South Korea	824.00	975.06	929.80	1,012.47	1,016.38	964.74	924.50	
Italy	1,577.79	1,477.03	911.84	662.64	1,070.51	1,121.54	1,059.31	
West Germany	1,242.87	1,201.00	839.03	868.61	1,037.96	1,147.24	1,025.45	
Taiwan	985.19	1,718.04	1,053.34	823.12	1,096.12	940.12	843.86	
Brazil	1,183.05	1,169.13	1,088.48	756.02	833.95	785.53	799.96	
Spain	906.54	985.47	1,062.42	979.52	812.54	757.42	735.93	
Romania	—	—	—	590.32	626.59	1,580.54	585.61	
All other	1,444.32	1,413.68	638.83	689.12	949.93	1,023.25	1,107.29	
Average	1,233.18	1,245.94	840.69	837.83	915.29	958.78	834.18	

1/ Prior to 1984, such products were classified in TSUS item 610.8021.

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

Table C-6.—Flanges 14 inches and over, stainless steel (TSUS item 610.8024): U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986 1/

Item	Quantity (short tons)					January-June	
	1981	1982	1983	1984	1985	1985	1986
Japan	59	102	49	85	158	39	100
South Korea	-	-	-	2	-	-	2/
Italy	-	95	27	25	14	3	2
West Germany	6	11	43	2	16	2/	-
Taiwan	3	2	12	15	6	5	2
Brazil	-	4	2	2/	8	-	-
Spain	15	-	-	-	2	-	-
All other	2/	42	18	5	2	1	3
Total	83	214	175	148	210	48	107
	Value (1,000 dollars)						
Japan	357	579	377	304	528	158	314
South Korea	0	0	0	7	0	0	6
Italy	0	450	48	89	94	30	21
West Germany	61	41	37	3	35	4	0
Taiwan	30	24	25	14	25	23	13
Brazil	0	11	1	1	12	0	0
Spain	0	0	0	4	8	0	0
All other	82	3	144	96	47	25	11
Total	530	1,107	631	517	750	240	365
	Unit value (dollars per short ton)						
Japan	6,031.81	5,664.05	7,622.36	3,559.80	3,335.20	4,057.71	3,144.10
South Korea	-	-	-	4,028.74	-	-	35,628.32
Italy	-	4,755.58	1,774.03	3,533.08	6,815.58	9,434.31	10,712.80
West Germany	10,982.49	3,859.62	853.30	13,629.44	2,194.67	10,393.40	-
Taiwan	11,486.80	9,467.88	2,073.50	895.22	4,442.21	4,225.45	7,034.15
Brazil	-	2,608.93	716.53	1,890.00	1,374.25	-	-
Spain	-	-	-	2,339.81	3,334.02	-	-
All other	5,308.05	12,515.54	3,425.44	5,346.62	9,389.89	38,937.06	3,942.80
Average	6,398.34	5,168.20	3,598.24	3,497.22	3,572.31	4,944.19	3,418.78

1/ Prior to 1984, such products were classified in TSUS item 610.8024.
2/ Value or quantity less than 0.5.

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

Table C-7.—Flanges 14 inches and over, other than alloy iron or steel (TSUS item 610.8428): U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986 1/

Item	Quantity (short tons)					January-June—	
	1981	1982	1983	1984	1985	1985	1986
Japan	372	126	33	233	159	60	21
South Korea	1	31	41	175	393	153	239
Italy	105	148	131	728	128	5	2/
West Germany	67	336	86	66	33	29	112
Taiwan	—	22	26	45	87	66	10
Brazil	15	117	7	143	49	44	—
Spain	1	4	—	94	—	—	—
Romania	—	—	—	18	—	—	—
All other	217	216	642	73	216	149	36
Total	779	1,000	965	1,577	1,064	506	418
	Value (1,000 dollars)						
Japan	548	293	82	425	279	100	59
South Korea	2	29	39	185	375	121	342
Italy	177	616	171	521	233	18	6
West Germany	143	446	289	89	137	78	442
Taiwan	0	48	35	46	124	84	24
Brazil	17	372	7	89	64	22	0
Spain	1	5	0	60	0	0	0
Romania	0	0	0	9	0	0	0
All other	260	611	269	202	363	165	36
Total	1,147	2,421	892	1,626	1,574	588	909
	Unit value (dollars per short ton)						
Japan	1,472.71	2,333.19	2,507.82	1,819.12	1,758.70	1,674.33	2,839.96
South Korea	1,581.29	935.82	958.68	1,057.29	954.43	795.07	1,431.30
Italy	1,685.91	4,167.68	1,307.27	714.56	1,814.84	3,749.87	77,400.00
West Germany	2,115.02	1,326.45	3,358.15	1,342.89	4,136.44	2,688.27	3,948.28
Taiwan	—	2,188.46	1,361.53	1,007.46	1,419.69	1,268.09	2,421.03
Brazil	1,119.77	3,174.92	904.86	622.56	1,315.21	498.44	—
Spain	912.16	1,437.11	—	643.56	—	—	—
Romania	—	—	—	481.81	—	—	—
All other	1,198.69	2,822.31	419.64	2,766.33	1,682.90	1,101.66	990.50
Average	1,473.18	2,420.32	923.94	1,030.84	1,479.08	1,162.17	2,176.00

1/ Prior to 1984, such products were classified in TSUS item 610.8024.

2/ Value or quantity less than 0.5.

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

Table D.--Certain pipe and tube fittings of iron or steel: U.S. imports for consumption under the GSP, by principal GSP source, 1981-85, and January-June 1986

	1981	1982	1983	1984	1985	January- June 1986
Quantity (short tons)						
Republic of						
Korea-----	5,701	4,657	3,773	6,042	12,375	5,991
Taiwan-----	1,180	1,152	1,713	2,105	3,116	2,088
Brazil-----	6,367	4,909	2,761	3,991	4,936	2,741
Romania-----	1,291	492	39	240	2,267	2,429
Israel-----	202	103	45	122	125	31
India-----	5,958	2,127	693	999	615	332
Venezuela-----	0	0	0	715	97	454
Yugoslavia-----	0	102	98	0	104	4
All other-----	48	521	30	45	69	7
Total-----	20,746	14,064	9,152	14,261	23,704	14,077
Value (1,000 dollars)						
Republic of						
Korea-----	5,643	4,260	3,781	5,869	11,087	6,293
Taiwan-----	1,727	1,504	1,557	2,136	3,644	2,799
Brazil-----	7,000	5,484	1,917	2,418	3,346	1,954
Romania-----	1,273	477	22	135	1,317	1,344
Israel-----	1,259	492	294	685	710	224
India-----	6,581	2,185	424	451	349	202
Venezuela-----	-	-	-	369	50	395
Yugoslavia-----	-	122	58	-	46	8
All other-----	269	1,597	192	54	91	14
Total-----	23,751	16,122	8,245	12,117	20,640	13,231
Unit value						
Republic of						
Korea-----	\$989.76	\$914.71	\$1,001.91	\$971.38	\$895.97	1,050.43
Taiwan-----	1,463.15	1,305.20	908.88	1,014.39	1,169.28	1,340.53
Brazil-----	1,099.39	1,117.14	694.26	605.85	677.95	712.70
Romania-----	986.36	970.27	567.99	562.59	580.81	553.12
Israel-----	6,244.49	4,783.46	6,499.19	5,614.54	5,664.60	7,130.47
India-----	1,104.54	1,027.41	611.68	451.11	567.82	609.63
Venezuela-----	-	-	-	515.28	510.67	870.33
Yugoslavia-----	-	1,187.83	598.03	-	438.08	1,761.83
All other-----	5,604.17	3,065.26	6,400.00	1,200.00	1,318.84	2,000.00
Average-----	1,144.82	1,146.28	900.93	849.64	870.74	939.95

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

Note.--This table contains actual GSP imports only (i.e., "CSC 4" trade data). Because of rounding, figures may not add to the totals shown.

