

**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
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COUPLINGS OF IRON OR STEEL

DIGEST NO. B105

COUPLINGS OF IRON OR STEEL
DIGEST NO. B105 (GSP Removal)

Background

Description and uses

A coupling of iron or steel is a relatively short tubular product, threaded on the inside. The purpose of a coupling is to join two or more sections of pipe or tubing in such a way as to allow for the conveyance of gases or liquids. A coupling usually refers to a component when used to join pipe or tube in a straight line configuration. There are three basic types of steel pipe and tube couplings: standard, which are made of carbon steel and used frequently in plumbing applications; casing or oil country tubular good (OCTG) couplings, which are primarily alloy steel produced to the standards of the American Petroleum Institute ("API") and used with casing, tubing and drill pipe in drilling oil and gas wells and for transporting oil and gas to the surface; and conduit couplings, which are used as conduits for electrical wiring. The last, is not covered in this digest but is addressed in digest no. B106.

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.
B105—Con.

Couplings of iron or steel: 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—		
610.86	Couplings of iron or steel.....	11%	7%	6.2
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
610.86	Couplings of iron or steel.....	20,883	Yes.	

U.S. customs treatment

Couplings of iron or steel are provided for in item No. 610.86 of the Tariff Schedules of the United States Annotated (TSUSA). The current column 1 or most-favored-nation duty rate is 7 percent ad valorem. The rate which is applicable to such imports from least developed developing countries (LDDC) is 6.2 percent ad valorem, and the column 2 rate which is applicable to imports from Communist countries is 45 percent ad valorem. Couplings of iron or steel have been eligible for GSP treatment since the program began in 1976. No countries are currently ineligible for GSP under TSUS item 610.86.

U.S. producers and employment

During 1981-85, the number of U.S. firms producing couplings of iron or steel declined. No firm data exist on the number of firms manufacturing in 1981, but industry estimates place the number at 50-70 firms. The number of manufacturers began to decline around 1982 when the oil market began to collapse and drilling slowed. A number of firms went out of business and

others filed under Chapter 11 or 13 of U.S. bankruptcy law. By 1985 approximately 12 manufacturers remained although not all of them were producing by the end of the year. Employment also declined as firms went out of business or were absorbed by other manufacturers. The industry has no firm documentation on the number of employees, but petitioners have estimated that peak employment was approximately 3,200 persons. By 1985 employment had declined to between * * * as about * * * persons lost their jobs while * * * were on lay-off.

U.S. consumption and shipments

The market for couplings can be separated into two areas. Standard couplings, also known as merchant couplings, are sold to the commercial building industry (such as shopping centers) for plumbing applications. Oil country tubular good (OCTG) couplings are used by the oil industry to drill wells and to transport liquids or gases. OCTG couplings are sold to oil drilling companies, steel mills, or threader yards.

The couplings industry has undergone contraction during the last five years. According to industry sources, during 1980-81 the market was relatively stable. In late 1981, the U.S. couplings industry had excess capacity because larger firms in the industry had expanded in light of continued expected demand from the oil industry. Shortly thereafter, the oil market began to collapse and demand for OCTG couplings declined. In conjunction with the depression in the commercial building industry in 1982-83, both shipments and imports declined. With so much excess capacity and low demand, the industry experienced a number of firms closing

and mergers, leaving about 12 companies remaining in 1985, not all of which were operating.

Apparent consumption of couplings of iron or steel fluctuated during 1981–85, declining overall from * * * million tons (* * * million) in 1981 to * * * million tons (* * * million) in 1985 (table A). Consumption most likely declined as a result of the recession in the United States during 1982–83, the collapse of oil market and the subsequent drop in demand for OCTG. U.S. shipments of couplings of iron or steel declined from * * * million tons (* * * million) in 1981 to a low during 1982, then rose during 1983–84, only to decline to * * * million tons (* * * million) in 1985. Based on quantity the ratio of imports to consumption fluctuated during 1980–85 from a high of * * * percent in 1982 to a low of * * * percent in 1983 before increasing to * * * percent in 1985.

U.S. exports

U.S. exports of iron or steel couplings fluctuated during 1981–85, declining from 5,530 tons (\$40.4 million) in 1981 to 3,130 tons (\$28.4 million) in 1985 (table B). The principal U.S. market for these exports was Canada, which in 1985 accounted for 49 percent of total exports. The petitioner believes that exports of couplings contain reporting errors and are greatly overstated, because those firms for whom data is presented in the petition export very little. The petitioner believes that the firms in the petition presently represent approximately 60–70 percent of the industry.

U.S. imports

U.S. imports of couplings of iron or steel declined overall during 1981-85, from 23,161 tons (\$59.9 million) in 1981 to 11,657 tons (\$20.8 million) in 1985, or by 50 percent (table C). The largest sources of U.S. imports were Japan and Canada, which together accounted for 59 percent of the quantity of total U.S. imports in 1985.

U.S. imports of iron or steel couplings from GSP countries increased from 1,113 tons (\$3.1 million) in 1981 to 2,405 tons (\$4.5 million) in 1984, then declined slightly to 2,004 tons (\$4.4 million) in 1985, increasing overall by 80 percent (table D). The largest GSP country source by quantity has been Korea. On a value basis however, the largest GSP supplier of imports has been Taiwan. This is because Korea is the largest GSP supplier of standard couplings, which are a lower valued product, whereas Taiwan is primarily the supplier of OCTG couplings, which are more expensive. Korea generally has not participated in exports of OCTG couplings to the United States.

Imports of couplings of iron or steel 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 1/</u>
Taiwan.....	2,366	11
Korea.....	1,452	7
Israel.....	584	3
Argentina.....	61	2/
Brazil.....	50	2/
Other GSP.....	51	2/
Total.....	4,564	22

1/ Percentages are rounded.

2/ Less than 0.5 percent.

Conditions of competition in U.S. market

Imports have been able to compete effectively against the domestic producers on the basis of both quality and price. Imports from Japan and Canada are considered to be of comparable quality with the U.S. product and can be purchased for about the same cost or less than domestically produced couplings. Couplings imports from Korea and Taiwan are of equal or lower quality than the U.S. product and can be purchased generally for less.

Position of interested parties

The petitioner, Picoma Industries, Inc., requests the withdrawal of GSP eligibility for steel couplings classified under TSUS item 610.86. The petitioner asserts that couplings are "import sensitive steel articles" ^{1/} and as such should be exempt from eligibility for duty-free treatment under the GSP. Additionally, the petitioner believes that the effects of the steel product voluntary restraint agreements (VRA's) has been to encourage foreign coupling producers to shift their exports to the "loose" coupling (i.e. not attached to a pipe or tube and therefore not covered by the VRA's) market, thereby circumventing the VRA's and avoiding duties (GSP is not available for attached couplings and is subject to the VRA's).

^{1/} Within the meaning of section 503(c)(1)(D) of the Trade Act of 1974.

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Table A.--Couplings of iron or steel: U.S. shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85, January-June 1985 and January-June 1986

Year	U.S. shipments 1/	Exports	Imports	Apparent consumption 1/	Ratio of imports to consumption 1/
Quantity (tons)					
1981....	***	5,530	23,161	***	***
1982....	***	6,844	16,137	***	***
1983....	***	4,805	6,461	***	***
1984....	***	3,281	15,741	***	***
1985....	***	3,130	11,657	***	***
Jan.-June--					
1985..	***	1,660	7,325	***	***
1986..	***	1,636	3,522	***	***
Value (1,000 dollars)					
1981....	***	40,443	59,949	***	***
1982....	***	45,212	41,430	***	***
1983....	***	30,820	11,109	***	***
1984....	***	31,555	25,221	***	***
1985....	***	28,409	20,883	***	***
Jan.-June--					
1985..	***	14,850	12,527	***	***
1986..	***	13,824	7,750	***	***
Unit value (per ton)					
1981....	***	7,313.29	2,588.37	--	--
1982....	***	6,606.14	2,567.41	--	--
1983....	***	6,414.08	1,719.45	--	--
1984....	***	9,617.64	1,602.26	--	--
1985....	***	9,076.26	1,791.46	--	--
Jan.-June--					
1985..	***	8,945.73	1,710.17	--	--
1986..	***	8,450.06	2,200.33	--	--

1/ * * *.

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

Table B.--Couplings of iron or steel: 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 (short tons)													
Canada	1,759	1,318	1,053	1,527	1,525	837	790							
U King	81	68	115	381	105	54	76							
Fr Germ	168	219	125	112	212	119	114							
Austral	94	95	288	71	104	57	61							
France	107	147	83	49	45	45	39							
Nethlids	142	131	47	78	72	40	34							
Thailand	8	7	7	0	4	1	0							
Japan	142	30	37	41	131	12	12							
All other	3,029	4,829	3,050	1,022	882	495	510							
Total	5,530	6,844	4,805	3,281	3,130	1,660	1,636							
Value (1,000 dollars)														
Canada	12,792	7,915	7,857	10,457	10,510	5,387	4,609							
U King	1,164	1,573	1,855	5,660	3,176	2,025	1,801							
Fr Germ	1,257	1,385	1,102	2,149	2,401	1,594	1,449							
Austral	940	781	676	843	1,280	552	487							
France	1,401	1,591	1,295	1,124	1,145	719	682							
Nethlids	1,253	1,412	648	991	1,033	595	353							
Thailand	31	54	28	6	892	8	1							
Japan	677	593	396	644	801	441	233							
All other	20,927	29,909	17,163	9,682	7,172	3,528	4,408							
Total	40,443	45,212	30,820	31,555	28,409	14,850	13,824							
Unit value (per short ton)														
Canada	\$7,272.18	\$6,005.06	\$7,462.01	\$6,848.05	\$6,892.00	\$6,436.60	\$5,834.65							
U King	14,372.35	23,130.46	16,128.87	14,855.02	30,245.06	37,495.09	23,694.28							
Fr Germ	7,484.13	6,324.98	8,819.58	19,185.21	11,325.39	13,393.92	12,707.84							
Austral	10,000.91	8,218.95	1,653.05	11,880.17	12,303.49	9,687.93	7,982.75							
France	13,091.96	10,824.90	15,597.70	22,940.18	12,052.16	15,976.00	12,369.95							
Nethlids	8,824.26	10,779.31	13,787.70	12,710.06	14,340.92	14,884.48	10,395.06							
Thailand	3,893.13	7,699.29	3,980.29	-	223,081.75	7,671.00	-							
Japan	4,766.50	19,769.73	10,695.00	15,700.05	6,112.85	36,783.75	19,437.33							
All other	6,908.98	6,193.54	5,627.09	9,473.15	8,130.96	7,127.86	8,643.81							
Average	7,313.29	6,606.14	6,414.08	9,617.64	9,076.26	8,945.73	8,450.06							

1/ Less than 500.

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

Table C.--Couplings 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)					1985	January-June--	
	1981	1982	1983	1984	1985		1985	1986
Japan	17,442	10,633	4,069	8,547	5,123	3,137	1,157	
Canada	3,050	1,588	127	1,130	1,808	1,145	476	
China t	172	263	593	808	827	416	622	
Fr Germ	192	142	168	1,796	647	651	91	
Kor Rep	803	354	874	1,074	1,074	603	455	
Austral	57	293	35	1,023	749	44	0	
Israel	45	118	97	166	68	44	97	
France	861	1,106	293	499	319	167	213	
All other	539	1,640	205	942	768	613	411	
Total	23,161	16,137	6,461	15,741	11,657	7,325	3,522	
	Value (\$1,000 dollars)							
Japan	46,008	28,579	5,897	12,529	8,681	5,267	2,597	
Canada	7,120	4,312	527	2,220	3,321	1,941	786	
China t	358	507	1,049	1,706	2,366	1,343	1,587	
Fr Germ	1,199	927	1,731	2,710	1,661	968	455	
Kor Rep	1,806	887	1,373	1,933	1,452	855	584	
Austral	83	359	29	416	853	674	-	
Israel	234	310	584	931	584	362	344	
France	1,149	1,902	385	664	579	268	538	
All other	1,992	3,646	533	2,111	1,386	869	859	
Total	59,949	41,430	11,109	25,221	20,883	12,527	7,750	
	Unit value (per short ton)							
Japan	\$2,637.77	\$2,687.80	\$1,449.20	\$1,465.95	\$1,694.48	\$1,672.51	\$2,244.67	
Canada	2,334.58	2,715.35	4,147.72	1,964.90	1,836.85	1,695.69	1,651.32	
China t	2,079.72	1,929.27	1,769.17	2,111.92	2,861.27	3,228.47	2,551.04	
Fr Germ	6,244.84	6,524.66	4,351.01	1,508.66	2,566.80	2,146.62	5,003.02	
Kor Rep	2,249.10	2,507.01	1,571.38	1,363.45	1,352.10	1,417.69	1,283.35	
Austral	1,464.26	1,225.18	840.94	955.53	834.07	900.09	-	
Israel	5,192.98	2,626.62	6,023.14	5,607.00	8,591.63	8,224.86	3,543.65	
France	1,334.31	1,720.15	1,315.13	1,330.96	1,814.43	1,605.07	2,524.50	
All other	3,695.88	2,223.24	2,601.52	2,241.37	1,804.40	1,417.59	2,090.15	
Average	2,588.37	2,567.41	1,719.45	1,602.26	1,791.46	1,710.17	2,200.33	

1/ Less than 500.

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

Table D.—Couplings of iron or steel 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 (tons)						
Taiwan	172	262	577	787	775	607
Korea	803	354	874	1,378	1,051	449
Israel	25	118	92	166	65	81
Argentina	0	479	0	11	42	-
Brazil	0	0	0	1	27	-
Antigua	0	0	0	0	23	-
India	0	0	0	1/	18	5
Mexico	4	0	1	1/	4	5
All other	109	269	2	62	0	13
Total	1,113	1,482	1,546	2,405	2,004	1,160
Value (1,000 dollars)						
Taiwan	357	480	1,003	1,587	2,291	1,516
Korea	1,806	887	1,373	1,851	1,428	573
Israel	213	309	528	931	555	186
Argentina	-	513	-	17	54	-
Brazil	-	-	-	10	50	-
Antigua	-	-	-	-	31	-
India	-	-	-	4	5	12
Mexico	17	-	4	1	4	4
All other	753	805	18	1	1	26
Total	3,146	2,994	2,926	4,515	4,419	2,317
Unit value (Dollars per ton)						
Taiwan	2,082.64	1,830.24	1,738.33	2,016.79	2,955.61	2,498.92
Korea	2,249.16	2,504.81	1,570.84	1,343.19	1,359.12	1,275.16
Israel	8,529.80	2,625.79	1,570.84	5,615.54	8,602.37	2,301.68
Argentina	-	1,071.28	5,757.79	1,573.24	1,279.43	-
Brazil	-	-	-	8,331.25	1,886.01	-
Antigua	-	-	-	-	1,354.58	-
India	-	-	-	42,553.19	305.83	2,255.00
Mexico	3,910.56	-	-	5,595.46	972.51	944.63
All other	6,908.26	2,992.57	2,849.39	1,838.72	-	2,000.00
Total	2,827.76	2,021.08	1,892.67	1,877.22	2,205.32	1,996.92

1/ Less than .05 ton.

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

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

FITTINGS OF IRON OR STEEL FOR ELECTRICAL CONDUIT

DIGEST NO. B106

FITTINGS OF IRON OR STEEL FOR ELECTRICAL CONDUIT
DIGEST NO. B106 (GSP Removal)

Background

Description and uses

The conduit fittings which are the subject of this digest are articles of iron or steel that are coated or lined to make them suitable for use with conduit for electrical wire and cable. The coatings that are most often applied to the exteriors and or interiors of these fittings are zinc (galvanizing), to improve resistance to routine corrosion, and various plastic materials, to protect the metal in highly corrosive environments (e.g., chemical plants, salt spray, etc.). According to past U.S. Custom Service rulings, the items classified as conduit fittings under TSUSA items 688.3210 and 688.3220, include any articles that are used to join together two or more sections of conduit in a straight line (a.k.a. couplings), with a bend (such as an elbow), or both (in the case of a tee). There are three basic lines of conduit fittings, depending upon whether they are employed with rigid conduit, electrical metallic tubing, or flexible steel tubing. Fittings for rigid conduit come in standard and intermediate weights corresponding to the respective gauges of this type of conduit. Due to the heavy gauge of this conduit, fittings and conduit alike are most often threaded and various types of fittings (ells, offsets, etc.) are employed to change the direction of the conduit. Compression or set-screw type fittings are commonly employed with the bendable electrical metallic tubing and flexible steel tubing.

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

Digest No.
B106—Con.

Fittings of iron or steel for electrical conduit: 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——		
688.32	Iron or steel pipes or tubes prepared and coated or lined in any manner suitable for use as conduits for electrical conductors, and iron or steel fittings therefor: Fittings.....	9.0	6.9	5.8
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
688.32	Fittings.....	6,456	Yes.	

U.S. customs treatment

Since 1981, imported fittings of iron or steel for electrical conduit from all designated beneficiary countries have been eligible for duty-free status under the GSP.

U.S. producers and employment

During 1981-85, the number of U.S. producers of fittings of iron or steel of all types of electrical conduit is estimated to have increased from 42 to 45. The petitioner in the instant investigation indicates that four firms (including themselves) currently account for the majority of U.S. production

in the segment of the U.S. industry (couplings) in which they are involved and that at least * * * other manufacturers 1/ of couplings, have ceased production since 1981. The petitioner has also stated that the level of their production operations, but not their * * * , has been sustained as the result of industry consolidations. Total employment in the companies which were able to report * * * from * * * persons in 1983 to * * * employees in 1985, or by * * * percent; the number of production and related workers reported for these companies * * * from * * * workers in 1983 to * * * workers in 1985, or by * * * percent.

U.S. consumption and shipments

Apparent U.S. consumption of all types of fittings for electrical conduit is estimated to have increased erratically from \$147.7 million in 1981 to \$170.9 million in 1984, or by 16 percent, before declining by 3 percent to \$165.9 million in 1985 (table A).

U.S. producers' shipments of fittings for electrical conduit followed the same trend as that for consumption while rising erratically from an estimated \$180.1 million in 1981 to \$192.1 million in 1984 and then declining to \$190.7 million in 1985. U.S. producers' shipments of conduit couplings are estimated to have accounted for * * * percent, or approximately * * * of the 1985 total. The trend in U.S. industry shipments of fittings for electrical conduit is closely related to the level of U.S. commercial and

1/ Many of these producers were reportedly very small shops which consequently were not counted in the U.S. Department of Commerce survey for the product grouping covering fittings (MA36K).

industrial construction activity which accounts for the bulk of U.S. consumption of these products. This is why U.S. producers' shipments fell substantially during 1982, a recession year, but have since recovered. The ratio of imports to consumption for all fittings of iron or steel for electrical conduit increased erratically from 2.4 percent in 1981 to 3.9 percent in 1984 and 1985. The estimated ratio of imports to consumption for conduit couplings alone was approximately * * * percent in 1985.

U.S. exports

U.S. exports of iron or steel conduit fittings declined annually from \$35.9 million in 1981 to \$27.8 million in 1984, or by 23 percent, but then recovered by 12 percent to \$31.2 million in 1985 (table B-1). Exports during the period were nearly equally divided between threaded (47 percent) and unthreaded fittings (53 percent) (tables B-2 and B-3). The threaded fittings were principally exported to Canada and Saudi Arabia, although exports to the latter market dropped dramatically during 1983-85. The two leading foreign markets for other fittings were Mexico and Saudi Arabia, with exports to the latter also declining sharply during 1983-85. Nearly \$5.0 million in exports of other than threaded fittings were shipped to Israel during the second half of 1985, but these shipments showed no evidence of sustaining themselves during the first half of 1986.

U.S. imports

U.S. imports of iron or steel conduit fittings increased erratically from \$3.5 million in 1981 to \$6.6 million in 1984, or by 88 percent, before declining slightly to \$6.5 million in 1985 (table C-1). The increase in the

poundage of these imports was even more dramatic, however, as fitting entries increased annually from nearly 2.9 million pounds in 1981 to 7.2 million pounds in 1985, or by 152 percent. The average unit value of imports consequently declined from \$1.23 per pound in 1981 to \$0.89 per pound in 1985, or by nearly 28 percent. Approximately 40 percent of the quantity and value of imports during 1981–85 were of threaded fittings (tables C-2 and C-3). The majority of the imports during the period, and 63 and 73 percent of the value and weight, respectively, of the 1985 total, were entered from France and Korea. The value of imports from Mexico, the third leading source in terms of value in 1985, has shown a strong upward growth trend since 1983, however, the poundage of these imports is still considerably below that of the leading suppliers. Most of the Mexican imports during the period were entered by U.S. producers under TSUS item 806.30.

U.S. imports of fittings under the GSP accounted for approximately one third of the weight and value of total imports during 1981–85 (table D). Korea was by far the leading supplier of these imports, accounting for 81 percent of the total poundage and 72 percent of the total value of GSP imports during 1981–85. The only other significant GSP supplier was Israel, GSP entries from which declined from just under \$1.0 million in 1981 to zero in 1985.

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

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Korea.....	\$1,851	29
Mexico.....	899	14
Hong Kong.....	147	2
Taiwan.....	123	2
Other GSP.....	—	—
Total.....	3,020	47

Conditions of competition in the U.S. market

Imported and domestically produced conduit fittings are sold in U.S. markets in much the same way, either directly to large original equipment manufacturers of conduit, or to large national or regional electrical equipment wholesale distributors, such as the General Electric Supply Co. While U.S. producers indicate that the quality of imported fittings is generally * * * to similar types of domestic merchandise, they also suggest that the lower prices offered on a wide range of these fittings are sufficiently attractive to U.S. purchasers to overcome differences in quality. The petitioner indicates that in certain product lines, fittings have been offered to U.S. customers at prices below the petitioner's cost of production. As U.S. production operations are reportedly more * * * than those of foreign producers, the price differentials between U.S. and foreign merchandise are believed to be the result of higher U.S. material and overhead costs. Material costs often account for * * * percent of the total cost of fittings produced by the petitioner.

Position of interested parties

The petitioner, Picoma Industries, Inc. of Houston, TX., is requesting the permanent withdrawal of GSP duty-free status with respect to TSUS item 688.32, or at the very least, the suspension of GSP eligibility on this provision for the duration of the voluntary restraint agreements (VRA's) on

imported steel. ^{1/} In its petition, Picoma indicates that it, and the other three remaining U.S. producers of conduit "couplings," have suffered significant losses of capacity utilization and profitability as the result of intense price competition from and penetration of the U.S. market by imported fittings from Korea and Taiwan. The couplings produced by Picoma are distinguished from all other conduit fittings in that they are only designed to effect a linear (or straight line) connection between two pieces of rigid conduit or electrical metallic tubing. Picoma and the other three U.S. manufacturers of these products thus represent only a portion of the total U.S. industry producing iron or steel fittings for electrical conduit.

The American Couplings Coalition (ACC), of which Picoma is a member, has also presented written and oral statements, in support of the permanent withdrawal of GSP duty-free status with respect to TSUS item 688.32, or at the very least, the suspension of GSP eligibility on this provision for the duration of the voluntary restraint agreements on imported steel products. The specific fittings which the ACC wants removed from GSP eligibility are conduit "couplings" which are designed to effect a linear (or straight line) connection between rigid conduit or electrical metallic tubing. The ACC is an

^{1/} On September 18, 1984, the President established a nine-point policy to address the concerns of the U.S. steel industry. Under this policy, the President directed the United States Trade Representative to negotiate VRA's to cover a five-year period (from October 1, 1984 through September 30, 1989) with countries whose exports to the United States had increased significantly in recent years due to an unfair surge in imports. The agreements have taken the form of market share arrangements and quotas, or a combination thereof. The agreements are tailored to each country, with considerable variation in the number of individual product categories subject to limitation.

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ad hoc association of which Beck Manufacturing Co. of Waynesboro, PA.,
Wheatland Tube Co. of Collingswood, NJ., L.B. Foster Co. of Pittsburgh, PA.,
and Picoma are members.

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Table A.—Fittings of iron or steel for electrical conduit: 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 1/	Exports	Imports	Apparent consumption 1/	Ratio of imports to consumption 1/
	1,000 dollars				Percent
1981....	180,086	35,929	3,506	147,663	2.4
1982....	164,354	30,887	3,045	136,512	2.2
1983....	168,463	30,118	4,764	143,109	3.3
1984....	192,114	27,820	6,601	170,895	3.9
1985....	190,672	31,239	6,456	165,889	3.9
Jan.-June—					
1985..	86,000	13,957	4,140	76,183	5.4
1986..	82,000	11,152	3,315	74,163	4.5

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-1--Fittings of iron or steel for electrical conduit: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	Quantity (pounds)					Value (1,000 dollars)				
	1981	1982	1983	1984	1985	1985	1985	1985	1985	1986
Mexico	1,062,067	258,855	590,792	2,255,858	1,938,217	904,597	934,336			
Canada	3,027,854	1,715,505	4,864,116	8,259,173	7,580,643	3,682,773	4,222,935			
Israel	19,618	12,079	14,838	2,139	166,399	240	8,328			
S Arab	7,421,419	7,228,372	6,860,959	2,165,350	1,010,628	731,776	220,318			
Japan	124,626	175,546	140,441	158,976	318,495	96,178	166,555			
U King	199,584	117,553	135,389	124,148	224,148	129,789	228,276			
Singapr	416,849	371,584	263,600	154,326	296,339	249,298	76,192			
Fr Germ	136,212	72,614	120,996	190,234	141,220	78,743	58,669			
All other	7,983,382	4,987,683	5,034,856	2,852,063	1,916,308	873,908	776,736			
Total	20,391,611	14,939,791	18,025,987	16,162,658	13,592,397	6,747,302	6,692,345			
	Value (1,000 dollars)									
Mexico	1,884	551	1,639	5,854	7,473	3,740	3,041			
Canada	4,542	3,203	5,842	6,982	7,424	3,567	3,845			
Israel	71	94	141	21	4,855	4	102			
S Arab	9,435	10,075	10,031	4,216	2,007	1,469	465			
Japan	519	1,032	832	891	1,163	572	620			
U King	549	571	610	784	857	539	478			
Singapr	1,547	1,434	985	687	848	670	272			
Fr Germ	924	413	495	934	803	621	237			
All other	16,458	13,513	9,543	7,451	5,809	2,978	2,091			
Total	35,929	30,887	30,118	27,820	31,239	13,957	11,152			
	Unit value (per pound)									
Mexico	\$1.77	\$2.13	\$2.78	\$2.59	\$3.86	\$4.13	\$3.25			
Canada	1.50	1.87	1.20	0.85	0.98	0.97	0.91			
Israel	3.61	7.81	9.48	10.03	29.18	14.60	12.22			
S Arab	1.27	1.39	1.46	1.95	1.99	2.01	2.11			
Japan	4.17	5.88	5.92	7.16	3.65	5.94	3.73			
U King	2.75	4.86	4.50	4.93	3.82	4.15	2.10			
Singapr	3.71	3.86	3.73	4.45	2.86	2.69	3.57			
Fr Germ	6.78	5.68	4.09	4.91	5.68	5.34	4.04			
All other	2.06	2.71	1.90	2.61	3.03	3.61	2.69			
Average	1.76	2.07	1.67	1.72	2.30	2.07	1.67			

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

Table B-2--Threaded fittings of iron or steel for electrical conduit: 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	January-June-- 1986
Quantity (pounds)							
Canada	2,713,151	1,419,086	4,588,367	8,130,224	7,334,057	3,551,634	3,827,585
Japan	97,516	104,197	115,643	106,926	213,625	90,214	115,335
Fr Germ	129,227	71,469	77,907	149,762	134,289	72,256	49,156
Singapr	349,775	259,211	220,159	150,605	166,405	123,855	33,092
U King	121,977	113,328	121,223	126,943	150,797	80,942	80,542
S Arab	2,964,194	1,740,104	1,959,865	502,154	241,990	207,261	16,798
Italy	65,692	73,615	47,987	57,619	64,194	37,557	35,420
Austral	43,942	63,074	91,872	63,306	87,652	41,655	2,094
All other	2,652,569	2,158,725	2,114,198	1,091,454	425,707	237,816	209,967
Total	9,138,043	6,002,809	9,337,221	10,378,993	8,818,716	4,443,190	4,369,989
Value (1,000 dollars)							
Canada	3,966	2,918	5,342	6,644	6,801	3,280	3,383
Japan	460	568	709	677	998	565	386
Fr Germ	896	386	402	848	748	376	213
Singapr	1,211	1,143	783	661	680	518	158
U King	462	529	545	613	677	403	252
S Arab	2,407	1,856	1,924	1,091	465	295	152
Italy	317	429	343	343	429	160	187
Austral	227	344	596	318	293	158	15
All other	6,463	6,509	4,118	3,341	1,912	1,119	894
Total	16,410	14,683	14,747	14,537	13,003	6,875	5,640
Unit value (per pound)							
Canada	\$1.46	\$2.06	\$1.16	\$0.82	\$0.93	\$0.92	\$0.88
Japan	4.71	5.46	6.13	6.33	4.67	6.27	3.34
Fr Germ	6.93	5.40	5.16	5.66	5.57	5.21	4.34
Singapr	3.46	4.41	3.56	4.39	4.09	4.18	4.78
U King	3.79	4.67	4.50	4.83	4.49	4.98	3.13
S Arab	0.81	1.07	0.98	2.17	1.92	1.42	9.04
Italy	4.83	5.83	6.84	5.95	6.68	4.26	5.27
Austral	5.17	5.45	6.49	5.03	3.55	3.80	7.31
All other	2.44	3.02	1.95	3.06	4.49	4.71	4.26
Average	1.80	2.45	1.58	1.40	1.47	1.55	1.29

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

Table B-3.—Other fittings of iron or steel for electrical conduit: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	Quantity (pounds)					January-June-- 1986
	1981	1982	1983	1984	1985	
Mexico	903,869	185,435	588,562	2,251,214	1,927,307	916,613
Israel	8,109	416	679	491	166,103	0
S Arab	4,457,225	5,488,268	4,901,094	1,663,196	768,638	524,515
Canada	314,703	296,419	275,749	128,949	246,586	131,139
Kor Rep	29,586	85,055	599,541	523,945	109,905	23,793
Venez	159,341	169,001	226,247	22,606	110,320	14,814
France	265,800	95,532	60,940	80,851	146,949	57,756
Co Czaz	0	0	0	0	54,063	0
All other	5,114,935	2,616,856	2,035,954	1,112,413	1,243,810	593,435
Total	11,253,568	8,936,982	8,688,766	5,783,665	4,773,681	2,304,112
	Value (1,000 dollars)					
Mexico	1,296	387	1,625	5,838	7,451	3,740
Israel	25	7	9	4	4,850	97
S Arab	7,027	8,218	8,107	3,125	1,542	1,174
Canada	576	285	500	338	624	287
Kor Rep	118	236	941	1,506	572	166
Venez	465	459	314	149	375	68
France	577	265	226	247	324	161
Co Czaz	-	-	-	-	253	253
All other	9,435	6,347	3,649	2,076	2,243	1,234
Total	19,519	16,203	15,371	13,284	18,236	7,083
	Unit value (per pound)					
Mexico	\$1.43	\$2.09	\$2.76	\$2.59	\$3.87	\$4.13
Israel	3.12	16.19	12.58	8.38	29.20	14.89
S Arab	1.58	1.50	1.65	1.88	2.01	1.54
Canada	1.83	0.96	1.81	2.62	2.53	1.17
Kor Rep	3.97	2.78	1.57	2.87	5.21	2.47
Venez	2.92	2.71	1.39	6.60	3.40	4.40
France	2.17	2.77	3.71	3.06	2.21	4.37
Co Czaz	-	-	-	-	4.68	-
All other	1.84	2.43	1.79	1.87	1.80	1.92
Average	1.73	1.81	1.77	2.30	3.82	3.07

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

Table C-1.--Fittings of iron or steel for electrical conduit: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (pounds)					Unit value (per pound)
	1981	1982	1983	1984	1985	
France	48	190,519	2,561,473	3,850,484	3,132,224	1,960,789
Kor Rep	761,461	1,329,717	1,196,091	1,829,436	2,149,542	1,566,508
Mexico	0	3	53,285	12,094	326,339	57,922
Switzld	31	0	117,507	239,226	583,536	583,536
Fr Germ	790,192	990,370	1,079,476	267,095	249,481	62,712
Hg Kong	787	48,115	1,500	83,786	212,220	0
China t	185	43,209	111,370	73,914	87,991	37,787
Canada	266,944	58,473	10,216	125,013	19,339	3,966
All other	1,038,840	453,417	642,718	602,606	456,643	389,753
Total	2,858,488	3,113,823	5,773,636	7,083,654	7,217,315	4,662,973
			Value (1,000 dollars)			
France	10	142	1,770	3,070	2,233	1,480
Kor Rep	553	804	959	1,873	1,851	1,374
Mexico	-	1	44	138	899	422
Switzld	1/	-	91	196	421	421
Fr Germ	842	969	981	279	240	86
Hg Kong	9	153	2	68	147	-
China t	1	48	129	99	123	39
Canada	604	92	44	375	112	32
All other	1,487	837	745	504	429	285
Total	3,506	3,045	4,764	6,601	6,456	4,140
			Unit value (per pound)			
France	\$205.31	\$0.75	\$0.69	\$0.80	\$0.71	\$0.75
Kor Rep	0.73	0.60	0.80	1.02	0.86	0.79
Mexico	-	193.67	0.83	11.62	2.75	7.28
Switzld	8.77	-	0.78	0.82	0.72	0.65
Fr Germ	1.07	0.98	0.91	1.05	0.96	1.38
Hg Kong	11.12	3.18	1.07	0.82	0.69	-
China t	5.95	1.11	1.16	1.33	1.40	1.04
Canada	2.26	1.57	4.29	3.00	5.79	8.09
All other	1.43	1.85	1.16	0.84	0.94	0.73
Average	1.23	0.98	0.83	0.93	0.89	0.89

1/ Less than 500.

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

Table C-2.--Threaded fittings of iron or steel for electrical conduit: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (pounds)					January-June-- 1985	January-June-- 1986
	1981	1982	1983	1984	1985		
Kor Rep	761,461	1,250,892	1,151,857	1,812,892	2,079,819	1,535,344	1,231,707
Hg Kong	0	30,250	1,500	83,596	211,200	0	0
France	0	189,088	1,574,139	1,280,099	120,185	120,185	78,096
Switzld	0	0	0	0	83,638	83,638	0
China t	0	15,279	0	0	15,613	0	180,233
U King	58,258	15,218	31	385	4,292	4,292	0
Italy	45,575	1,287	0	0	223	0	0
Japan	117,187	44,494	46,652	0	2,906	110	5,247
All other	982,481	1,576,192	2,982,420	12,471	0	0	82,035
Total				3,189,443	2,517,876	1,743,569	1,577,318
	Value (1,000 dollars)						
Kor Rep	553	751	927	1,864	1,804	1,352	978
Hg Kong	-	86	2	67	141	-	-
France	-	138	1,058	883	88	88	52
Switzld	-	-	-	-	55	55	-
China t	-	26	-	-	37	-	228
U King	191	51	1	6	11	11	-
Italy	39	11	-	-	10	-	-
Japan	158	78	59	-	7	3	9
All other	941	1,187	2,219	34	-	-	55
Total				2,854	2,153	1,509	1,322
	Unit value (per pound)						
Kor Rep	\$0.73	\$0.60	\$0.80	\$1.03	\$0.87	\$0.88	\$0.79
Hg Kong	-	2.83	1.07	0.81	0.67	-	-
France	-	0.73	0.67	0.69	0.73	0.73	0.67
Switzld	-	-	-	-	0.65	0.65	-
China t	-	1.71	-	-	2.35	-	1.26
U King	3.28	3.34	30.52	14.55	2.65	2.65	-
Italy	0.86	1.03	1.26	-	46.83	-	-
Japan	1.35	2.64	0.83	2.71	22.93	-	1.63
All other	0.96	0.75	0.74	0.89	0.87	0.87	0.84

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

Table C-3.--Other fittings of iron or steel for electrical conduit: 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)											
France	48	1,431	987,334	2,570,385	3,012,039	1,840,604	1,160,670					
Mexico	0	3	53,285	12,094	326,339	57,922	241,678					
Switzld	31	0	117,507	239,226	499,898	499,898	115,732					
Fr Germ	725,486	966,182	1,079,412	265,565	249,481	62,712	33,263					
Canada	214,463	53,087	7,466	114,312	19,339	3,966	12,666					
Japan	250,889	159,588	105,038	89,837	52,296	20,625	24,913					
China M	0	0	103,657	370,031	270,893	270,893	0					
U King	2,730	406	4,143	5,747	14,371	11,680	1,913					
All other	682,360	356,934	333,374	227,014	254,783	151,104	323,826					
Total	1,876,007	1,537,631	2,791,216	3,894,211	4,699,439	2,919,404	1,914,661					
	Value (\$1,000 dollars)											
France	10	5	712	2,187	2,145	1,393	745					
Mexico	-	1	44	138	899	422	576					
Switzld	1	-	91	196	367	367	75					
Fr Germ	751	913	980	277	240	86	63					
Canada	537	69	30	343	112	32	190					
Japan	288	336	180	132	100	57	33					
China M	-	-	51	147	100	100	-					
U King	15	19	11	22	98	46	35					
All other	964	515	445	305	241	129	276					
Total	2,565	1,858	2,544	3,747	4,303	2,632	1,993					
	Unit value (per pound)											
France	\$205.31	\$3.44	\$0.72	\$0.85	\$0.71	\$0.76	\$0.64					
Mexico	-	193.67	0.83	11.42	2.75	7.28	2.38					
Switzld	8.77	-	0.78	0.82	0.73	0.73	0.65					
Fr Germ	1.04	0.95	0.91	1.04	0.96	1.38	1.90					
Canada	2.50	1.31	4.04	3.00	5.79	8.09	14.98					
Japan	1.15	2.11	1.71	1.47	1.92	2.75	1.32					
China M	-	-	0.49	0.40	0.37	0.37	-					
U King	5.37	45.97	2.57	3.82	6.82	3.94	18.31					
All other	1.41	1.44	1.34	1.34	0.95	0.85	0.85					
Average	1.37	1.21	0.91	0.96	0.92	0.90	1.04					

1/ Less than 500.

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

Table D.—Fittings of iron or steel for electrical conduit: 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 (pounds)						
Korea	469,731	1,231,606	1,196,091	1,829,436	2,132,015	1,252,879
Taiwan	185	36,405	111,370	73,899	65,980	278,188
Israel	678,388	222,105	185,797	93,607	-	-
Hong Kong	787	13,835	-	70,785	1,020	-
Mexico	-	-	53,285	-	-	-
All other	-	-	452	-	-	-
Total	1,149,091	1,503,951	1,546,992	2,067,968	2,199,015	1,531,067
Value (1,000 dollars)						
Korea	343	721	959	1,873	1,835	994
Taiwan	1	24	129	98	105	336
Israel	947	348	292	150	-	-
Hong Kong	9	55	-	60	6	-
Mexico	-	-	44	-	-	-
All other	-	-	1	-	-	-
Total	1,300	1,148	1,425	2,181	1,946	1,330
Unit value (Dollars per pound)						
Korea	0.73	0.59	0.80	1.02	0.86	0.79
Taiwan	5.95	.66	1.16	1.33	1.60	1.21
Israel	1.39	1.57	1.57	1.60	-	-
Hong Kong	11.12	3.95	-	.85	5.95	-
Mexico	-	-	.83	-	-	-
All other	-	-	2.48	-	-	-
Average	1.13	.76	.92	1.05	.89	.87

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 WRITING PAPER

DIGEST NO. C101

CERTAIN WRITING PAPER
DIGEST NO. C101 (GSP Graduation)

Background

Description and uses

The papers covered in this digest are uncoated writing papers, weighing over 18 pounds per ream. ^{1/} The industry definition of a writing paper versus a printing paper is somewhat indistinct, whereas in the TSUS the definition of a writing paper is exclusive of the definition of a printing paper. Entering under TSUS item 252.75 is paper in rolls or paper in sheets that is cut to no less than 15 inches in any rectangular direction. Most bond papers are available in rolls or sheets. Some of the types of paper entering here include typewriter paper, computer bond, tablet paper, letter paper, onionskin paper, register bond, school drawing paper and other assorted uncoated grades of paper.

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

TSUSA item No.	Description	Col. 1 rate of duty effective during— 1/		
		1981	1985	1987
252.75	Writing paper weighing over 18 pounds per ream.	5.1%	3.3%	2.4%
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
252.75	Writing paper weighing over 18 pounds per ream.	72,701	Yes.	

^{1/} Imports under TSUS item No. 252.75 from certain countries and under certain conditions are free of duty. Those from countries designated as beneficiary developing countries may enter duty-free under the Generalized System of Preferences established pursuant to the Trade Act of 1974, and those from Israel may enter free of duty pursuant to the United States-Israel Free Trade Area Implementation Act of 1985. Also those imports from countries designated as beneficiary countries under the Caribbean Basin Economic Recovery Act may enter duty free under that Act.

If not eligible for duty-free entry under any of the above provisions, imports under item 252.75 may be eligible for entry at 2.4 percent ad valorem under the Trade Agreements Act of 1979 if from countries designated as least developed developing countries.

^{1/} The TSUS definition of a ream is 432,000 square inches.

U.S. customs treatment

Since the inception of the GSP almost all imports from Brazil and Mexico classified under TSUS item 252.75 have received the duty-free treatment. Imports from Brazil started entering under the GSP provision in 1979, however, prior to 1984, total imports from Brazil never exceeded \$2 million in any one year. No U.S. imports from Mexico were classified under this TSUS item until 1983. Since 1983, about 98 percent of all imports classified under TSUS item 252.75, from Brazil and Mexico, received duty-free treatment.

U.S. producers and employment

There are about 50 U.S. producers, operating some 60 plants, that manufacture all grades of uncoated printing/writing paper. Most of the plants are located in the Northeastern and North Central States. The majority of the producers are large paper companies that also manufacture other grades of paper. Employment for printing/writing paper producers is estimated to range between 30,000 and 50,000.

U.S. consumption and production

During 1981-85, consumption of the uncoated writing papers covered here is estimated to have ranged between \$1.2 billion and \$1.4 billion per year and production is estimated to have ranged between \$1.2 billion and \$1.3 billion per year. Imports classified under TSUS item 252.75, on a value basis, represented about 6 percent of U.S. apparent consumption in 1985. During 1981-85, GSP imports represented a high of 3 percent (in 1984) of domestic consumption (total imports represented 8 percent of domestic consumption in 1984). Total imports should represent between 5 and 10 percent of domestic

consumption during the next 5 years and demand for uncoated printing/writing paper should continue to be strong for the next 5-10 years.

U.S. exports

U.S. exports during 1981-85 declined from \$48.9 million in 1981 to \$26.2 million in 1985. U.S. exports tend to be the higher grades of uncoated writing paper. Canada accounted for about 40 percent of U.S. exports during 1981-85 and the remaining 60 percent of U.S. exports went to numerous other markets. There were essentially no U.S. exports to Brazil; exports to Mexico declined sharply from \$9.9 million in 1981 to \$1.5 million in 1985.

U.S. imports

According to the definition in the TSUS, imports classified under item 252.72 are papers in rolls exceeding 6 inches in width or rectangular sheets of paper exceeding 15 inches in either length or width. The petitioner (in favor of graduating GSP treatment for Brazil and Mexico) received a letter from New York Seaport Customs on October 19, 1984 stating that the samples of filler and typing paper submitted (sizes were: 10 1/2" by 8"; 11" by 8 1/2"; and 9 1/2" by 6") were classified under TSUS item 252.75.

The headnote definitions in the TSUS and a hasty and crude analysis of custom's entry forms (Customs Form 7501) for various TSUS item numbers seem to suggest that cut to size (less than 15 inches in either length or width) uncoated writing paper is classified under TSUS item number 256.20 ("cut to size writing paper and correspondence cards weighing over 18 pounds per ream"). Imports under this TSUS item number are also entitled to GSP treatment (the 1987 MFN rate of duty will be 3.2 percent ad valorem). In 1985, imports classified under TSUS 256.20 totaled \$15.3 million. During that year imports

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from Brazil amounted to \$3.3 million (almost all imports from Brazil received GSP treatment) and imports from Mexico amounted to less than \$5,000.

U.S. imports classified under TSUS item 252.75 the TSUS number cited in the petition and the TSUS number analyzed in this digest, increased dramatically from \$4.7 million (0.4 percent of apparent consumption) in 1981 to \$110.3 million (7.9 percent of apparent consumption) in 1984, but then declined to \$72.7 million (5.6 percent of apparent consumption) in 1985. Canada was the leading supplier of imports classified under TSUS item 252.75, accounting for slightly more than two-thirds of all imports during 1981-86. Almost all GSP imports entered from Brazil and Mexico. Prior to 1983, GSP imports were insignificant; in 1983, GSP imports amounted to \$6.9 million and then increased to \$48.2 million in 1984 before dropping to \$9.3 million in 1985 (table D).

Imports of certain writing papers 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.....	\$4,940	7
Mexico.....	4,557	6
Argentina.....	37	<u>1/</u>
Chile.....	<u>12</u>	<u>1/</u>
Total.....	9,546	13

1/ Less than 0.5 percent.

Conditions of competition in the U.S. market

Price is by far the primary factor in a purchasing decision concerning printing/writing papers. Product quality, brand loyalty, and marketing effectiveness are minor factors that enter into a purchasing decision.

Imported products from Brazil and Mexico are sometimes sold below the price offered by domestic producers. There is usually little or no quality difference between an imported product and a domestic product. Neither the imported product nor the domestic product has a clear advantage in any of the nonprice factors.

Position of interested parties

The petition was filed on behalf of the Stationery International Trade Committee (SITC) which claims to represent more than one-half of all U.S. producers of converted paper-related school and office supplies. The petitioner requests that TSUS item 252.75 (which they believed was cut to size typing paper) and six other TSUS items (filler paper, wirebound notebooks, composition books and memorandum pads) be withdrawn from GSP eligibility for Brazil and Mexico. The petitioner, in their post-hearing brief, stated that they do not request GSP graduation for uncut or unconverted paper.

In opposition to the petition, from Brazil, were four Brazilian trading companies. They claim that the typing paper described by the petitioner cannot legally be classified under TSUS item 252.75 and consequently the petition for TSUS item 252.75 should be denied.

In opposition to the petition, from Mexico, were two relatively large Mexican paper companies. They claim Mexican imports of typing paper represent an insignificant portion of U.S. consumption; Mexican production is primarily oriented to the Mexican market; and Mexican technology (or lack thereof) makes Mexico uncompetitive in the world market.

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

Year	Production 1/	Exports	Imports	Apparent consumption 1/	Ratio of imports to consumption 1/ 2/	
Quantity (1,000 pounds)						
1981.....	3,200,000	90,782	16,820	3,100,000		1
1982.....	3,100,000	52,467	40,517	3,100,000		1
1983.....	3,500,000	38,018	149,298	3,600,000		4
1984.....	3,700,000	36,472	405,383	4,100,000		10
1985.....	3,900,000	45,689	291,450	4,100,000		7
Jan.—June—						
1985...	4/	25,675	139,682	4/		4/
1986...	4/	20,467	183,295	4/		4/
Value (1,000 dollars)						
1981.....	1,200,000	48,881	4,729	1,200,000		3/
1982.....	1,100,000	30,303	12,096	1,100,000		1
1983.....	1,200,000	25,665	38,298	1,200,000		3
1984.....	1,300,000	26,345	110,275	1,400,000		8
1985.....	1,300,000	26,207	72,701	1,300,000		6
Jan.—June—						
1985...	4/	13,838	36,152	4/		4/
1986...	4/	13,249	43,797	4/		4/

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

2/ Because of rounding figures may not add to totals.

3/ Less than 0.5 percent.

4/ Not available.

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

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

Market	Quantity (1,000 pounds)					January-June-- 1986
	1981	1982	1983	1984	1985	
Canada	27,453	18,637	19,911	18,997	29,640	16,510
U King	1,608	2,105	2,219	2,499	2,326	1,075
Mexico	20,516	2,511	1,321	2,800	1,878	1,893
Fr Germ	1,330	329	513	231	235	77
Dom Rep	1,307	1,470	1,260	1,115	1,272	501
Argent	893	791	641	1,248	293	0
Japan	342	283	546	1,715	363	254
Austral	12,529	13,743	2,048	244	1,011	649
All other	24,804	12,598	9,558	8,622	1,011	5,423
Total	90,781	52,467	38,018	36,472	45,689	25,675
Value (1,000 dollars)						
Canada	15,713	10,638	11,375	10,989	15,132	8,084
U King	1,290	1,829	1,699	2,475	2,279	976
Mexico	9,901	2,822	2,492	3,153	1,519	728
Fr Germ	1,047	594	1,613	204	598	183
Dom Rep	1,590	610	369	377	595	131
Argent	1,324	1,259	981	1,845	513	475
Japan	370	424	403	597	471	316
Austral	4,658	4,804	958	227	418	276
All other	13,987	7,323	5,775	6,479	4,682	2,669
Total	48,881	30,303	25,665	26,345	26,207	13,838
Unit value (per 1,000 pounds)						
Canada	\$572.35	\$570.78	\$571.27	\$578.46	\$510.51	\$489.62
U King	802.52	868.86	765.84	990.51	979.95	908.22
Mexico	482.60	1,123.87	1,886.10	1,126.18	808.70	814.92
Fr Germ	787.25	1,804.78	3,144.81	882.23	2,544.49	2,677.47
Dom Rep	451.80	415.27	292.95	337.87	467.42	261.17
Argent	1,482.98	1,591.18	1,530.24	1,478.14	1,722.17	1,622.65
Japan	1,081.53	1,499.98	738.72	834.59	1,298.84	1,244.71
Austral	371.75	349.55	467.58	929.13	413.88	425.52
All other	563.91	581.27	604.20	751.40	540.25	492.10
Average	538.45	577.56	675.07	722.33	573.60	538.95

1/ Less than 500.

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

Table C.--Certain writing papers: 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	January-June-- 1985 : 1986
Canada	6,713	40,153	84,887	125,470	165,072	84,006
Finland	10,031	43	33,774	55,321	66,746	29,347
Brazil	5	0	10,019	113,963	21,938	5,215
Mexico	0	0	17,607	73,739	16,210	7,581
Rep Saf	0	1/	0	4,722	16,021	10,020
Japan	0	1/	1	149	1,254	926
Sweden	0	0	879	18,745	2,275	1,672
U King	1/	1/	0	1,950	605	402
All other	70	320	2,131	11,324	1,330	514
Total	16,820	40,517	149,298	405,383	291,450	139,682
Value (1,000 dollars)						
Canada	1,993	11,829	24,269	37,971	42,508	21,726
Finland	2,668	11	6,331	13,886	14,776	6,998
Brazil	2	-	2,109	27,786	4,940	1,248
Mexico	-	-	4,864	20,911	4,557	2,257
Rep Saf	-	1/	-	1,137	3,392	2,183
Japan	-	2	2	100	965	699
Sweden	-	-	211	4,787	617	477
U King	1	-	-	611	438	331
All other	66	253	511	3,086	509	232
Total	4,729	12,096	38,298	110,275	72,701	36,152
Unit value (per 1,000 pounds)						
Canada	\$296.94	\$294.60	\$285.90	\$302.63	\$257.51	\$258.63
Finland	265.96	263.14	187.45	251.01	221.37	238.46
Brazil	318.20	-	210.51	243.82	225.16	239.35
Mexico	-	-	276.27	283.58	281.12	297.73
Rep Saf	-	-	-	240.87	211.72	217.83
Japan	-	-	2,198.00	668.99	769.38	754.60
Sweden	-	-	239.81	255.36	271.34	285.56
U King	-	-	-	313.42	723.81	823.43
All other	942.34	789.33	239.98	272.48	382.74	450.94
Average	281.18	298.53	256.52	272.03	249.45	258.81

1/ Less than 500.

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

Table D.—Certain writing papers: 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	5	0	9,545	111,874	20,909	10,923
Mexico	0	0	17,459	73,570	16,210	16,844
All other GSP	0	1	135	725	248	216
GSP total	5	1	27,139	186,169	37,367	27,983
All other	16,815	40,516	122,159	219,214	254,083	155,312
Total	16,820	40,517	149,298	405,383	291,450	183,295
Value (1,000 dollars)						
Brazil	2	0	2,007	27,179	4,732	2,403
Mexico	0	0	4,827	20,856	4,557	4,254
All other GSP	0	2	40	200	49	62
GSP total	2	2	6,874	48,235	9,338	6,719
All other	4,727	12,094	31,424	62,040	63,363	37,078
Total	4,729	12,096	38,298	110,275	72,701	43,797
Unit value (per 1,000 pounds)						
Brazil	318.20	-	210.26	242.94	226.31	219.99
Mexico	-	-	276.48	283.49	281.12	252.55
All other GSP	-	229.00	296.30	275.86	197.58	287.04
GSP average	318.20	229.00	253.29	259.09	249.90	240.11
All other average	281.15	298.54	257.24	283.01	249.38	238.73
Grand average	281.18	298.53	256.52	272.03	249.45	238.94

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).

MISCELLANEOUS ARTICLES OF PAPER

DIGEST NO. C102



MISCELLANEOUS ARTICLES OF PAPER
DIGEST NO. C102 (GSP Graduation)

Background

Description and uses

The specific products included in this report are memorandum pads and looseleaf filler paper; and paper paint strainers.

Memorandum pads come in a variety of sizes, and may be gummed, perforated or non-perforated, stapled, covered or not covered, scratch, sketch, drawing, writing, filler, and usually contain white, yellow, or other colored paper. Pads are sold in a wide variety of sheet counts. Looseleaf filler paper sheets are usually horizontally lined on each side with a vertical red margin line 1-1/4 inches from the left edge. The sheets generally are punched with three or five holes so that they can be accommodated in a three-ring looseleaf binder. They are sold in various sizes and in packages of 100, 150, 200 or 300 sheets. Paint strainers made of paper are conical in shape, with the open end generally made of cup stock paper and the small end containing several perforations covered by cotton gauze. These strainers are used primarily by auto body shops to remove lumps and thoroughly mix paint before it is placed in spray guns.

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 GSP competitive status.

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Miscellaneous Articles of Paper: 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
256.9044	Looseleaf filler paper.....	<u>1/</u>	<u>1/</u>	5.3% ad val.
256.9052	Memorandum pads.....	<u>2/</u>	<u>2/</u>	5.3% ad val.
256.9080 (pt.)	Paint strainers.....	7.7% ad val.	6.1% ad val.	5.3% ad val.
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
256.9044	Looseleaf filler paper.....	<u>3/</u>	Yes.	
256.9052	Memorandum pads.....	<u>4/</u>	Yes.	
256.9080 (pt.)	Paint strainers.....	<u>5/</u>	Yes.	

1/ Prior to January 1, 1986, looseleaf filler paper was classified under TSUS 256.9080

2/ Prior to January 1, 1986, memorandum pads were classified under TSUS 256.9040.

3/ Prior to January 1, 1986, imports of looseleaf filler paper was an unknown share of TSUS 256.9080.

4/ Prior to January 1, 1986, imports of memorandum pads were an unknown share of TSUS 256.9040.

5/ Paint strainers in 1985 are estimated at less than 5 percent of imports under TSUS 256.9080.

U.S. custom treatment

Looseleaf filler paper and memorandum pads.—GSP statistics prior to 1986 on looseleaf filler paper and memorandum pads are not available since these paper were classified under basket categories: TSUS 256.9080, articles of paper etc., n.s.p.f., and TSUS 256.9040, respectively. Beginning on January 1, 1986 looseleaf filler paper was classified under TSUS 256.9044.

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Through June of 1986 approximately three-quarter of item 256.9044 imports entered the United States duty free, under GSP, primarily from Mexico and Brazil. Memorandum pads since January 1, 1986 are classified under TSUS 256.9052. Through June of 1986 approximately eighty percent of item 256.9052 imports entered the United States duty-free under GSP, primarily from Taiwan, Mexico, and Hong Kong.

Paint strainers.—GSP statistics on paint strainers are not available from official sources since these paper type strainers are classified in a basket category; TSUS 256.9080, articles of paper etc., n.s.p.f. However based on information gathered from the petition, and an ongoing Commission investigation on paint strainers from Brazil ^{1/} it is believed that the bulk of imports under TSUS 256.9080 from Brazil are paint strainers. Based on these estimates, virtually all known imports of paint strainers have entered free of duty and are currently duty free.

U.S. producers and employment

Looseleaf filler paper and memorandum pads.—There are an estimated 72 establishments with some 7,800 employees that produce looseleaf filler paper, pads and related products. Memorandum pad and looseleaf filler paper production is believed to account for the bulk of these establishments' products.

^{1/} On July 15, 1986 the U.S.I.T.C. instituted investigations Nos. 701-TA-280 (Prelim.) and 731-TA-337 (Prelim.) on certain paint filters and strainers from Brazil. The Commission notified the Dept. of Commerce August 29 that there was a reasonable indication of material injury to the domestic industry.

Paint strainers.—There are only two U.S. producers of these paper type strainers. Employment is estimated at * * *.

U.S. consumption and production

Looseleaf filler paper and memorandum pads.—U.S. production (shipments) of looseleaf filler paper and memorandum pads is estimated at about * * * million in 1985, up from * * * million in 1981. U.S. consumption is supplied primarily by domestic production, with imports and exports currently close to the same level. Imports as a share of consumption remained at between 1 and 2 percent of consumption during the period 1981--85.

Paint strainers.—U.S. production was valued at about * * * million in 1985 down about * * * percent from 1983, the earliest year of production statistics available. U.S. consumption is also valued at somewhat more than * * * million up about * * * percent from 1983. Imports as a share of consumption increased from * * * percent in 1983 to * * * percent in 1985. In Jan--June 1986, the share was * * * percent.

U.S. exports

Looseleaf filler paper and memorandum pads.—U.S. exports reached almost * * * million in 1985, up from almost * * * million in 1981. Principal export markets in 1985, were Canada, Mexico, Australia, and the Federal Republic of Germany. Exports accounted for about 2 percent of production in 1985.

Paint strainers.—U.S. exports were estimated at somewhat more than * * * million in 1985. This was about the same level as in 1983, the first year of statistical data supplied.

U.S. imports

Looseleaf filler paper and memorandum pads.—Imports increased between 1981 and 1985, reaching a high of about * * * million in 1985, up from about * * * million in 1981. The principal sources of imports were Taiwan, Japan, and Canada. GSP imports increased dramatically from one-fifth of all imports in 1981 to roughly one-half in 1985. The leading suppliers were Taiwan, Brazil, Hong Kong, Mexico, and Korea.

Imports of looseleaf filler paper and memorandum pads 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.....	***	21
Brazil.....	***	9
Hong Kong.....	***	8
Mexico.....	***	4
Korea.....	***	1
Other.....	***	6
Total.....	***	49

Paint strainers.—U.S. imports are supplied by one foreign producer. Imports in 1985 were * * * valued at an estimated * * *, up from * * * valued at an estimated * * * in 1983, the first year of import data supplied. The petitioner states that all imports from Brazil, the only source of imports, receive GSP duty-free treatment. Statistical data show that 96 percent of 256.9080 imports from Brazil entered under GSP in 1985.

Conditions of competition in U.S. market

Looseleaf filler paper and memorandum pads.---The increased imports of these items, as alleged by the petitioner, have forced U.S. producers to minimize necessary price increases in order to avoid losing greater sales to low-priced imports. The imported items are similar to the domestic product and most foreign producers enjoy labor cost advantages. These advantages, together with GSP duty free treatment, give price advantages to GSP eligible countries such as Brazil and Mexico when entering the U.S. market. Imports of these items as a share of domestic consumption prior to 1986 when data on these items were not directly comparable were estimated at about 1 percent of apparent consumption. It is estimated that imports to consumption in 1986, with directly comparable data will be less than 1 percent. Domestic market growth is estimated at about 2 percent annually over the next 5 years.

Paint strainers.---The domestic firms in the United States continue to be competitive by producing generic type lower cost paint strainers that are competitive with the imported product. However, Brazilian imports have increased rapidly. The petitioner alleges that GSP duty-free treatment for Brazil has caused price competition that, at least in one instance, caused a U.S. producing firm to stop making paint strainers (used in their production of other consumer products) and to import the lower priced strainers from Brazil. The petitioner also alleges that subsidies, and non-adherence to correct customs classification has led to further unfair advantage. The U.S. and foreign paper products are virtually identical and price is the leading competitive factor. Imports as a share of consumption have increased from about * * * percent in 1981 to * * * percent in 1986.

Position of interested parties

Looseleaf filler paper and memorandum pads.—The petitioner is the Stationery International Trade Committee (SITC) an association comprised of 7 U.S. companies which manufacture converted paper—related school and office supplies. The petition is to withdraw duty—free treatment under GSP from Brazil and Mexico. Spokesman at the Commission hearings was John C. McCurrah, President of Mead Products.

In opposition to the removal of GSP from Mexico on these products are Kimberly Clark de Mexico and San Cristobol, two foreign producers of these products located in Mexico, and represented at the Commission hearings by Brownstein, Zeidman and Schomer, Counsel.

In opposition to the removal of GSP from Brazil on these products are a group of Brazilian producers represented by Klaymen and Gurley, counsel at the Commission hearings.

Paint strainers.—The petitioner is the Louis M. Gerson Company, the leading domestic producer of paper type paint strainers. The petition is to remove GSP eligibility for paint strainers manufactured in Brazil. Mr. Gerson presented testimony at the Commission hearings.

In opposition to the removal of GSP from Brazil on paint strainers is the sole Brazilian producer, Celupa, represented by Klayman and Gurley, counsel at the Commission hearings.

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Table A.—Miscellaneous articles of paper: U.S. shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85, and January-June 1985 and 1986

Year	Shipments	Exports 1/ Imports		Apparent consumption 1/	Ratio (percent)
		Million dollars			of imports to consumption
					Percent
1981.....	440.0	8.8	3.6	434.8	0.8
1982.....	465.0	9.8	3.1	458.3	0.7
1983.....	510.0	10.1	3.9	503.8	0.8
1984.....	535.0	9.2	6.5	532.3	1.2
1985.....	550.0	11.9	8.7	546.8	1.6
Jan.—June					
1985...	2/	5.7	3.3	2/	2/
1986...	2/	5.6	6.7	2/	2/

1/ Exports include notebooks, and diaries, but exclude an unknown share of looseleaf filler paper under Schedule B, number 256.7190.

2/ Not available.

Source: Shipments, exports, and imports estimated by the staff of the U.S.I.T.C. based on statistics of the U.S. Department of Commerce and other industry sources.

Table B.--Miscellaneous articles of paper: 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	January-June-- 1985 1986
Canada	2,491	2,138	2,754	3,257	3,488	1,501 1,718
Mexico	844	1,364	1,358	1,154	2,433	1,171 1,206
Austral	237	202	211	282	756	430 138
Fr Germ	246	384	82	139	698	354 160
Bahamas	310	998	824	700	678	347 401
Japan	249	458	196	401	590	249 220
N Antil	214	204	393	376	441	290 239
U King	315	333	177	241	330	125 145
All other	3,915	3,724	4,082	2,653	2,522	1,225 1,332
Total	8,821	9,805	10,077	9,202	11,936	5,692 5,560

1/ Less than 500.

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

Table C-1. --Filler paper and memo pads : 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-- 1986
China t-----						
Canada-----						
Japan-----						
Brazil-----	***	***	***	***	***	***
Hg Kong-----						
U King-----						
Fr Germ-----						
Mexico-----						
All other-----						
Total-----						

1/ Less than 500.

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

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Table C-2.—Paint stainers from Brazil: U.S. imports for consumption,
1981-85, January-June 1985, and January-June 1986

Year	Quantity Million Units	Value 1/ 1,000 dollars
1981.....	2/	2/
1982.....	2/	2/
1983.....	xxx	xxx
1984.....	xxx	xxx
1985.....	xxx	xxx
Jan.—June —		
1985.....	xxx	xxx
1986.....	xxx	xxx

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

2/ Not available.

Source: Investigation Nos. 701-TA-280 (Prelim.) and 731-TA-337 (Prelim.),
Certain Paint Filters and Strainers from Brazil.

Table D.—Miscellaneous articles of paper: 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
Value (1,000 dollars)						
Taiwan	254	436	435	977	1,568	2,762
Brazil	30	111	310	1,172	1,599	1,068
Hong Kong	300	339	353	777	589	313
Mexico	45	45	78	48	324	665
Korea	77	81	96	115	103	99
All other	29	39	49	200	412	160
Total	735	1,051	1,321	3,289	4,595	5,067

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).

ACETYLSALICYLIC ACID (ASPIRIN)

DIGEST NO. C103

ACETYLSALICYLIC ACID (ASPIRIN)
DIGEST NO. C103 (GSP Graduation)

Background

Description and uses

Acetylsalicylic acid (aspirin) is a non-steroidal anti-inflammatory, analgesic, and antipyretic agent. It is used extensively in the treatment of mild to moderate pain, fever, and inflammatory diseases such as rheumatoid arthritis, juvenile arthritis, and osteoarthritis. The Food and Drug Administration (FDA) has recommended that aspirin be approved for the use of reducing the risk of strokes in males with recurrent transient ischemic attacks. Recently, the FDA's committee on cardiovascular and renal drugs has allowed drug firms to promote the use of aspirin to reduce the chance of a second heart attack. The promotional information is to appear with a statement indicating that the use of aspirin entails the risk of side effects such as gastrointestinal irritation. Aspirin's therapeutic effects appear to be derived primarily from its inhibition of prostaglandin synthesis.

Aspirin is manufactured by the acetylation of salicylic acid with acetic anhydride. It occurs as white crystals or as a white crystalline powder. Commercially, aspirin is available in capsules, tablets, chewing gum, and suppositories. It is also available in buffered form, as well as in a variety of combinations with other products such as acetaminophen, caffeine, opiates, salicylamide, and/or other agents.

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.

Acetylsalicylic acid (aspirin): 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		
	Products suitable for medicinal use, and drugs: Obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of this part: Drugs:			
410.72	Acetylsalicylic acid (aspirin).....	21.8%	14.1%	10.2%
		U.S. imports in 1985 (\$1,000)		Product produced in U.S., Jan. 3, 1985
	Products suitable for medicinal use, and drugs: Obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of this part: Drugs:			
410.72	Acetylsalicylic acid (aspirin).....	5,737	Yes.	

U.S. customs treatment

Currently, aspirin is classified in TSUS item 410.72 with a column 1 rate of duty of 12.1 percent ad valorem. As of January 1, 1987, the column 1 rate will be 10.2 percent ad valorem. The column 2 rate of duty is 7 cents per pound plus 82 percent ad valorem. The duty rate applicable to products of

least developed developing countries (LDDC's) is 10.2 percent ad valorem. 1/ Prior to the Trade Agreements Act of 1979, aspirin was classified in TSUS item 407.25 with a column 1 rate of duty of 1.7 cents per pound plus 22.7 percent ad valorem. Effective July 1, 1980, TSUS item 410.72 was established, with staged reductions in the column 1 duty rate, by Proclamation 4768 of June 28, 1980 (45 F.R. 45135) following the Tokyo Round of the Multilateral Trade Negotiations (MTN).

Imports of aspirin under item 410.72 are eligible for duty-free treatment under the GSP and the Caribbean Basin Economic Recovery Act (CBERA). 2/ Item 410.72 has been eligible for GSP treatment since the implementation of the program. No GSP-beneficiary countries are currently, or have been in the past, excluded from duty-free entry of this product into the United States. U.S. imports of aspirin from Israel would enter under a staged concessionary

1/ Preferential rates of duty in the Special column of the TSUS followed by the code "D" reflect the full U.S. MTN concession rates implemented without staging for particular products of least developed developing countries (LDDC's) enumerated in general headnote 3(e)(vi) of the TSUS. Where no rate of duty is provided for LDDC's in the Special column for a particular tariff item, the rate of duty in column 1 applies.

2/ The CBERA affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67 and implemented by Presidential Proclamation 5133 of November 30, 1983, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984; it is scheduled to remain in effect until September 30, 1995. It provides duty-free entry to eligible articles imported directly from designated Basin countries.

rate applicable under the United States-Israel Free Trade Area Implementation Act of 1985, as indicated in the Special rates of duty column. 1/

The Commission staff was informed that during the recent GSP hearings at USTR a question arose as to whether any country (or countries) other than the United States accords Turkey preferential treatment for its aspirin exports. The question specifically concerned the member countries of the European Community (EC). Counsel on behalf of Monsanto made a statement to the effect that he did not believe that the EC granted duty-free entry to Turkish aspirin. A subsequent inquiry by the staff to an Information Specialist with the European Community Information Service determined that Turkish exports of this product are allowed to enter member countries duty-free under a provision other than their GSP.

U.S. producers and employment

According to Commission records, four firms produce aspirin in the United States. They are Dow Chemical Co., Monsanto Co., Norwich Eaton Pharmaceutical Inc., and Sterling Drug Inc. Dow Chemical and Monsanto manufactured approximately * * * percent of total domestic production in 1985. Sterling Drug, according to industry sources, is the only firm that does not make merchant sales of aspirin. The firm's production is totally intended for captive consumption.

1/ Preferential rates of duty in the Special column of the TSUS followed by the code "I" reflect the rates of duty applicable to products of Israel under the United States-Israel Free Trade Area Implementation Act of 1985, as provided in general headnote 3(e)(viii) of the TSUS. Where no rate of duty is provided for products of Israel in the Special column for a particular tariff item, the rate of duty in column 1 applies.

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In 1984, total domestic nameplate capacity for the production of aspirin totaled 44.4 million pounds per year. Monsanto and Dow each accounted for 45 and 27 percent of the total, or 20 million pounds and 12 million pounds, respectively. Sterling and Norwich Eaton together made up the remaining 28 percent, or 12.4 million pounds. Overall capacity utilization in 1985 was estimated by industry sources to be 50–60 percent, compared with 70–80 percent in 1984. 1/ * * *. Dow has recently completed the construction of replacement capacity of 12 million pounds. According to industry sources, the state-of-art facility, which was scheduled to open in January 1986, has just begun commercial operation. No other new capacity has been brought onstream in the last five years.

According to a submission on Monsanto's behalf, 2/ there are currently approximately 140 workers producing aspirin in the United States, compared with 170 in 1985 and 180 in 1984. Employment in 1983 was estimated at 200 workers. * * *.

1/ Written submission to the Trade Policy Staff Committee Office of the United States Trade Representatives, from Stewart and Stewart, special counsel for Monsanto.

2/ Written submission from Stewart and Stewart, op. cit.

U.S. consumption and production

Production decreased erratically, in terms of quantity, during 1981-85 from 29.7 million pounds to * * * million pounds, or by * * * percent. In terms of value, during 1981-85, production decreased from \$* * * million to \$* * * million, or by * * * percent (table A). U.S. apparent consumption increased in quantity during 1981-85, from 28.7 million pounds to * * * million pounds, or by * * * percent, but decreased in value, from \$* * * million to \$* * * million, or by * * * percent (table A).

The market for aspirin is considered to be mature and, as such, demand for the product is primarily affected by the emergence of new applications and/or an increase in the size of the consuming population. In January 1984, an industry journal estimated that the market would grow by about 1 percent annually through 1988. It stated that "Despite its low growth rate, it is practically recession-proof." ^{1/} Currently, the newest applications are in the prevention of heart attacks and strokes. The increase in demand that should be associated with these applications has been offset to a large degree

^{1/} Chemical Marketing Reporter, "Chemical Profile," January 9, 1984.

by concern over the possible link between aspirin and the occurrence of Reyes Syndrome, a children's disease that is often fatal. Potential applications that could increase demand for aspirin are in the treatment of AIDS and diabetes. Demand for aspirin is also affected by the emergence of new products/applications for acetaminophen and ibuprofen, which can be substituted for aspirin in certain applications.

U.S. exports

Although exports of aspirin increased in quantity during 1981-85 by 12 percent from 2.7 million pounds to 3.0 million pounds, they decreased erratically in value by 2 percent to \$4.7 million from \$4.8 million (table B). The unit price of the exports decreased from \$1.82 per pound in 1981 to \$1.58 per pound in 1985, reaching a high of \$1.88 per pound in 1982 (table B).

The value of aspirin exports decreased by 22 percent in 1982 to \$3.8 million and remained at that level in 1983. The value increased to \$4.8 million in 1984 before decreasing by 2 percent to \$4.7 million in 1985.

The principal export markets for domestically produced aspirin in 1985 were Thailand and Canada, accounting for 47 percent and 30 percent of total exports. This is a reversal of the trend during 1981-84. The next largest markets were Liberia, Ireland, Japan, Paraguay, Venezuela, and the United Kingdom, accounting for a total of 14 percent.

U.S. imports

U.S. imports of aspirin from all sources increased steadily during 1981–85, from 1.7 million pounds in 1981, valued at \$1.6 million, to 4.3 million pounds in 1985, valued at \$5.7 million (table C). The percentage increase in quantity during this period was 156 percent, while the value increased by 256 percent. The unit value of these imports increased by 39 percent, from \$0.97 per pound in 1981 to \$1.35 per pound in 1985, reaching a high of \$1.57 per pound in 1983. The unit value of imports from Turkey in 1985 was \$1.14.

The primary sources of aspirin imports in 1985, in terms of value, were West Germany (38 percent), France (22 percent), and Turkey (20 percent). Approximately 95 percent of the imports from Turkey entered the United States duty free. Imports from Spain and Turkey have experienced the largest increases in their respective percentages of total imports during 1984–85 and during the first six months of 1986, compared with the corresponding period in 1985. Imports from Spain increased their share of total imports by 8 percent in these periods, while imports from Turkey gained 15 percent. In January–June 1986, Turkish imports accounted for 33 percent of the total, compared with 17 percent in January–June 1985.

Turkey and Romania were the major GSP sources of these products in 1985, accounting for 76 percent and 11 percent of total GSP imports, respectively. Imports from GSP sources declined from 1981 to 1982, and then increased steadily during 1982–85 to \$1.4 million, or 25 percent of total imports (table D). Industry sources attributed the increase during 1982–85 to the

strength of the U.S. dollar, the countries' efforts to obtain foreign currency, and a shift from traditional export markets. Although all three are applicable to Turkey, the latter reason is more valid for Turkey than other GSP countries. Markets for which Turkey was traditionally the main supplier have allegedly been looking to other sources, including the United States. According to an industry source, Atabay is said to have increased its production capacity. According to a representative of Atabay, "Atabay has not made any new investments and/or expansion plans for aspirin at this time." ^{1/} At least one of the Turkish manufacturers is said to have "state-of-the-art facilities."

Imports of aspirin 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.....	1,085 ^{1/}	19
Romania.....	168	3
Yugoslavia.....	89	2
Ecuador.....	76	1
Dominican Republic.....	3	— ^{2/}
Total.....	1,421	

^{1/} Total U.S. imports of aspirin from Turkey in 1985 totaled \$1.4 million.

^{2/} Less than 1 percent.

^{1/} Written submission to the International Trade Commission by Mr. Gene Anders, on behalf of Atabay Kimya Sanayi ve Ticaret A.S.

Conditions of competition in the U.S. market

In the past few years, imports of aspirin from Turkey have become very competitive with U.S.-produced aspirin in the domestic market. There are three major producers of aspirin in Turkey with an estimated employment of * * *. Production of aspirin in Turkey is estimated to amount to * * * million pounds. Bayer, a subsidiary of a foreign-based multinational, is said to manufacture about * * * percent of domestic Turkish production and to mainly sell to the approximately 2.2 million pound Turkish market. The second largest firm, Atabay Kimya Sanayi, a domestic firm, is said to supply the remainder of Turkish demand and to export the balance of its production. According to a company representative, Atabay's production, accounts for about * * * percent of total annual Turkish production. Their capacity, about * * * million pounds, was said to be incompletely utilized. 1/ According to the representative, approximately * * * pounds of Atabay's production capacity, or * * * percent, can be exported. The representative has stated that the firm's sales projections to the U.S. market for 1987 and 1988 will be approximately * * * pounds annually. 2/ The third firm, Proses Kimya, also a domestic firm is said to manufacture about * * * pounds per

1/ Telephone conversation with and telex from Mr. Koksal of Atabay Kimya Sanayi ve Ticaret A.S.; written submission from Gene Ander, President, Andex, Inc., on behalf of Atabay Kimya Sanayi ve Ticaret A.S.

2/ Written submission to the Commission by Mr. Gene Anders, op. cit.

year, intended primarily for export. According to U.S. industry sources, the United States has become the primary market for the Turkish exporter primarily because of the softness in the European market and increased competition from Chinese material. The representative of Atabay has stated that the firm exports aspirin primarily to the United States, the European Community (EC), and Eastern countries. He also stated that in the United States, Atabay deals with * * *. 1/ Proses Kimya exports primarily to the United States through a private agent that has recently set up operations in the United States. 2/ A U.S. industry source has stated that the Turkish manufacturers have increased the quality of their product. Quality is said to no longer be an issue for Turkish imports. The Turkish representatives have also stated that Turkish producers of aspirin import the raw materials, creating the aspirin by the acetylation process. The representative for Atabay stated that they import salicylic acid from * * *. He estimated that the firm imports about \$* * * million annually of raw materials for aspirin and other products from the United States. The spokesman for Proses Kimya has stated that they import the acetic anhydride from * * *. * * *.

1/ Telephone conversation with Mr. Atabay of Atabay Kimya Sanayi.

2/ Telephone conversation with Mr. Sedal Birrol of Proses Products, Somerville, N.J.

U.S. production costs for aspirin in 1985 were estimated to be * * * per pound, of which raw materials accounted for * * * percent and wages and salaries accounted for * * * percent. The remainder of the cost was marketing research and development and "other manufacturing costs and utilities." 1/ * * *. Industry sources have stated that aspirin cannot be produced domestically at a comparable, or competitive, price to the Turkish imports. Export prices for Atabay are approximately * * * per pound landed costs in New York. A representative of Atabay has stated that the F.O.B. export price is * * * per pound. The material is picked up by a distributor and delivered to the end-user at an approximate price of * * * per pound, "depending on the volume, distance, credit terms, etc." 2/ The representative from Atabay has stated that Proses Kimya's export prices are allegedly lower than Atabay's. * * *. The distributor for Proses Kimya indicated that he buys the product

1/ Written submission from Stewart and Stewart, op cit.

2/ Telex from Atabay; written submission from Andex Inc.

at about * * * per pound from Proses Kimya and then sells it to the enduser for about * * * per pound. The average unit value for imports of this product from Turkey was \$1.14 per pound in 1985 and \$1.18 per pound during the first six months of 1986. The only U.S. imports of aspirin lower in unit value than Turkey's are those from China and Yugoslavia. China's material has been criticized as being inconsistent in quality. Yugoslavia is said to depend primarily on government policies on pricing and supply that are mainly motivated by an effort to obtain Western currency. This results in uncertainty as to the continued availability of supply. An industry source has stated that he believes that most imports of aspirin are in the crystalline form.

In 1984, two out of the four domestic companies lowered their prices for aspirin by 10-15 percent. Dow, for example, lowered its market price of aspirin crystals from \$2.25 per pound to \$1.95 per pound. * * *. The move was attributed to extreme import pressure, "particularly from France." 1/ "Dow estimates that the price it receives for its aspirin in 1986 will be * * * per pound less than it would have received without the severe price undercutting by Turkish manufacturers." 2/ Domestic producers also

1/ Chemical Marketing Reporter, June 16, 1986, p. 19.

2/ Written submission to the staff of the U.S. International Trade Commission by Mr. R.L. Andrews, on behalf of the Dow Chemical Company.

implemented a temporary voluntary allowance of 30 cents per pound. 1/ Profit margins were said to erode as feedstock prices increased during the first quarter of 1985. In the Stewart and Stewart Submission, Monsanto has stated that it has "been submitted to significant price underselling, the need to lower price to maintain volume, and often continued reductions in prices from the Turkish producers. Dow is the only domestic company back integrated at least as far as the production of phenol. Since Monsanto closed its phenol capacity in 1983, it has been buying from Dow and on the open market. Monsanto states that within the raw material costs, roughly half are sensitive to moves in petrochemical prices. Currently, feedstock prices have dipped, following the softening of the market for benzene. The dollar's strength has also been decreasing. During the first six months of 1986, the quantity of these imports increased from the like period in 1985, but the value decreased. Recently, Dow instituted a price hike of about \$0.10 per pound for all of its aspirin formulations. According to an industry publication, Monsanto is evaluating a similar move. 2/ The publication sees aspirin prices continuing to firm during 1986.

Dow is in favor of the withdrawal of duty-free entry for imports of aspirin from Turkey stating that they base their decision upon "the present and potential injury to the domestic aspirin industry and the demonstrated ability of Turkish manufacturers to very successfully compete in the United States market." They specifically cite their new aspirin plant, whose start-up is said to have contributed to a reduction in their profit in

1/ Chemical Marketing Reporter, April 29, 1985, p. 19.

2/ Chemical Marketing Reporter, June 16, 1986, p. 19.

1985 and the first half of 1986. Dow is currently "unable to realize profits from its sales of aspirin." A representative of the company states that if Dow has difficulty in the future in justifying expansion or upgrading of the new facility because of a continuation of the present situation, it will "not be able to remain a viable, long-term producer of aspirin in the United States." 1/

Position of interested parties

The petitioner is Monsanto Company. Monsanto states that "it has been subjected to significant price underselling, the need to lower prices to maintain volume, and often continued reductions in prices of imports from the Turkish producers." 2/ This price competition is considered one of the primary reasons that the company has suffered significant reductions in production, capacity utilization, employment, and average unit prices since 1984. Monsanto contends that the ability of the Turkish producer to severely underprice U.S. producers like Monsanto would be significantly reduced through the withdrawal of GSP eligibility under TSUS item 410.72 for Turkey.

Andex Inc. has submitted a written statement, on behalf of Atabay Kimya Sanayi ve Ticaret A.S., stating that it is opposed to Monsanto's request. Atabay, according to the submission from Andex Inc., objects primarily on the basis that U.S. imports from Turkey have not exceeded the 50 percent competitive need limit of aspirin and that the imports of this product from Turkey represent an estimated \$1 million, or 20 percent, of total U.S. imports

1/ Written submission to the staff of the U.S. International Trade Commission by Mr. R.L. Andrews, on behalf of the Dow Chemical Company, op cit.

2/ Written submission from Stewart and Stewart, op cit.

of this product valued at approximately \$6 million. As such, they state that these imports should be considered "de minimis," and "do not warrant GSP elimination." They also state that Turkey, as the "only NATO country farthest in the East having borders with Russia, Bulgaria, Iran, Iraq, Syria, and Greece," has always been "a good friend" of the U.S. and that this "balance" would be "severely affected" should duty-free status for this product be withdrawn. The submission also includes a comment on the fact that U.S. exports of chemicals to Turkey presently enter the country duty-free, but that this could change if Turkey is required to pay duties on their exports to the United States.

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Table A.—Acetylsalicylic acid (aspirin): U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85,

Year	U.S. production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity					
1981....	29,656	2,662	1,665	28,659	5.8
1982....	23,420	2,006	2,194	23,608	9.3
1983....	30,748	2,106	2,201	30,843	7.1
1984....	33,938	2,771	3,628	34,795	10.4
1985....	***	2,990	4,256	***	***
Value					
1981....	***	4,839	1,612	***	***
1982....	***	3,770	2,589	***	***
1983....	60,266 <u>1/</u>	3,768	3,450	59,948	5.8
1984....	70,252 <u>1/</u>	4,832	5,047	70,467	7.2
1985....	***	4,736	5,737	***	***
Unit value					
1981....	***	1.82	0.97	—	—
1982....	***	1.88	1.18	—	—
1983....	1.96 <u>2/</u>	1.79	1.57	—	—
1984....	2.07 <u>2/</u>	1.74	1.39	—	—
1985....	***	1.58	1.35	—	—

1/ Calculated using sales data from the written submission to the Trade Policy Staff Committee, Office of the United States Trade Representative, from Stewart and Stewart, Special Counsel to Monsanto Company.

2/ Sales data from the Stewart and Stewart submission.

Source: Production, quantity compiled from U.S. International Trade Commission, Synthetic Organic Chemicals, United States Production and Sales, Production value, compiled from U.S. International Commission records and data submitted to the Office of the United States Trade Representative by Stewart and Stewart, Special Counsel to Monsanto Company exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Table B. ---Acetylsalicylic acid (aspirin): 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		January-June--	1986
Thailand	521	229	583	927	1,549	1,192	1,072	1,072
Canada	809	915	1,075	999	1,921	505	320	320
Liberia	0	8	1	0	36	18	0	0
Ireland	0	17	38	123	99	33	53	53
Japan	80	159	80	54	61	19	1	1
Paraguay	2	0	5	4	31	26	0	0
Venezuela	38	56	26	49	47	0	20	20
U Kingdom	497	311	96	611	193	126	403	403
All other	715	328	203	611	193	126	403	403
Total	2,662	2,006	2,106	2,771	2,990	1,909	1,869	1,869
Value (1,000 dollars)								
Thailand	736	338	893	1,337	2,210	1,734	1,363	1,363
Canada	1,376	1,669	2,062	2,038	1,429	812	415	415
Liberia	-	40	3	-	189	95	-	-
Ireland	-	1	63	224	168	56	-	-
Japan	117	249	130	99	101	13	102	102
Paraguay	3	-	7	5	75	53	8	8
Venezuela	67	98	61	173	55	277	9	9
U Kingdom	907	424	94	947	423	277	916	916
All other	1,632	952	454	947	423	277	916	916
Total	4,839	3,770	3,768	4,832	4,736	3,041	2,813	2,813
Unit value (per pound)								
Thailand	\$1.41	\$1.47	\$1.53	\$1.44	\$1.43	\$1.46	\$1.27	\$1.27
Canada	1.70	1.82	1.92	2.04	1.55	1.61	1.50	1.50
Liberia	-	4.96	3.15	-	5.32	5.30	-	-
Ireland	-	5.71	1.67	1.82	1.70	1.70	-	-
Japan	1.47	1.57	1.64	1.84	1.89	4.44	1.92	1.92
Paraguay	1.36	-	1.36	1.84	1.36	1.36	13.49	13.49
Venezuela	1.77	1.75	2.33	3.53	2.44	2.04	-	-
U Kingdom	1.83	2.90	0.98	2.21	2.18	2.04	0.47	0.47
All other	2.28	2.90	2.24	2.55	2.19	2.20	2.27	2.27
Average	1.82	1.88	1.79	1.74	1.58	1.59	1.50	1.50

1/ Less than 500.

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

Table C.--Acetylsalicylic acid (aspirin): U.S. imports for consumption, by principal sources, 1981-85,
January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)					1985	1986	
	1981	1982	1983	1984	1985		January-June--	1986
Fr Germ	43	728	881	1,251	1,481	867		572
France	707	472	368	1,239	1,941	553		40
Turkey	0	0	101	238	1,001	424		815
Spain	0	0	0	1	330	90		248
Sweden	0	0	155	61	41	33		18
Romania	174	138	250	138	144	56		40
China M	269	397	75	379	148	44		583
Yugosl	0	0	0	105	86	40		40
All other	472	659	370	216	85	76		9
Total	1,665	2,194	2,201	3,628	4,256	2,183		2,365
	Value (1,000 dollars)							
Fr Germ	39	1,023	1,231	1,835	2,157	1,213		912
France	756	588	476	1,684	1,268	740		58
Turkey	-	-	118	270	1,143	493		959
Spain	-	-	-	1	440	119		337
Sweden	-	-	771	272	194	154		116
Romania	173	137	277	166	168	66		41
China M	216	322	70	386	149	44		321
Yugosl	-	-	-	130	89	44		34
All other	428	520	507	302	129	83		97
Total	1,612	2,589	3,650	5,047	5,737	2,957		2,875
	Unit value (per pound)							
Fr Germ	\$0.91	\$1.41	\$1.40	\$1.47	\$1.46	\$1.40		\$1.59
France	1.07	1.25	1.29	1.36	1.35	1.34		1.45
Turkey	-	-	1.17	1.13	1.14	1.16		1.18
Spain	-	-	-	1.34	1.33	1.32		1.36
Sweden	-	-	4.97	4.47	4.74	4.64		6.34
Romania	0.99	1.00	1.11	1.20	1.17	1.17		1.03
China M	0.80	0.81	0.93	1.02	1.01	0.99		0.55
Yugosl	-	-	-	1.23	1.04	1.11		0.86
All other	0.91	1.13	1.37	1.40	1.52	1.09		1.11
Average	0.97	1.18	1.57	1.39	1.35	1.35		1.22

1/ Less than 500.

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

Table D. Acetylsalicylic acid (aspirin): 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 (pounds)					
Turkey	-	-	90	216	957	771
Romania	174	138	250	138	144	40
Yugoslavia	-	-	-	105	86	40
Ecuador	-	-	40	-	75	-
Dominican Republic	-	-	-	1	1	-
All other	-	-	-	-	-	-
Total	174	138	380	460	1,263	851
	Value (1,000 dollars)					
Turkey	-	-	106	248	1,085	906
Romania	173	137	277	166	168	41
Yugoslavia	-	-	-	130	89	34
Ecuador	-	-	58	-	76	-
Dominican Republic	-	-	-	2	3	-
All other	-	-	-	-	-	-
Total	173	137	431	546	1,421	981
	Unit value (per pound)					
Turkey	-	-	\$1.1802	\$1.1499	\$1.1340	\$1.1757
Romania	\$0.9887	\$0.9979	1.1076	1.2003	1.1669	1.0291
Yugoslavia	-	-	-	1.2344	1.0396	0.8681
Ecuador	-	-	1.4740	-	1.0113	-
Dominican Republic	-	-	-	3.5060	2.9420	-
All other	-	-	-	-	-	-
Average	0.9887	0.9979	1.1342	1.1870	1.1251	1.1528

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).

SODIUM HYDROSULFITE

DIGEST NO. C104

SODIUM HYDROSULFITE
DIGEST NO. C104 (GSP Graduation)

Background

Description and uses

Sodium hydrosulfite is a light-colored solid which is normally used as a bleaching agent for pulp and clay and in dyeing textiles. In the United States, most sodium hydrosulfite is produced in the Southeast from sodium formate, sodium hydroxide, and sulfur dioxide or on the site of use by the reaction of sodium borohydride with sulfur dioxide. In Taiwan, sodium hydrosulfite is produced by a zinc-based process in which zinc carbonate or zinc oxide or hydroxide is produced as a by-product. Although sodium hydrosulfite at one time was also produced in significant quantities in the United States by a zinc-based process, U.S. producers have switched to using non-zinc based processes which are considered less environmentally threatening than production processes employing zinc.

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.

Sodium hydrosulfite: 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——		
421.06	Sodium hydrosulfite.....	17.5%	17.5%	17.5%
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
421.06	Sodium hydrosulfite.....	3,111	Yes.	

U.S. customs treatment

U.S. imports of sodium hydrosulfite (TSUS Item 421.06) have been eligible for duty-free treatment from all GSP eligible countries since January 1976, except during the period February 29, 1976, to February 28, 1977, when imports of sodium hydrosulfite from Columbia were excluded from GSP eligibility. During this period, U.S. imports of sodium hydrosulfite from Columbia were dutiable because such imports during the previous year had exceeded the competitive need limits.

U.S. producers and employment

There are currently two major domestic producers of sodium hydrosulfite. Virginia Chemicals, the largest sodium hydrosulfite producer with a total production capacity of about 56,000 short tons, operates two large facilities in Bucks, AL, and Leads, SC, and a smaller facility located in Kalama, WA. Olin Corp. operates two sodium hydrosulfite producing plants in Augusta, GA, and Charleston, TN, with a combined production capacity of about 20,000 short tons. Unlike Virginia Chemicals, which sells sodium hydrosulfite either powdered or in solution form to both large and small users (small users generally purchase sodium hydrosulfite powders in drum-size containers), Olin caters to large users in the Southeast who purchase sodium hydrosulfite from Olin in solution form. In addition to the two sodium hydrosulfite producers, sodium borohydride which is reacted with sulfur dioxide at the site of use to form sodium hydrosulfite, is produced by Ventron Corp. at plants located in

Danvers, MA. and Elma, WA. According to one estimate, roughly 12,500 short tons of sodium hydrosulfite are produced annually at pulp mills by reacting sulfur dioxide with sodium borohydride.

The number of employees in the United States involved in producing and marketing sodium hydrosulfite declined from an estimated * * * in January 1981 to an estimated * * * in May 1986.

U.S. consumption and production

U.S. consumption of sodium hydrosulfite rose by * * * percent from * * * million pounds in 1981 to * * * million pounds in 1985 (table A). According to industry sources, consumption of sodium hydrosulfite increased primarily because of increased use of the product in coated paper production from mechanical pulps and in clay bleaching. On the negative side, domestic demand for sodium hydrosulfite in bleaching textiles declined because of the sluggish state of the domestic textile industry which faced strong competition from imports and because domestic demand declined for denim products, a major consumer of sodium hydrosulfite in dyeing applications.

Currently, about 45 percent of domestic consumption of sodium hydrosulfite is used in pulp bleaching, about 35 percent in textile dyeing, and about 15 percent in clay bleaching. Industry sources expect that total demand for sodium hydrosulfite will grow in volume at a rate of no more than 1 to 2 percent per year through 1990.

U.S. production of sodium hydrosulfite grew by about * * * percent from an estimated * * * million pounds in 1981 to an estimated * * * million pounds

in 1985. During 1981-85, U.S. production of sodium hydrosulfite grew less rapidly than U.S. consumption, because U.S. producers of sodium hydrosulfite faced increased competition from imports while exports declined in 1984 and in 1985 relative to those in 1981-83. The share of sodium hydrosulfite consumed in the United States that was accounted for by imports rose from * * * percent in 1981 to * * * percent in 1984 and then declined to * * * percent in 1985.

U.S. exports

U.S. exports of sodium hydrosulfite, most of which went to Canada, rose from 31 million pounds in 1981 to 35 million pounds in 1982 and then declined to 28 million pounds, valued at \$9.8 million, in 1984 (table B). In 1985, U.S. exports of sodium hydrosulfite rose slightly relative to the previous year to 29 million pounds, valued at \$11.9 million. In addition to Canada, significant amounts of sodium hydrosulfite were also exported to South Africa, Brazil, Argentina, Venezuela, Chile and the United Kingdom during 1981-85.

U.S. imports

U.S. imports of sodium hydrosulfite which amounted to less than 1 million pounds in 1981 rose to 10.6 million pounds in 1984 and then declined to 8.6 million pounds, valued at \$3.1 million, in 1985 (table C). Most of these imports came from Belgium, Taiwan, the United Kingdom, West Germany, and Spain. According to one industry source, U.S. imports of sodium hydrosulfite rose in 1982 primarily because of the strength of the dollar.

Virtually all GSP imports of sodium hydrosulfite during 1981-85 came from Taiwan (table D). U.S. imports of sodium hydrosulfite from Taiwan which were

zero in 1981 rose to 2.3 million pounds, valued at \$987,000, in 1985 and continued to rise in the first half of 1986 relative to the first half of the previous year. During 1981-85, the share of U.S. imports of sodium hydrosulfite that came from Taiwan rose from zero to 27 percent in terms of quantity. During the first half of 1986, about 36 percent of U.S. imports of sodium hydrosulfite came from Taiwan as compared with 19 percent in the first half of the previous year.

Imports of sodium hydrosulfite from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousand of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan.....	987	32

Conditions of competition

Because of the strength of the U.S. dollar and the installation of new capacity, imports, which were negligible before 1982, captured about * * * percent of the U.S. market for sodium hydrosulfite in 1984 and about * * * percent of the U.S. market in 1985 (table A). According to an industry source, imports are expected to stabilize as the U.S. dollar weakens against other currencies. Another factor that may prevent imports from rising is the price of zinc which has been rising recently and is used by several foreign producers, including the two Taiwanese producers, to synthesize sodium hydrosulfite for export to the United States. On the other hand, U.S. imports of sodium hydrosulfite from Taiwan increased by 75 percent in the first 8 months of 1986 relative to the first 8 months of the previous year, as the

result of capacity which was recently installed by the two major Taiwanese sodium hydrosulfite producers. According to industry sources, Taiwan sodium hydrosulfite production capacity about * * * in 1985 rising from * * * metric tons. However, despite this increase in capacity, U.S. imports of sodium hydrosulfite from Taiwan are expected to level off after 1986 because much of Taiwan's increased production is slated to be used in markets other than the United States and the Taiwanese producers are reportedly having problems increasing production, because of disposal problems that they have encountered with the zinc based byproduct. According to industry sources, there are no further plans by either of the Taiwanese producers to increase production capacity for sodium hydrosulfite in the foreseeable future.

As with many other imports, a major reason why foreign-origin sodium hydrosulfite is imported into the United States is because its price is more competitive than the price of the domestic material. Although industry sources have expressed conflicting information as to the price difference between imported sodium hydrosulfite and the domestic product, there is general agreement that imports especially from Taiwan have not only prevented price increases but have in many instances forced price rollbacks for sodium hydrosulfite in the United States.

Despite U.S. Department of Commerce figures for the period 1981-85 which appeared to indicate that U.S. imports of sodium hydrosulfite from Taiwan are higher-priced than imports from Europe, industry sources report that in fact during this period, the Taiwanese material has been substantially cheaper than

the sodium hydrosulfite imported from Europe by as much as 10¢ per pound and that this price gap although it has narrowed somewhat recently remains significant. ^{1/} In the summer of 1986, however, one of the two Taiwan producers of sodium hydrosulfite raised its price for sodium hydrosulfite by about * * * percent and some industry sources believe that the sodium hydrosulfite produced by this firm is no longer competitive in the U.S. market.

Position of interested parties

According to representatives from Virginia Chemicals, the petitioner, imports of sodium hydrosulfite are forcing price reductions and losses in sales, which is causing serious harm and may cause irreparable damage to the company approximately * * * of whose business is in the production and marketing of sodium hydrosulfite. Because Virginia Chemicals is the only domestic producer of powdered sodium hydrosulfite which is believed to correspond to all imports, it more than any other sodium hydrosulfite producer is impacted by imports from Taiwan and other sources.

In contrast to the duty-free status that Taiwanese exports of sodium hydrosulfite enjoy, U.S. producers of sodium hydrosulfite must pay duties of 35 percent ad valorem to export to Taiwan. Because of the inequitable relationship between the U.S. and Taiwan trading partners in sodium

^{1/} Some industry sources believe that differences in U.S. Customs valuations practices regarding whether or not the cost of the container is to be included in a determination of U.S. customs value, accounts for the seemingly high unit value of the sodium hydrosulfite imported from Taiwan relative to the material imported from Europe.

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hydrosulfite and the alleged threat posed to the domestic producers of sodium hydrosulfite, the petitioner requests that Taiwan lose its GSP eligibility for sodium hydrosulfite.

According to spokesmen for the importer, maintaining GSP eligibility for sodium hydrosulfite ensures that U.S. consumers of sodium hydrosulfite receive a high-quality product at a competitive price. According to these spokesmen were Taiwan to be graduated from the GSP for TSUS item 421.06, the domestic sodium hydrosulfite producers would immediately seize the first opportunity to raise prices as much as the market could bear. They contend that U.S. producers of paper and textiles, the leading consumers of sodium hydrosulfite, would then be faced with a price increase which they would pass on to the general consuming public, and only by maintaining GSP eligibility for sodium hydrosulfite from Taiwan, can the domestic consumer be assured that prices will remain competitive.

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Table A.—Sodium hydrosulfite: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–86

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

Year	U.S. production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (million pounds)					
1981....	*** 1/	31.2	0.7	***	***
1982....	*** 1/	35.3	6.3	***	***
1983....	*** 1/	33.7	10.3	***	***
1984....	*** 1/	28.1	10.6	***	***
1985....	*** 1/	29.2	8.6	***	***
Jan.—June:					
1985..	*** 1/	14.3	5.1	***	***
1986..	*** 1/	16.1	4.2	***	***
Value (million dollars)					
1981....	*** 1/	12.0	0.2	***	***
1982....	*** 1/	14.6	2.7	***	***
1983....	*** 1/	13.7	4.7	***	***
1984....	*** 1/	9.8	4.1	***	***
1985....	*** 1/	11.9	3.1	***	***
Jan.—June:					
1985..		2/ 5.8	1.9	2/	2/
1986..		2/ 7.0	1.4	2/	2/
Unit value (cents per pound)					
1981....	*** 1/	38	32	—	—
1982....	*** 1/	41	43	—	—
1983....	*** 1/	41	45	—	—
1984....	*** 1/	35	39	—	—
1985....	*** 1/	41	36	—	—
Jan.—June:					
1985..		2/ 41	38	—	—
1986..		2/ 44	33	—	—

1/ Estimated by the staff of the U.S. International Trade Commission; based on 90 percent sodium hydrosulfite which is believed to correspond to nearly all imports.

2/ Not available.

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

Table B.--Sodium hydrosulfite: 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	22,539	19,247	25,709	18,931	25,284	12,398	13,038
Rep Saf	4,411	4,662	1,536	635	1,920	862	1,693
Brazil	1,357	1,156	1,581	654	600	494	534
Argent	107	464	881	640	494	0	282
Venez	399	89	47	340	258	149	309
Austral	529	282	529	482	212	141	35
Guatmal	107	110	103	136	144	46	23
Mexico	344	14	656	132	90	80	113
All other	1,373	9,321	2,656	6,173	208	106	77
Total	31,166	33,346	33,698	28,123	29,210	14,277	16,104
	Value (1,000 dollars)						
Canada	8,450	8,037	10,542	7,766	10,105	6,971	5,794
Rep Saf	1,752	2,246	757	241	867	410	631
Brazil	573	520	746	316	262	216	234
Argent	61	249	437	337	230	-	135
Venez	197	44	21	183	154	87	163
Austral	195	107	209	151	179	53	13
Guatmal	48	50	49	66	57	19	15
Mexico	144	4	152	26	28	25	29
All other	573	3,374	835	706	82	38	35
Total	11,991	14,632	13,747	9,792	11,864	5,820	7,049
	Unit value (per pound)						
Canada	\$0.37	\$0.42	\$0.41	\$0.41	\$0.40	\$0.40	\$0.44
Rep Saf	0.40	0.48	0.49	0.38	0.45	0.48	0.37
Brazil	0.42	0.45	0.47	0.48	0.44	0.44	0.44
Argent	0.57	0.54	0.50	0.53	0.46	-	0.48
Venez	0.49	0.50	0.44	0.54	0.60	0.59	0.53
Austral	0.37	0.38	0.40	0.31	0.37	0.37	0.37
Guatmal	0.44	0.45	0.47	0.49	0.40	0.42	0.66
Mexico	0.42	0.32	0.23	0.20	0.31	0.31	0.26
All other	0.42	0.36	0.31	0.11	0.39	0.35	0.45
Average	0.38	0.41	0.41	0.35	0.41	0.41	0.44

1/ Less than 500.

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

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

Source	Quantity (1,000 pounds)				1985	1985		1986
	1981	1982	1983	1984		1985	January-June--	
Belgium	0	132	1,990	2,404	3,130	1,579	1,728	
China t	0	225	2,655	2,234	2,337	949	1,529	
U King	40	3,544	2,440	3,808	2,096	1,834	1,240	
Fr Germ	602	1,235	1,429	1,064	619	326	526	
Spain	0	946	1,519	1,029	182	111	150	
Nethlnds	0	185	1,261	80	186	37	36	
Germ Dr	0	0	0	0	37	0	0	
China M	0	0	34	0	35	0	0	
All other	20	37	0	1	0	0	40	
Total	662	6,304	10,329	10,616	8,622	5,053	4,249	
Value (1,000 dollars)								
Belgium	-	67	876	848	1,014	574	509	
China t	-	102	1,333	1,067	1,987	440	565	
U King	16	1,584	1,075	1,342	732	652	72	
Fr Germ	196	416	634	416	214	118	141	
Spain	-	390	630	416	71	71	51	
Nethlnds	-	76	114	28	69	40	9	
Germ Dr	-	-	-	14	14	14	-	
China M	-	-	11	-	10	10	-	
All other	2	17	-	1	-	-	51	
Total	213	2,725	4,673	4,120	3,111	1,918	1,398	
Unit value (per pound)								
Belgium	-	\$0.51	\$0.44	\$0.35	\$0.32	\$0.36	\$0.29	
China t	-	0.46	0.50	0.48	0.42	0.46	0.37	
U King	0.39	0.45	0.44	0.35	0.35	0.36	0.30	
Fr Germ	0.33	0.40	0.44	0.39	0.35	0.36	0.27	
Spain	-	0.41	0.41	0.40	0.39	0.39	0.34	
Nethlnds	-	0.41	0.44	0.35	0.37	0.36	0.24	
Germ Dr	-	-	-	-	0.38	0.38	-	
China M	-	-	0.33	-	0.28	0.28	-	
All other	0.08	0.47	-	0.69	-	-	1.27	
Average	0.32	0.43	0.45	0.39	0.36	0.38	0.33	

1/ Less than 500.

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

Table D.—Sodium hydrosulfite: U.S. imports for consumption under the GSP, by GSP sources, 1981-85, and January-June 1986 ^{1/}

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 pounds)						
Taiwan	0	150	2,655	2,160	2,257	1,449
Total	0	150	2,655	2,160	2,257	1,499
Value (1,000 dollars)						
Taiwan	-	68	1,333	1,033	952	535
Total	-	68	1,333	1,033	952	535
Unit value (cents per pound)						
Taiwan	-	45	50	48	42	37
Average	-	45	50	48	42	37

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).

BUTYL ACETATE

DIGEST NO. C105 (GSP Graduation)

BUTYL ACETATE
DIGEST NO. C105 (GSP Graduation)

Background

Description and uses

Butyl acetate is an ester of an organic alcohol. It is typically produced by the reaction of butyl alcohol with acetic acid and has a light agreeable odor. Butyl acetate is capable of dissolving a variety of other organic compounds and evaporates very quickly. Because of these and other properties, it is used as a solvent in many sectors of the chemicals and finished products industries, particularly in lacquer and adhesives formulations.

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.

Butyl acetate: 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		
428.52	Butyl acetate.....	15.9%	15.9%	15.9%
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
428.52	Butyl acetate.....	2,852	Yes.	

U.S. customs treatment

Butyl acetate was granted duty-free status under the GSP on January 1, 1976. No GSP-eligible countries have been excluded from their eligible status since that time.

U.S. producers and employment

There are four domestic producers of butyl acetate. All are widely diversified and vertically integrated firms. Plants that produce butyl acetate typically produce other organic esters also. The total number of persons involved in production of butyl acetate is estimated to have been * * * during 1981-85.

U.S. consumption and production

U.S. production of butyl acetate gradually rose from 192 million pounds, valued at \$73 million, in 1981 to 238 million pounds, valued at \$95 million, in 1984, or an increase of 24 percent by quantity (table A). U.S. apparent consumption gradually rose to 205 million pounds, valued at \$86 million, in 1984. Although data are not available for 1985, production and apparent consumption are not believed to have changed appreciably since 1984. Imports made up increasingly larger percentages of apparent consumption, from almost negligible in 1981 to 2 percent in 1984, resulting from lower costs of production and lower pricing of imported product.

U.S. exports

Exports of butyl acetate rose from 33 million pounds, valued at \$10 million, in 1981 to 64 million pounds, valued at \$16 million, in 1985, reflecting an increase of 95 percent by quantity although values increased by 59 percent during this same period (table B). This reflects increasing export markets for the United States such as the Netherlands. Exports to other countries such as Canada and Venezuela, have remained level or increased only slowly throughout this period.

U.S. imports

U.S. imports increased from 2,000 pounds, valued at \$3,000, in 1981 to 6 million pounds, valued at \$2.9 million, in 1985 (table C). U.S. imports of butyl acetate, which were granted duty-free treatment under GSP provisions, amounted to 3 million pounds, valued at \$818,000 dollars, in 1985 only. Of these, nearly all imports were from Taiwan with a small amount from Mexico. Imports from Taiwan made up nearly 50 percent of total imports of this chemical in 1985. There were no GSP imports of butyl acetate in the first 6 months of 1986.

Imports of butyl acetate 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.....	\$741	26
Mexico.....	77	3
Total.....	818	29

Conditions of competition in the U.S. market

Butyl acetate has been fully explored for end uses as a thinner and solvent. * * *. There are no differences between the imported and domestic product. There are some substitutes for butyl acetate under certain conditions in the formulation of inks and lacquers, although butyl acetate is generally preferred due to its environmentally safe properties.

Positions of interested parties

The petitioner is Thomas R. Graham and William P. Ingram acting on behalf of Celanese Chemical Company, Inc., and BASF Corp. The petitioner has stated that due to modernized processes for butyl acetate in a Taiwanese plant, the importers are able to compete more effectively with U.S. producers and do not need GSP status for this chemical. They further stated that because of the levels of imports from Taiwan, the domestic chemical industry has suffered injury.

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

Year	U.S. production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption	
Quantity (1,000 pounds)						
1981....	191,744	33,018	2	158,728		1/
1982....	188,943	38,574	1	150,370		1/
1983....	202,583	34,692	945	169,092	1	
1984....	237,583	35,952	3,390	205,021	2	
1985....	2/	64,535	6,237	2/		2/
Jan.—June—						
1985..	2/	29,571	1,578	2/		2/
1986..	2/	29,391	2,305	2/		2/
Value (1,000 dollars)						
1981....	72,863 3/	10,287	3	62,579 3/		1/
1982....	75,577 3/	11,663	2	63,916 3/		1/
1983....	79,107 3/	10,288	271	69,090 3/		1/
1984....	95,033 3/	10,318	1,094	85,809 3/	1	
1985....	2/	16,355	2,852	2/		2/
Jan.—June—						
1985..	2/	7,580	702	2/		2/
1986..	2/	7,842	2,018	2/		2/
Average unit value (per pound)						
1981....	\$0.38 3/	\$0.31	\$1.56	—	—	
1982....	.40 3/	.30	2.74	—	—	
1983....	.39 3/	.30	.29	—	—	
1984....	.49 3/	.29	.32	—	—	
1985....	2/	.25	.46	—	—	
Jan.—June—						
1985..	2/	.26	.44	—	—	
1986..	2/	.27	.88	—	—	

1/ Less than 0.5 percent.

2/ Not available.

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

Source: Production, compiled from official statistics of the U.S. International Trade Commission, except as noted; exports and imports, compiled from official statistics of the U.S. Department of Commerce.

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

Market	Quantity (1,000 pounds)					1985	1985		1986	
	1981	1982	1983	1984	1985		1985	1986		
Nethlds	13,623	17,087	17,561	14,304	21,613	8,219	7,426			
Belgium	3,682	1,174	1,174	4,674	9,259	8,499	1,800			
Kor Rep	1,274	1,379	1,711	4,197	6,721	2,190	4,116			
Venez	1,004	1,898	2,375	1,275	2,835	1,147	1,444			
Canada	3,866	2,724	3,338	3,070	4,076	1,512	2,769			
Portugl	0	0	0	0	3,814	1,333	0			
Switzld	0	5	3	8	3,491	7	0			
Thailand	0	417	566	824	3,424	1,430	1,026			
All other	9,569	15,064	7,953	7,600	10,302	4,234	10,811			
Total	33,018	38,574	34,692	35,932	64,335	29,271	29,391			
Value (1,000 dollars)										
Nethlds	3,568	4,668	4,350	3,771	4,998	2,289	1,843			
Belgium	380	290	290	1,224	1,890	1,661	551			
Kor Rep	394	430	462	1,121	1,803	533	975			
Venez	395	616	707	500	1,465	965	483			
Canada	1,775	1,202	1,670	1,250	1,600	558	875			
Portugl	-	-	-	-	758	309	-			
Switzld	-	2	2	4	713	3	-			
Thailand	-	125	160	217	628	351	240			
All other	3,175	4,620	2,646	2,232	2,459	911	2,875			
Total	10,287	11,663	10,288	10,318	16,355	7,580	7,842			
Unit value (per pound)										
Nethlds	\$0.26	\$0.27	\$0.25	\$0.26	\$0.23	\$0.25	\$0.25			
Belgium	0.27	1.33	0.25	0.26	0.20	0.20	0.31			
Kor Rep	0.31	0.31	0.27	0.27	0.27	0.24	0.24			
Venez	0.39	0.32	0.30	0.39	0.52	0.84	0.33			
Canada	0.46	0.44	0.50	0.41	0.35	0.37	0.32			
Portugl	-	-	-	-	0.25	0.23	-			
Switzld	-	0.42	0.60	0.48	0.20	0.42	0.23			
Thailand	-	0.30	0.28	0.26	0.24	0.25	0.27			
All other	0.33	0.31	0.33	0.29	0.24	0.22	0.27			
Average	0.31	0.30	0.30	0.29	0.25	0.26	0.27			

1/ Less than 500.

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

Table C.--Butyl acetate: 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)											
France	0	0	0	0	0	0	4	626	101	656		
China	0	1/	0	0	0	0	0	3,115	32	0		
Fr. Germ.	1/	0	5	1,003	1,327	1,098	1,327	1,566	951	1,098		
Italy	0	0	1/	1,228	215	220	1,564	215	346	220		
Nethlids	0	0	843	0	0	0	0	327	96	87		
Mexico	0	0	0	0	0	0	0	50	37	0		
Canada	0	1	4	90	62	12	62	12	12	23		
Belgium	2	0	9	139	1/	1/	1/	1/	1/	2		
All other	0	0	83	3,390	6,237	1,578	2,305	2,305	2,305	2,305		
Total	2	1	945	3,390	6,237	1,578	2,305	2,305	1,578	2,305		
Value (1,000 dollars)												
France	-	-	-	8	1,283	214	1,435	1,283	214	1,435		
China	-	1/	-	-	741	11	-	465	11	381		
Fr. Germ.	1	-	11	376	215	153	315	153	315	315		
Italy	-	-	1/	215	92	101	388	92	101	37		
Nethlids	-	-	217	-	77	8	-	77	8	-		
Mexico	-	-	9	29	24	6	-	24	6	81		
Canada	-	1	11	28	15	15	-	15	15	32		
Belgium	2	-	22	68	2	2	-	2	2	2		
All other	-	-	2	1,094	2,832	702	2,018	2,832	702	2,018		
Total	3	2	271	1,094	2,832	702	2,018	2,832	702	2,018		
Unit value (per pound)												
France	-	-	-	-	-	-	-	\$2.05	\$2.11	\$2.19		
China	-	5.44	-	-	2.12	0.37	0.34	0.35	0.33	0.35		
Fr. Germ.	4.42	-	2.28	0.30	2.28	0.28	0.29	0.43	0.29	0.23		
Italy	-	-	0.26	0.28	0.26	0.28	0.43	0.24	0.32	0.43		
Nethlids	-	-	-	-	2.10	0.33	0.47	0.24	0.25	0.37		
Mexico	-	2.38	1.18	0.46	1.27	1.27	1.27	1.27	2.07	1.42		
Canada	1.26	-	0.27	0.35	5.85	5.85	5.85	5.85	5.85	5.85		
Belgium	-	-	0.29	0.32	0.46	0.44	0.46	0.46	0.44	0.88		
All other	1.56	2.74	0.29	0.32	0.46	0.44	0.46	0.46	0.44	0.88		
Average	1.56	2.74	0.29	0.32	0.46	0.44	0.46	0.46	0.44	0.88		

1/ Less than 500.

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

Digest No.
C105—Con.Table D.—Butyl acetate: 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)						
Taiwan	-	-	-	-	3,115	-
Mexico					327	
All other						
Total					3,442	
Value (1,000 dollars)						
Taiwan	-	-	-	-	741	-
Mexico	-	-	-	-	77	-
All other						
Total					818	
Unit value ()						
Mexico					\$0.24	
Taiwan	-	-	-	-	.24	-
All other						
Average					.24	

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).

CONFIDENTIAL

CERTAIN HINGES, FITTINGS, AND MOUNTINGS OF BASE METAL

DIGEST NO. C106

1. The first part of the document is a list of names and titles.

2. The second part is a list of dates.

CERTAIN HINGES, FITTINGS, AND MOUNTINGS OF BASE METAL
DIGEST NO. C106 (GSP Graduation)

BACKGROUND

Description and uses

This digest encompasses a wide variety of hardware items such as hinges, which are largely used on luggage, furniture, cabinets, and doors; and fittings and mountings, which include hood and trunk ornaments and emblems, door sill and other trim, latches, window regulators, side-view mirror arms and housings, door handles, and kickplates.

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.

Certain hinges, fittings, and mountings of base metal: 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		
647.03	Hinges, fittings, and mountings, n.s.p.f., not coated or plated with precious metal.	8.6% ad val.	6.7% ad val.	5.7% ad val.
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
647.03	Hinges, fittings, and mountings, n.s.p.f., not coated or plated with precious metal.	123,584	Yes.	

U.S. customs treatment

The products covered under TSUS item 647.03 became eligible for GSP treatment in 1976. There have been no country exclusions with respect to imports under TSUS item 647.03.

U.S. producers and employment

Certain hinges, fittings, and mountings of base metal are produced by approximately 35 establishments with production facilities located throughout the United States; the majority are concentrated in California and the Midwest and Northeast regions of the country. During 1981-85, the number of production workers in the industry declined from an estimated 3,500 workers to approximately 3,100 workers, or by 11 percent. The decline in the number of production workers occurred with increasing competition from principal foreign suppliers, plant closings, and the restructuring of operations as producers sought to improve their competitiveness. In addition, in lieu of domestic production some producers have established operations in foreign countries which provides convenient access to principal export markets. In response to the increased costs of labor, raw materials, and energy, U.S. producers have intensified their efforts to automated operations, resulting in an industry which has become increasingly capital intensive.

U.S. consumption and shipments

Apparent U.S. consumption of certain hinges fittings, and mountings of base metal declined 20 percent during the economic downturn of 1981-82, from \$574 million to \$461 million.

During 1982–85, however, apparent consumption increased by 51 percent to \$694 million (table A). The ratio of imports to consumption increased from 9 percent to 18 percent during the 5-year period.

U.S. producers' shipments of certain hinges, fittings, and mountings of base metal also declined during 1981–82, from \$530 million to \$520 million, or by 2 percent. During 1982–84, U.S. shipments increased 13 percent to \$589 million before declining 2 percent to \$577 million in 1985. Approximately 50 percent of U.S. producers' shipments during 1981–85 consisted of various types of hinges.

U.S. exports

U.S. exports of certain hinges, fittings, and mountings of base metal fluctuated downward during 1981–85, from \$7.6 million to \$5.9 million (table B). In 1985, exports to Canada (the largest export market) accounted for almost 40 percent of total U.S. exports. Exports to Saudi Arabia (the second largest export market) represented 14 percent of total exports.

U.S. imports

The value of U.S. imports of certain hinges, fittings, and mountings, of base metal increased during 1981–85, from \$52 million to \$124 million, or by 138 percent (table C). In 1983, Taiwan surpassed Japan as the leading foreign source of imports, increasing its share of total imports from 26 percent in 1983 to 38 percent in 1985. During the same period, the share of imports from Japan to total imports declined from 22 percent to 15 percent.

U.S. imports of certain hinges, fittings, and mountings of base metal imported under the GSP increased from about \$13 million in 1981 to \$52 million in 1985, or by 315 percent (table D). Taiwan, the principal foreign source, increased its share of total GSP imports from 74 percent in 1981 to 87 percent in 1985. During the same period, the share of imports from Hong Kong (the second largest supplier) to total GSP imports declined from 13 percent to 4 percent.

Imports of certain hinges, fittings, and mountings of base metal 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.....	\$46,466	37
Hong Kong.....	2,134	2
Singapore.....	1,179	1
Korea.....	1,224	1
Other GSP.....	2,397	2
Total.....	53,400	43

Conditions of competition in the U.S. market

There are no major differences in the methods used to market imported or domestically produced hinges, fittings, and mountings. In the United States these products are generally sold first to distributors and then to wholesalers and retailers, which in turn sell to the ultimate consumer.

The most significant purchasing consideration for the preponderance of products covered in this digest is price. Prices made available by

***, ***, and *** major domestic producers of

products included in this digest, indicated that the prices of hinges, fittings, and mountings offered by domestic producers may range from about * * * higher than the retail prices of comparable products imported from Taiwan. Reportedly, these imports from Taiwan are improving in quality and design features and have become increasingly accepted in the domestic hardware industry. Because of Taiwan's price advantage, certain domestic producers are supplementing their product line with these relatively low-priced products to broaden their product offerings.

Position of interested parties

Counsel representing Stanley Hardware (petitioner) requests withdrawal of duty-free treatment accorded under the GSP for hinges and other products classified under TSUS item 647.03 that are imported from Taiwan. Counsel asserts that Taiwan is an advanced developing country and currently accounts for the overwhelming value of duty-free imports entering the United States under TSUS item 647.03. According to counsel, imports from Taiwan have had an adverse impact on sales and profitability of Stanley Hardware.

Digest No.
C106--Con.

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The following is a list of the names of the persons who were present at the meeting held on the 10th day of August, 1906, at the residence of the undersigned, at the address of No. 1012 North 10th Street, Minneapolis, Minnesota.

The names of the persons present are as follows:

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Digest No.
C106—Con.

Table A.—Certain hinges, fittings, and mountings of base metal: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, and January–June 1986

Value (1,000 dollars)					
Year	U.S. shipments 1/	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
1981....	529,890	7,638	51,819	574,071	9
1982....	519,500	6,581	52,006	460,913	11
1983....	571,450	8,171	72,161	635,440	11
1984....	588,593	5,817	110,209	692,985	16
1985....	576,821	5,908	123,584	694,497	18
Jan.—June—					
1985..	288,411	3,380	61,258	346,289	18
1986..	294,418	2,371	80,769	372,816	22

1/ Estimated from official statistics of the U.S. Department of Commerce.

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

Table B.--Certain hinges, fittings, and mountings of base metal; 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	January-June-- 1985 1986
Canada	3,207	2,171	2,473	2,253	2,333	1,289 754
S Arab	1,160	1,665	3,985	717	798	660 136
Mexico	639	344	73	282	338	153 166
Japan	91	152	92	60	315	169 211
U King	257	225	168	261	285	131 165
Panama	58	142	20	127	285	233 67
China	1	8	7	80	127	55 210
Austral	86	97	30	42	84	32 31
All other	2,132	1,777	1,322	1,995	1,342	657 623
Total	7,638	6,581	8,171	5,817	5,908	3,380 2,371

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

Table C.--Certain hinges, fittings, and mountings of base metal: 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
China	9,477	11,721	18,954	33,006	46,466	22,097	29,456
Japan	15,065	11,943	16,141	21,296	18,665	8,928	11,455
Austria	3,771	5,558	10,007	12,887	13,657	7,570	13,432
Canada	7,142	6,248	8,924	11,782	12,958	6,707	6,314
Fr Germ	5,731	6,569	7,274	12,180	10,749	5,268	7,338
Italy	1,309	1,419	2,332	3,064	3,620	1,753	2,320
Nethlds	607	237	591	1,627	2,357	1,113	975
Hg Kong	1,679	1,495	1,555	2,424	2,134	1,174	912
All other	7,038	6,816	6,381	11,943	12,979	6,748	8,567
Total	51,819	52,006	72,161	110,209	123,584	61,258	80,769

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

Table D.—Certain hinges, fittings, and mountings of base metal: U.S. imports for consumption under the GSP, by principal GSP source, 1981-85, and January-June 1986

Source	Value (1,000 dollars)					
	1981	1982	1983	1984	1985	January-June 1986
Taiwan	9,279	11,574	18,742	32,345	45,669	28,753
Hong Kong	1,608	1,427	1,462	2,392	2,071	850
Singapore	583	893	638	808	1,179	341
Korea	250	259	428	553	1,142	783
India	270	171	177	368	543	258
Brazil	3	50	50	418	297	66
Portugal	106	181	196	213	174	24
Israel	420	159	95	153	70	59
All other	80	136	85	888	1,122	524
Total	12,599	14,850	21,873	38,138	52,267	31,658

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 FABRICATED PRODUCTS OF IRON OR STEEL

DIGEST NO. C107

CERTAIN FABRICATED PRODUCTS OF IRON OR STEEL
DIGEST NO. C107 (GSP Graduation)

Background

Description and uses

This digest covers certain fabricated products of iron or steel such as hangars and other buildings, bridges, bridge sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, shutters, balustrades, and other structures and parts of structures classified in TSUS item 653.00. Item 653.00 encompasses only those imports which enter the United States as entireties (i.e., complete, or substantially complete). Other provisions (such as items 652.94-652.96) affect trade in parts of these products.

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.

Certain fabricated products of iron or steel: 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 <u>during--</u>			U.S. imports in 1985 (\$1,000)	Product produced in U.S., Jan. 3, 1985
		1981	1985	1987		
653.00	Hangars and other buildings, bridges, bridge sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, shutters, balustrades, and other structures and parts of structures, other than offshore drilling platforms, all the foregoing of iron or steel.....	8.6%	6.7%	5.7%	96,852	Yes.

U.S. customs treatment

The material currently classified under TSUS item 653.00 became eligible for GSP treatment beginning in 1976. The Republic of Korea was graduated from GSP treatment with respect to this item as a result of the 1983 review.

U.S. producers and employment

The U.S. fabricated structural steel industry is made up of approximately 1,100 firms. The industry's markets are local in nature because of high freight charges. The typical market area is rarely more than 200 miles from production. Data on employment are available regarding the fabricated structural metal industry. An estimated 73 percent of the value of shipments of this industry consists of products like those covered by this digest. Employment of production workers in the industry fell from 87,300 in 1981 to 75,400 in 1982, and 67,200 in 1983. In 1984, employment increased to 71,000, and in 1985 increased again to 76,200.

U.S. consumption and shipments

The quantity of apparent U.S. consumption of certain fabricated products of iron or steel increased by 5 percent during 1981-82 and then fell by 8 percent during 1982-83 (table A). Then, for the following two years, consumption increased--by 17 percent during 1983-84 and by 4 percent during 1984-85. Information on the estimated quantity of U.S. producers' shipments shows trends virtually identical to those of U.S. consumption; such shipments averaged 96 percent of the value of consumption during 1981-85.

U.S. exports

Exports of certain fabricated products of iron or steel by U.S. producers were a relatively small portion of the quantity of total shipments, averaging 2 percent during the period 1981-85 (table B). Moreover, exports generally declined over the period, from 193,000 short tons (\$427 million) in 1981 to 55,000 short tons (\$108 million) in 1985.

U.S. imports

From 1981 to 1983, the quantity of imports classified under TSUS item 653.00 fell by 49 percent, from 37,000 short tons (\$77 million) to 19,000 short tons (\$34 million) (table C). In 1984 and 1985, imports more than doubled, rising to 74,000 short tons (\$97 million). GSP imports declined from 4,387 short tons (\$4.4 million) in 1981 to 713 short tons (\$2.9 million) in 1982 (table D). During 1982-84, GSP imports increased, reaching 14,803 short tons (\$10 million). In 1985, the quantity of GSP imports declined to 11,148 short tons but the value increased to \$13 million.

GSP imports from Singapore first appeared in 1985, when they accounted for 0.4 percent of all GSP imports. During January-June 1986, this ratio increased to 66.7 percent. The sharp increase in imports most likely reflects the country's success in recent contract awards for steel-framed buildings on the west coast. GSP imports from Taiwan accounted for 0.8 percent of all GSP imports in 1981, 0.3 percent in 1982, 1.7 percent in 1983, 3.0 percent in 1984, 25.0 percent in 1985, and 24.3 percent during January-June 1986.

Imports of the subject products 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.....	\$5,193	5
Republic of Korea.....	7,457	8
Taiwan.....	2,631	3
Mexico.....	458	<u>1</u> /
Singapore.....	177	<u>1</u> /
Other GSP countries...	<u>597</u>	<u>1</u>
Total.....	16,513	17

1/ Less than 0.5 percent.

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

The competitive strengths of U.S. producers of fabricated structural metal generally lie in marketing-related factors, such as transportation, supplier reliability, availability of material, delivery time, and servicing capability. These advantages have sharply limited import competition, which has nonetheless intensified in recent years, particularly in areas served by waterways convenient to large importers, e.g., the West Coast and cities adjacent to rivers and the Great Lakes. The success of imports has been based largely on highly competitive prices.

Position of interested parties

The petitioner is the American Institute of Steel Construction, Inc., which requests that GSP treatment be withdrawn from items classified under item 653.00 from Singapore and Taiwan. It contends that there is a close relationship between imports under this item and the net income of domestic steel fabricators. The surge in such imports during the last several years has adversely affected such fabricators. Surges from Singapore and Taiwan are expected to continue, as the countries refuse to participate in Voluntary Restraint Agreements governing imports of fabricated structural steel. Loss of GSP treatment might not affect the overall level of imports from the countries, but it could help to relieve price pressures.

1/ U.S. Department of Commerce, 1986 U.S. Industrial Outlook, p. 2-3.

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Table A.--Certain fabricated products of iron or steel: U.S. producers' shipments, exports, imports, 1/ and apparent consumption, 1981-85, January-June 1985, and January-June 1986

Period	U.S. shipments <u>2/</u>	Exports	Imports		Apparent U.S. consumption	Ratio of imports to consumption		
			Total <u>3/</u>	Item 653.00		Total <u>3/</u>	Item 653.00	
Quantity								
-----thousands of short tons-----								
1981-----	5,277	193	156	37	5,240	3.0	0.7	
1982-----	5,494	132	144	23	5,506	2.6	.4	
1983-----	4,947	79	197	19	5,065	3.9	.4	
1984-----	5,732	93	278	47	5,917	4.7	.8	
1985-----	5,904	55	319	74	6,168	5.2	1.2	
January-June--								
1985-----	<u>4/</u>	29	174	39	<u>4/</u>	<u>4/</u>	<u>3/</u>	
1986-----	<u>4/</u>	20	156	39	<u>4/</u>	<u>4/</u>	<u>3/</u>	
Value								
-----million dollars-----								
1981-----	6,072	427	161	77	5,806	2.8	1.3	
1982-----	5,825	300	133	48	5,658	2.4	.9	
1983-----	5,245	156	138	34	5,227	2.6	.7	
1984-----	6,077	155	188	60	6,110	3.1	1.0	
1985-----	6,260	108	249	97	6,401	3.9	1.6	
January-June--								
1985-----	<u>4/</u>	58	131	49	<u>4/</u>	<u>4/</u>	<u>3/</u>	
1986-----	<u>4/</u>	41	143	58	<u>4/</u>	<u>4/</u>	<u>3/</u>	

1/ Data on two categories of imports are provided in this table. The column entitled "Total" describes imports that are approximately comparable to the products included in the estimate for U.S. producers' shipments. The column entitled "Item 653.00" describes those imports covered by the petition, i.e., those under TSUS item 653.00.

2/ Shipments of certain fabricated products of iron or steel by the U.S. industry are estimated by (1) totaling the quantity and value of shipments for categories of products in the 1982 Census of Manufactures that are closest to those covered by TSUS item 653.00 (i.e., iron or steel for buildings, fabricated structural metal for bridges (including aluminum), and iron and steel for transmission towers and "other" (including lock-gates)); (2) taking the ratios of such totals to the 1982 value of shipments for all fabricated metal products (SIC 3441) as reported in U.S. Department of Commerce, 1986 U.S. Industrial Outlook, p. 2-3; and (3) multiplying the value of shipments of all fabricated metal products in years other than 1982 by such ratios.

3/ Total imports under TSUS items 609.84, 609.86, 652.94, 652.95, 652.96, and 653.00.

4/ Not available.

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

Table B.--Certain fabricated products of iron or steel: 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		January-June-- 1986	
	Quantity (short tons)	Value (1,000 dollars)	Quantity (short tons)	Value (1,000 dollars)	Quantity (short tons)	Value (1,000 dollars)	Quantity (short tons)	Value (1,000 dollars)	Quantity (short tons)	Value (1,000 dollars)	Quantity (short tons)	Value (1,000 dollars)	Quantity (short tons)	Value (1,000 dollars)
Canada	18,576	24,219	13,026	15,185	9,525	11,923	11,977	15,923	11,765	19,587	5,142	8,936	5,142	7,674
S. Arab	20,477	63,114	27,035	47,730	19,717	40,510	10,063	40,510	3,561	11,669	2,329	7,772	2,329	2,621
Nigeria	2,735	17,374	662	2,282	24	2,282	225	625	5,354	8,091	1,661	2,943	1,661	763
Mexico	74,361	168,917	13,682	23,174	5,613	11,145	4,390	7,096	4,890	8,091	2,643	5,253	2,643	4,856
Colomb	1,082	3,035	1,552	2,222	320	2,894	1,073	2,894	1,632	6,319	884	3,217	884	679
Israel	758	1,586	203	426	1,342	2,476	257	2,476	772	5,669	585	4,935	585	2,001
Kor Rep	1,192	4,130	1,917	6,419	1,012	4,098	25,146	8,986	2,207	5,073	1,327	1,968	1,327	1,828
Bahamas	6,375	5,689	6,527	4,714	5,820	9,172	7,063	8,986	4,192	1,968	2,347	2,185	2,347	1,602
All other	66,988	149,603	67,496	173,589	36,115	71,499	32,860	67,237	20,346	36,664	12,063	20,935	12,063	19,249
Total	192,544	426,575	132,100	300,159	79,488	156,110	93,054	154,919	54,119	108,191	28,981	58,144	28,981	40,874
Canada	31,086	24,219	15,185	15,185	15,185	15,923	15,923	15,923	19,587	19,587	8,936	8,936	8,936	7,674
S. Arab	45,155	63,114	47,730	47,730	47,730	40,510	40,510	40,510	11,669	11,669	7,772	7,772	7,772	2,621
Nigeria	17,374	17,374	2,282	2,282	2,282	2,282	2,282	2,282	10,513	10,513	2,943	2,943	2,943	763
Mexico	168,917	168,917	23,174	23,174	23,174	11,145	11,145	11,145	8,091	8,091	5,253	5,253	5,253	4,856
Colomb	3,035	3,035	2,222	2,222	2,222	2,894	2,894	2,894	6,319	6,319	3,217	3,217	3,217	679
Israel	1,586	1,586	426	426	426	2,476	2,476	2,476	5,669	5,669	4,935	4,935	4,935	2,001
Kor Rep	4,130	4,130	6,419	6,419	6,419	4,098	4,098	4,098	5,073	5,073	1,968	1,968	1,968	1,828
Bahamas	5,689	5,689	4,714	4,714	4,714	9,172	9,172	9,172	4,605	4,605	2,185	2,185	2,185	1,602
All other	149,603	149,603	173,589	173,589	173,589	71,499	71,499	71,499	36,664	36,664	20,935	20,935	20,935	19,249
Total	426,575	426,575	300,159	300,159	300,159	156,110	154,919	154,919	108,191	108,191	58,144	58,144	58,144	40,874
Canada	\$1,673.43	\$1,673.43	\$1,859.29	\$1,859.29	\$1,594.25	\$1,329.47	\$1,329.47	\$1,329.47	\$1,664.86	\$1,664.86	\$1,737.89	\$1,737.89	\$1,737.89	\$1,765.43
S. Arab	2,205.14	2,205.14	2,334.52	2,334.52	2,420.76	4,025.61	4,025.61	4,025.61	3,276.94	3,276.94	3,336.84	3,336.84	3,336.84	3,090.94
Nigeria	6,352.57	6,352.57	3,447.01	3,447.01	6,204.29	2,776.08	2,776.08	2,776.08	1,963.50	1,963.50	1,771.72	1,771.72	1,771.72	1,444.88
Mexico	2,271.58	2,271.58	1,693.74	1,693.74	1,985.54	1,616.37	1,616.37	1,616.37	1,654.60	1,654.60	1,987.37	1,987.37	1,987.37	1,534.29
Colomb	2,804.55	2,804.55	1,431.90	1,431.90	1,153.32	2,697.55	2,697.55	2,697.55	3,871.96	3,871.96	3,639.68	3,639.68	3,639.68	6,391.96
Israel	2,092.61	2,092.61	2,099.00	2,099.00	1,518.46	9,633.75	9,633.75	9,633.75	7,343.52	7,343.52	8,436.66	8,436.66	8,436.66	5,574.07
Kor Rep	3,465.14	3,465.14	3,348.44	3,348.44	4,049.30	357.34	357.34	357.34	2,298.80	2,298.80	1,483.36	1,483.36	1,483.36	6,551.57
Bahamas	892.42	892.42	722.28	722.28	669.72	1,298.66	1,298.66	1,298.66	1,098.42	1,098.42	930.83	930.83	930.83	565.63
All other	2,233.29	2,233.29	2,571.84	2,571.84	1,979.75	2,046.18	2,046.18	2,046.18	1,802.04	1,802.04	1,735.48	1,735.48	1,735.48	2,318.08
Average	2,215.47	2,215.47	2,272.21	2,272.21	1,963.95	1,664.83	1,664.83	1,664.83	1,977.20	1,977.20	2,006.29	2,006.29	2,006.29	2,005.28

1/ Less than 500.

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

Table C.--Certain fabricated products of iron or steel: 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 (short tons)											
Canada	26,959	13,872	12,492	19,431	34,030	15,779	19,063					
Japan	3,884	4,393	438	705	13,159	11,040	3,466					
Kor Rep	3,927	430	2,663	13,061	8,924	4,666	3,905					
Brazil	0	0	0	230	2,121	1,390	0					
Fr Germ	382	1,071	416	1,317	2,136	1,495	886					
Denmark	21	5	13	1,249	1,652	476	107					
N Zeal	16	56	114	214	2,275	100	3,826					
China t	37	3	43	447	2,830	1,156	2,500					
All other	1,959	3,653	2,927	10,262	6,754	3,142	2,466					
Total	37,185	23,683	19,136	46,916	73,881	39,244	39,219					
Value (1,000 dollars)												
Canada	63,226	30,410	22,211	35,240	49,006	22,275	33,327					
Japan	5,362	5,395	1,700	964	12,873	10,322	3,901					
Kor Rep	3,662	465	1,436	9,054	7,457	4,111	3,535					
Brazil	-	-	-	171	5,193	3,591	-					
Fr Germ	1,412	2,153	1,027	2,390	2,999	1,579	1,213					
Denmark	13	10	39	3,563	2,992	1,219	447					
N Zeal	11	39	92	197	2,722	100	4,165					
China t	26	8	78	387	2,631	1,096	6,792					
All other	3,065	9,099	6,944	8,243	10,979	5,066	6,174					
Total	76,776	47,580	33,527	60,210	96,852	49,159	57,553					
Unit value (per short ton)												
Canada	\$2,345.26	\$2,192.21	\$1,778.02	\$1,813.59	\$1,440.08	\$1,411.68	\$1,748.25					
Japan	1,380.54	1,228.15	3,880.49	1,367.42	978.30	934.93	1,125.37					
Kor Rep	932.59	1,082.20	539.09	693.22	835.61	881.07	905.14					
Brazil	-	-	-	741.74	2,448.43	2,439.24	-					
Fr Germ	3,695.35	2,009.88	2,469.63	1,814.55	1,403.87	1,056.34	1,368.90					
Denmark	603.57	2,060.00	2,990.08	2,852.70	1,810.88	2,561.65	4,180.90					
N Zeal	683.75	697.61	805.55	922.46	1,196.29	998.98	1,088.52					
China t	705.81	2,555.00	1,822.14	866.88	929.84	948.02	1,916.77					
All other	1,564.40	2,490.90	2,348.23	803.28	1,625.58	1,612.42	1,129.48					
Average	2,064.71	2,026.14	1,752.01	1,283.35	1,310.92	1,252.64	1,467.47					

1/ Less than 500.

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

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

	1981	1982	1983	1984	1985	January- June 1986
Quantity (short tons)						
Brazil-----	0	0	0	230	2,019	0
Republic of Korea-----	3,927	430	2,030	12,719	5,292	0
Taiwan-----	37	2	43	443	2,782	563
Mexico-----	360	162	322	1,270	599	77
Singapore-----	0	0	0	0	46	1,548
Portugal-----	56	89	84	89	34	5
India-----	6	0	17	8	278	17
Israel-----	0	0	10	19	54	0
All other-----	1	30	0	25	44	111
Total-----	4,387	713	2,506	14,803	11,148	2,321
Value (1,000 dollars)						
Brazil-----	-	-	-	171	5,052	-
Republic of Korea-----	3,662	464	1,171	8,881	4,733	-
Taiwan-----	26	7	64	383	2,577	298
Mexico-----	630	232	305	790	414	40
Singapore-----	-	-	-	-	165	914
Portugal-----	86	148	164	151	163	17
India-----	6	-	19	6	138	18
Israel-----	-	1	31	32	134	1
All other-----	2	1/ 2,016	-	4	76	278
Total-----	4,412	2,868	1,754	10,418	13,452	1,566
Unit value						
Brazil-----	-	-	-	\$743.48	\$2,502.23	-
Republic of Korea-----	\$932.52	\$1,079.07	\$576.85	698.25	894.37	-
Taiwan-----	702.70	3,500.00	1,488.37	864.56	926.31	529.31
Mexico-----	1,750.00	1,432.10	947.20	622.05	691.15	519.48
Singapore-----	-	-	-	-	3,586.96	590.44
Portugal-----	1,535.71	1,662.92	1,952.38	1,696.63	4,794.12	3,400.00
India-----	1,000.00	-	1,117.65	750.00	496.40	1,058.82
Israel-----	-	-	3,100.00	1,684.21	2,481.48	-
All other-----	2,000.00	67,200.00	-	160.00	1,727.27	2,504.50
Average-----	1,005.70	4,022.44	699.92	703.78	1,206.67	674.71

1/ The value of 1982 imports from Argentina is unusually high compared to the quantity. If the 1981 average unit value is used to estimate the value of 1982 imports from Argentina, the value of the "all other" category becomes \$30,000 and the total 1982 value becomes \$882,000; the unit value of the "all other" category becomes \$1,000, and the average 1982 unit value becomes \$1,237.

Source: Compiled from official statistics of the U.S. Department of Commerce. 10

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.

PORCELAIN ON STEEL COOKING AND KITCHEN WARE

DIGEST NO. C108

PORCELAIN-ON-STEEL COOKING AND KITCHEN WARE
DIGEST NO. C108 (GSP Graduation)

Background

Description and uses

Porcelain-on-steel cooking and kitchen ware consists of articles of porcelain coated steel used in the home for cooking, heating, processing, and handling of food. Typical articles are skillets, roasters, saucepans, teakettles, dutch ovens, mixing bowls, and colanders. Porcelain-on-steel cooking and kitchen ware is sold in a variety of shapes, sizes, designs, and price ranges.

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.

Porcelain-on-steel cooking and kitchen ware: 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-----		
654.08	Cooking and kitchen ware of steel, enameled or glazed with vitreous glasses.	3.2%	2.9%	2.7%
		U.S. imports in 1985 (\$1,000)		Product produced in U.S., Jan. 3, 1985
654.08	Cooking and kitchen ware of steel, enameled or glazed with vitreous glasses.	\$63,581	Yes.	

U.S. customs treatment

Porcelain-on-steel cooking and kitchen ware is provided for in item no. 654.08 of the TSUS. Following an investigation in which the Commission determined that imports of porcelain-on-steel cooking ware under \$2.25 per pound had suffered injury from increased imports (TA-201-39, ITC Publ. no. 1008), the President granted import relief in the form of additional duties for the period January 17, 1980-January 17, 1984. The action affected imports which are currently classified under TSUS item 654.0824. During the period of relief, GSP status was also suspended.

On January 17, 1984, following a petition by General Housewares Corporation, Taiwan was graduated from the GSP for imports of porcelain-on-steel cooking and kitchen ware under TSUS item 654.08.

Porcelain-on-steel cookware has been subject to both antidumping and countervailing duty investigations during 1985-1986. On December 4, 1985, the Commission instituted countervailing duty investigations on imports from Mexico and Taiwan and antidumping investigations on imports from Mexico, The People's Republic of China, and Taiwan. On October 2, 1986 the Department of Commerce made final affirmative determinations in each of the three antidumping cases. On the final countervailing duty investigations, Commerce found affirmatively in the case of imports from Mexico and negatively in the case of imports from Taiwan. The Commission is scheduled to make its final determinations on these investigations by November 17, 1986.

On June 30, 1986, the Commission instituted countervailing duty and antidumping investigations on porcelain-on-steel imports from Spain. On August 11, 1986, the Commission made affirmative preliminary injury decisions in both cases, which are now before the Commerce Department.

U.S. producers and employment

Since 1978 there has been only one U.S. producer of porcelain-on-steel cooking and kitchen ware. The number of production and related workers * * * during 1981-85, from * * * persons in 1981 to * * * persons in 1985, a * * * of * * * percent. The average number of employees for the first six months of 1986 was * * *, or * * * percent * * * than the * * * person average for the first six months of 1985.

U.S. consumption and shipments

Apparent consumption of porcelain-on-steel cooking and kitchen ware increased from * * * million units (* * * million) in 1981 to * * * million units (* * * million) in 1985 (table A). The decrease in the total dollar value of U.S. consumption of porcelain-on-steel cooking ware between 1984 and 1985 (from * * * million to * * * million) generally reflects a decline in the prices of this cookware, since total unit consumption remained relatively stable. Based on quantity, the ratio of imports to apparent consumption has increased to * * * percent in 1985 from * * * percent in 1981. U.S. shipments of porcelain-on-steel cooking and kitchen ware * * * by * * * percent during 1981-85, from * * * million units (* * * million) in 1981 to * * * million units (* * * million) in 1985.

U.S. exports

U.S. exports of porcelain-on-steel cooking and kitchen ware fluctuated irregularly during 1981-85, declining from 2.1 million units (\$4.4 million) in 1981 to 928,256 units (\$2.3 million) in 1985 (table B). The principal U.S. market for these exports was Canada, which in 1985 received 74 percent of total U.S. exports of porcelain-on-steel cooking and kitchen ware.

U.S. imports

U.S. imports of porcelain-on-steel cooking and kitchen ware increased from 10.3 million units (\$27.1 million) in 1981 to 26.6 million units (\$63.6 million) in 1985 (table C). The largest sources of U.S. imports were Taiwan, Japan, Spain, Mexico, and China, which together accounted for 83 percent of the quantity of total U.S. imports in 1985.

U.S. imports of porcelain-on-steel cooking and kitchen ware under the GSP increased from 2.3 million units (\$3.4 million) in 1981 to 5.1 million units (\$8.5 million) in 1984, or by 118 percent, before declining slightly to 5.0 million units (\$6.2 million) in 1985 (table D). Imports from Mexico, the largest overall source of imports under the GSP during 1981-85, rebounded strongly following Taiwan's graduation from GSP in 1984 and rose from 869,000 units (\$446,000) in 1983 to 3.2 million units (\$4.2 million) in 1985, or by 271 percent.

Imports of porcelain-on-steel cooking and kitchen ware 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> <u>1/</u>
Mexico.....	4,265	7
Hong Kong.....	1,360	2
Romania.....	592	1
Korea.....	390	1
Brazil.....	72	<u>2/</u>
Other GSP.....	64	<u>2/</u>
Total.....	6,743	11

1/ Percents are rounded.

2/ Less than 0.5 percent.

Conditions of competition in U.S. market

Most porcelain-on-steel cooking and kitchen ware sold in the United States by domestic and foreign producers is either sold to large retailers, such as mass merchandisers and mail-order houses, or to large housewares distributors which serve the smaller retailers. A relatively small proportion is sold through supermarkets.

Porcelain-on-steel cooking ware is priced in the low and middle range of the cookware spectrum, and accounts for about 10 percent of total U.S. consumption of all types of cookware. During 1981-85, imports of these articles were imported in a variety of styles and price ranges. Imports from Spain and West Germany are generally high quality, expensive cookware, whereas

those from the People's Republic of China, Taiwan, and Mexico represent the middle to lower end of imports, both in terms of quality and expense. The U.S. producer competes against imports from Mexico, China, and Taiwan in a number of styles and price ranges in the low and middle segment of the market. More recently the domestic producer began a program to improve the quality of its cookware to compete against the higher quality cookware coming into the United States.

Position of interested parties

The petitioner, General Housewares Corporation, requests the graduation of GSP status for Mexico on TSUS item no. 654.08, for Mexico. General Housewares Corp. asserts that the Mexican producers are internationally competitive and that Mexico is one of the more economically advanced beneficiary countries and does not need GSP preference. Additionally, as the Department of Commerce has issued preliminary antidumping and countervailing duty determinations with respect to porcelain-on-steel cooking ware from Mexico, the petitioner notes that it could be both illogical and against public policy to continue to accord duty free treatment to such imports under the GSP.

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Table A.—Porcelain-on-steel cooking and kitchen ware: U.S. shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985 and January–June 1986

Year	U.S. shipments 1/	Exports	Imports	Apparent consumption	Ratio of imports to consumption
(Quantity (1,000 units))					
1981....	***	2,147	10,340	***	***
1982....	***	1,477	12,890	***	***
1983....	***	1,634	19,782	***	***
1984....	***	1,471	25,663	***	***
1985....	***	928	26,572	***	***
Jan.—June—					
1985..	***	430	12,081	***	***
1986..	***	308	13,168	***	***
Value (1,000 dollars)					
1981....	***	4,355	27,141	***	***
1982....	***	3,711	41,521	***	***
1983....	***	3,840	64,920	***	***
1984....	***	3,293	72,765	***	***
1985....	***	2,307	63,581	***	***
Jan.—June—					
1985..	***	1,082	30,190	***	***
1986..	***	1,841	28,587	***	***
Unit value (per unit)					
1981....	***	2.03	2.62	—	—
1982....	***	2.51	3.22	—	—
1983....	***	2.35	3.28	—	—
1984....	***	2.24	2.84	—	—
1985....	***	2.49	2.39	—	—
Jan.—June—					
1985..	***	2.52	2.50	—	—
1986..	***	5.98	2.17	—	—

1/ * * *.

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

Table B.--Porcelain on steel cooking and kitchenware: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	Quantity (number)					
	1981	1982	1983	1984	1985	January-June-- 1986
Canada-----	1,814,207	1,183,071	1,363,233	1,223,740	686,597	357,685
Austral-----	22,398	10,103	1,691	67	76,054	0
Japan-----	21,186	105,303	25,667	270	22,449	21,399
S Arab-----	15,404	7,076	61,761	2,312	11,174	5,123
C Rica-----	0	190	3,429	33,994	27,402	4,497
Mexico-----	17,365	15,301	9,198	30,947	26,517	2,079
Trinidad-----	5,957	15,972	30,785	19,684	8,442	29,325
Guatmal-----	0	150	0	6,851	13,841	8,760
All other-----	250,271	139,490	138,715	153,484	55,780	22,560
Total-----	2,146,788	1,476,656	1,634,479	1,471,349	928,256	429,674
	Value (\$1,000 dollars)					
Canada-----	3,149	2,232	2,600	2,386	1,332	690
Austral-----	45	37	24	1	201	-
Japan-----	119	609	140	2	160	112
S Arab-----	85	22	243	10	82	82
C Rica-----	-	1	13	92	95	20
Mexico-----	116	54	30	70	88	36
Trinidad-----	23	65	84	98	59	36
Guatmal-----	1	1	-	17	45	24
All other-----	819	690	706	616	209	118
Total-----	4,355	3,711	3,840	3,293	2,307	1,082
	Unit value					
Canada-----	\$1.74	\$1.89	\$1.91	\$1.95	\$1.94	\$1.93
Austral-----	2.01	3.65	14.19	11.55	2.64	-
Japan-----	5.62	5.78	5.47	8.84	7.12	5.23
S Arab-----	5.52	3.14	3.93	4.12	10.58	16.01
C Rica-----	-	4.16	3.85	2.71	3.46	4.45
Mexico-----	6.65	3.55	3.24	2.27	3.30	3.78
Trinidad-----	3.80	4.06	2.72	4.97	7.03	-
Guatmal-----	-	4.45	-	2.49	3.27	2.70
All other-----	3.27	4.95	5.09	4.02	3.74	2.24
Average--	2.03	2.51	2.35	2.24	2.49	2.52

1/ Less than 500.

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

Table C.--Porcelain on steel cooking and kitchenware: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (number)					Value (1,000 dollars)		Unit value	
	1981	1982	1983	1984	1985	1985	1986	1985	1986
China t-----	1,682,004	2,166,061	6,383,936	10,170,061	9,738,225	4,768,917	6,036,770		
Japan-----	2,624,021	4,697,525	6,285,131	5,955,895	3,377,841	1,495,526	1,925,902		
Spain-----	1,231,073	1,493,933	1,401,437	1,880,903	3,050,748	1,633,857	777,377		
Mexico-----	2,803,116	2,687,753	2,148,196	3,273,660	2,785,410	1,333,248	2,022,486		
China M-----	380,776	495,735	1,072,692	1,092,351	837,876	285,717	598,936		
Fr Germ-----	143,207	170,278	235,064	486,372	1,002,568	249,295	227,121		
Hg Kong-----	287,292	176,591	868,525	675,115	126,576	20,561	72,181		
France-----	218,782	132,855	361,591	342,368	2,423,575	1,048,740	914,189		
All other-----	969,767	869,363	1,025,334	1,786,427	26,572,291	12,081,344	13,168,249		
Total-----	10,340,038	12,889,894	19,781,906	25,663,152	26,572,291	12,081,344	13,168,249		
	Value (1,000 dollars)								
China t-----	4,931	7,598	22,620	29,948	26,518	12,702	11,497		
Japan-----	10,957	20,347	26,872	22,441	12,717	5,954	6,276		
Spain-----	3,384	5,666	4,900	6,900	10,232	5,769	3,141		
Mexico-----	2,935	3,101	2,758	4,536	4,237	1,682	2,719		
China M-----	165	223	1,450	1,605	6,237	1,673	1,035		
Fr Germ-----	1,495	1,476	1,842	1,689	2,503	800	1,837		
Hg Kong-----	253	263	681	726	1,360	241	494		
France-----	1,692	1,086	2,833	2,478	1,176	202	193		
All other-----	1,528	1,761	1,963	2,444	2,573	1,168	1,395		
Total-----	27,141	41,521	64,920	72,765	65,581	30,190	28,587		
	Unit value								
China t-----	\$2.93	\$3.51	\$3.54	\$2.94	\$2.52	\$2.66	\$1.90		
Japan-----	4.18	4.33	4.28	3.77	3.76	3.98	3.26		
Spain-----	2.75	3.79	3.50	3.67	3.35	3.53	4.04		
Mexico-----	1.05	1.15	1.28	1.39	1.32	1.35	1.34		
China M-----	0.43	0.45	0.42	1.47	1.52	1.26	1.73		
Fr Germ-----	10.44	8.67	7.84	3.47	2.99	2.80	3.10		
Hg Kong-----	0.88	1.49	0.78	1.08	1.36	0.97	0.85		
France-----	6.82	8.17	7.84	7.24	9.31	9.83	6.85		
All other-----	1.58	2.03	1.91	1.37	1.06	1.11	1.53		
Average-----	2.62	3.22	3.28	2.84	2.39	2.50	2.17		

1/ Less than 500.

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

Table D.—Porcelain-on-steel cooking and kitchen ware: U.S. imports for consumption under the GSP, by principal GSP source, 1981-85, and January-June 1986 1/

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 units)						
Mexico	1,641	1,189	869	3,054	3,222	2,022
Taiwan 2/	553	903	2,582	1,073	207	103
Hong Kong	32	139	748	377	511	165
South Korea	20	89	49	246	470	57
Romania	-	-	-	309	575	350
Brazil	-	2	-	-	5	-
Thailand	-	2	-	10	26	-
Mozambique	-	-	-	-	6	-
All other	90	21	40	35	17	2
Total	2,336	2,345	4,288	5,104	5,039	2,699
Value (1,000 dollars)						
Mexico	997	794	446	4,297	4,245	2,719
Taiwan	2,196	3,572	10,674	3,312	569	156
Hong Kong	30	186	521	297	502	119
South Korea	51	135	84	331	390	61
Romania	-	-	-	238	372	274
Brazil	-	17	-	-	59	-
Thailand	-	1	-	8	25	-
Mozambique	-	-	-	-	17	-
All other	88	65	129	44	19	8
Total	3,362	4,770	11,854	8,527	6,198	3,337
Unit value (\$ per item)						
Mexico	.61	.67	.51	1.41	1.32	1.34
Taiwan	3.97	3.96	4.13	3.09	2.75	1.51
Hong Kong	.92	1.34	.70	.79	.98	.72
South Korea	2.58	1.51	1.71	1.35	.83	1.08
Romania	-	-	-	.77	.65	.78
Brazil	-	8.37	-	-	11.72	-
Thailand	-	.26	-	.80	.94	-
Mozambique	-	-	-	-	2.87	-
All other	.98	3.10	3.23	1.26	1.12	4.00
Average	1.44	2.03	2.76	1.67	1.23	1.24

1/ GSP was suspended during January 17, 1980 to January 17, 1984 on TSUS item 654.0224 (now 654.0824) as a result of a Presidential decision to grant import relief to the cookware industry following a 201 "escape clause" case.

2/ Taiwan was graduated from GSP on January 17, 1984 on TSUS item 654.08.

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).

ELECTRONIC FRETTED STRINGED INSTRUMENTS

DIGEST NO. C109

ELECTRONIC FRETTED STRINGED INSTRUMENTS
DIGEST NO. C109 (GSP GRADUATION)

Background

Description and uses

Products covered in this digest are electronic fretted stringed musical instruments, virtually all of which are electric guitars and hereafter referred to as such. The sounds or tones of these instruments must be created or amplified electrically in order to be heard. Electric guitars are used principally in creating, learning, and performing popular music.

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

Electronic fretted stringed instruments: 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-----		
725.46(pt.) <u>1/</u>	Electronic fretted stringed instruments.	14.5%	9.4%	6.8%
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
725.46(pt.) <u>1/</u>	Electronic fretted stringed instruments.	28,176	Yes.	

1/ The USTR requested advice on that part of TSUS item 725.46 pertaining to electronic guitars; however, since virtually all trade entering under that item consists of electronic guitars, the advice is given on the entire item.

U.S. customs treatment

Articles imported in 1986 under TSUS item 725.46 are currently dutiable at 8.1 percent ad valorem. Item 725.46 has been eligible for GSP treatment since inception of the program. There are no prior or current exclusions for item 725.46.

U.S. producers and employment

Approximately 12 firms produced electric guitars during 1985, down from about 15 firms in 1981. Manufacturers are concentrated in California and the Northeast (New York, New Jersey, and Connecticut). There is also significant production in Mississippi and Tennessee.

Total estimated employment for the electric guitar industry decreased from about 2,000 to 1,100 workers during the period.

U.S. consumption and production

Estimated U.S. producers' shipments of electric guitars decreased irregularly from 156,000 units, valued at \$101 million, in 1981 to 99,000 units, valued at \$67 million in 1985, or by 37 percent in quantity and 34 percent in value (table A).

Consumption increased while price declined, indicating supply increased by more than any decline in demand due to shifts in music tastes. Estimated apparent consumption increased in quantity from 275,000 units in 1981 to 465,000 units in 1985, or by 69 percent; however, the value of consumption decreased from \$101.5 million to \$93.2 million, or by 8 percent. These changes indicated the larger presence of lower priced imports in the U.S.

market as some domestic producers increasingly sourced more of their product from abroad in order to compete in the moderate and lower price ranges.

U.S. exports

U.S. exports of electric guitars decreased markedly during 1981–85. The quantity of such exports decreased by 77 percent, from over 33,000 units to nearly 8,000 units; similarly the value dropped by 79 percent, from \$9.6 million to \$2.0 million (table B). Japan, the United Kingdom, Canada, and West Germany were the leading export markets during the period, and together accounted for 69 percent of the value in 1985. The decline is attributable, in part, to prohibitive prices for the U.S. products, and increased competition from other suppliers, notably those in the Orient.

U.S. imports

U.S. imports of electric guitars increased substantially during 1981–85. The quantity of imports more than doubled (up 145 percent) from over 152,000 units to over 373,000 units. Similarly, the value of such imports increased by 179 percent, from \$10.1 million to \$28.2 million (table C). Japan and Korea were the dominant suppliers during the period, and together accounted for 94 percent of the value of such imports in 1985. The resurgence of electronic music, along with the increased availability of high quality, moderately priced instruments have contributed to the rise in imports.

Imports under the GSP also increased significantly during 1981–85. GSP imports rose from 78,000 units, valued at \$3.1 million, in 1981 to 181,000 units, valued at \$9.4 million, in 1985 (table D). The totals represent increases of 132 percent, in terms of quantity, and 201 percent, in

terms of value. Korea was the dominant supplier of GSP imports during the period and accounted for 83 percent of the quantity and 84 percent of the value of GSP imports during 1985. GSP imports of electric guitars are generally lower priced, lower quality instruments than those produced by U.S. manufacturers.

Imports of electronic fretted stringed instruments 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.....	8,008	28
Taiwan.....	1,423	5
Israel.....	40	<u>1/</u>
India.....	18	<u>1/</u>
Mexico.....	15	<u>1/</u>
Other GSP.....	<u>7</u>	<u>1/</u>
Total.....	9,511	34

1/ Less than 0.5 percent.

Conditions of competition in the U.S. market

Both imported and domestically-made electric guitars are principally used for popular music, and as such, are generally marketed towards teenagers, younger adults, and professional musicians. Domestic producers, along with those in other developed nations, emphasize high priced, high quality instruments, which are generally aimed at advanced students or professionals. Additionally, some American manufacturers produce moderately priced, moderate quality instruments for the same audience. GSP imports of electric guitars are generally marketed towards beginning students and non-serious players, and

usually lack the quality and service support available for domestic and other imported guitars.

Position of interested parties

The petitioner, Mr. Hartley Peavey of Peavey Electronics, Meridian, Mississippi, believes that Korea and Taiwan should be graduated from GSP eligibility for electric guitars, since the musical instruments industries in both nations are fully developed and competitive with the musical instruments industries in the United States and in other developed nations.

Representatives of the National Council of Music Importers and Exporters, the Music Distributors Association, and the Guitar and Accessories Marketing Association, and counsel for the Foreign Board of Trade of Taiwan testified in opposition to the petition. Their main assertions were as follows:

1. Imports from Korea and Taiwan consist of inexpensive guitars that do not compete with U.S. products.
2. These imports are sold in the beginner or student markets and serve as an introduction to the instrument that eventually results in sales of U.S. guitars as the purchaser improves in skill and upgrades his instrument.
3. The loss of GSP benefits for these imports would raise prices on the beginner guitars to the point that the entire market would be depressed at a time when the U.S. industry was beginning to recover.

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Table A.—Electronic fretted stringed instruments: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Year	Producers' shipments 1/	Exports	Imports	Apparent consumption	Ratio (percent)
					of imports to consumption
Quantity (units)					
1981.....	156,000	33,103	152,101	274,998	55
1982.....	138,000	30,916	135,632	242,716	56
1983.....	117,000	23,247	170,847	264,600	65
1984.....	94,000	19,905	285,262	359,357	79
1985.....	99,000	7,614	373,339	464,725	80
January–June:					
1985.....	50,000	2,740	187,355	234,615	80
1986.....	65,000	5,607	182,877	242,270	75
Value (1,000 dollars)					
1981.....	101,000	9,584	10,097	101,513	10
1982.....	74,000	9,068	9,362	74,294	13
1983.....	67,000	6,307	11,391	72,084	16
1984.....	58,000	4,216	19,011	72,795	26
1985.....	67,000	1,978	28,176	93,198	30
January–June:					
1985.....	29,000	832	14,060	42,228	33
1986.....	51,000	1,463	15,944	65,481	24
Unit value					
1981.....	\$647	\$290	\$66	—	—
1982.....	536	293	69	—	—
1983.....	573	271	67	—	—
1984.....	617	212	67	—	—
1985.....	677	260	75	—	—
January–June:					
1985.....	580	304	75	—	—
1986.....	785	261	87	—	—

1/ Estimated from data supplied by the American Music Conference.

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

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

Market	Quantity (units)					1985	1986
	1981	1982	1983	1984	1985		
Japan	1,971	3,444	2,823	5,093	2,552	707	1,208
U King	9,357	5,474	5,027	5,104	1,199	218	970
Canada	4,215	4,000	2,134	1,769	1,925	309	478
Fr Germ	2,162	3,753	2,294	1,784	662	355	140
France	1,915	998	728	263	360	266	187
Austral	878	480	1,441	705	497	181	49
Spain	482	664	463	438	148	51	31
Switzld	1,056	896	1,245	406	107	12	208
All other	11,067	11,207	7,092	4,343	1,164	641	2,336
Total	33,103	30,916	23,247	19,905	7,614	2,740	5,607
Value (1,000 dollars)							
Japan	1,006	1,275	980	834	530	160	404
U King	2,531	1,478	1,436	628	308	87	215
Canada	1,188	1,148	682	414	307	116	126
Fr Germ	544	920	778	697	227	118	71
France	541	313	247	145	138	104	73
Austral	290	133	188	165	105	58	17
Spain	124	167	121	128	50	24	10
Switzld	321	282	252	111	44	4	72
All other	3,038	3,350	1,623	1,094	268	161	475
Total	9,584	9,068	6,307	4,216	1,978	832	1,963
Unit value							
Japan	\$510.21	\$370.25	\$347.11	\$163.82	\$207.55	\$226.55	\$334.79
U King	270.54	269.99	285.66	123.01	257.12	397.65	221.40
Canada	281.93	287.01	319.75	234.02	332.18	374.96	264.13
Fr Germ	251.75	245.19	338.96	390.72	343.18	333.30	395.18
France	282.31	313.53	338.90	552.32	383.53	389.49	497.31
Austral	330.25	277.99	130.30	234.17	210.90	320.67	355.27
Spain	257.84	252.21	262.30	292.42	340.41	477.80	316.81
Switzld	303.96	315.18	202.55	272.59	409.40	318.33	344.37
All other	274.53	298.93	228.83	251.93	230.67	251.37	203.15
Average	289.51	293.30	271.30	211.83	259.78	303.65	260.94

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

Table C.--Electronic fretted stringed instruments; 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 (units)	Value (\$1,000)	Quantity (units)	Value (\$1,000)	Quantity (units)	Value (\$1,000)	Quantity (units)	Value (\$1,000)	Quantity (units)	Value (\$1,000)	Quantity (units)	Value (\$1,000)
Japan	61,340	6,408	58,417	7,405	79,983	11,033	106,600	18,493	188,156	9,534	102,687	10,476
Kor Rep	68,809	3,002	63,121	2,976	76,451	3,527	133,220	8,008	151,061	3,647	69,170	4,554
China	21,678	641	13,755	390	14,073	407	45,191	1,423	31,492	697	13,431	852
U King	6	2	9	5	2	12	1	132	1,317	118	1,278	26
Israel	0	-	0	-	0	-	0	-	90	-	0	-
Fr Germ	249	37	164	25	236	32	183	23	95	23	95	3
India	0	-	0	-	0	-	24	18	444	144	144	21
Mexico	0	-	0	-	75	3	0	15	107	15	0	-
All other	19	7	166	12	27	9	43	24	577	17	443	12
Total	152,101	10,097	135,632	9,362	170,847	11,391	285,262	28,176	373,339	14,060	187,333	15,944
Value (\$1,000 dollars)												
Japan	6,408	6,408	5,954	7,405	7,405	11,033	11,033	18,493	18,493	9,534	102,687	10,476
Kor Rep	3,002	3,002	2,976	3,527	3,527	6,477	6,477	8,008	8,008	3,647	69,170	4,554
China	641	641	390	407	407	1,448	1,448	1,423	1,423	697	13,431	852
U King	2	2	5	1	2	12	12	132	132	118	1,278	26
Israel	-	-	-	-	-	-	-	-	-	-	-	-
Fr Germ	37	37	25	32	32	33	33	23	23	23	95	3
India	-	-	-	-	-	1	1	18	18	144	144	21
Mexico	-	-	-	-	75	3	0	15	15	15	0	-
All other	7	7	12	15	27	9	43	24	577	17	443	12
Total	10,097	10,097	9,362	11,391	11,391	19,011	19,011	28,176	28,176	14,060	187,333	15,944
Unit value												
Japan	\$104.46	\$104.46	\$101.92	\$92.59	\$92.59	\$103.50	\$103.50	\$98.29	\$98.29	\$92.84	\$137.40	\$137.40
Kor Rep	43.63	43.63	47.15	46.14	46.14	48.62	48.62	53.01	53.01	52.73	51.25	51.25
China	29.56	29.56	28.34	28.92	28.92	32.03	32.03	45.20	45.20	51.92	50.33	50.33
U King	373.83	373.83	516.56	554.50	554.50	11,868.00	11,868.00	100.17	100.17	92.50	1,523.53	1,523.53
Israel	-	-	-	-	-	-	-	442.22	442.22	-	-	-
Fr Germ	147.73	147.73	153.55	136.35	136.35	179.84	179.84	237.89	237.89	237.89	169.38	169.38
India	-	-	-	37.15	37.15	40.67	40.67	39.98	39.98	62.85	30.32	30.32
Mexico	-	-	-	548.00	548.00	-	-	142.99	142.99	142.99	-	-
All other	365.26	365.26	75.29	66.67	66.67	198.84	198.84	41.69	41.69	37.57	96.84	96.84
Average	66.58	66.58	69.03	66.67	66.67	66.65	66.65	75.47	75.47	75.04	87.18	87.18

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

Table D.—Electronic fretted stringed instruments: 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 units)						
Korea.....	57	63	76	131	151	89
Taiwan.....	21	14	14	45	30	17
Israel.....	—	—	—	—	1/	—
India.....	—	—	—	1/	1/	1
Kenya.....	—	—	—	—	1/	1/
Hong Kong....	—	1/	—	—	—	—
Mexico.....	—	—	1/	—	—	—
All other....	—	—	—	—	—	—
Total....	78	77	90	176	181	107
Value (1,000 dollars)						
Korea.....	2,519	2,976	3,515	6,328	7,994	4,554
Taiwan.....	617	390	401	1,447	1,393	837
Israel.....	—	—	—	—	40	—
India.....	—	—	—	1	9	21
Kenya.....	—	—	—	—	7	5
Hong Kong....	—	9	—	—	—	—
Mexico.....	—	—	—	—	—	—
All other....	—	—	—	—	—	—
Total....	3,136	3,375	3,916	7,776	9,443	5,417
Unit value (per unit)						
Korea.....	\$44.01	\$47.15	\$46.18	\$48.28	\$53.06	\$51.25
Taiwan.....	28.82	28.34	28.75	32.03	45.68	50.32
Israel.....	—	—	—	—	442.22	—
India.....	—	—	—	40.00	29.00	30.32
Kenya.....	—	—	—	—	55.30	49.98
Hong Kong....	—	57.35	—	—	—	—
Mexico.....	—	—	8.28	—	—	—
All other....	—	—	—	—	—	—
Average..	40.21	43.83	43.51	44.18	52.17	50.63

1/ Less than 500.

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 FURNITURE AND PARTS

DIGEST NO. C110

CERTAIN FURNITURE AND PARTS
DIGEST NO. C110 (GSP GRADUATION)

Background

Description and uses

The products covered in this digest include all directors' chairs of wood and nonfolding wood chairs; all wood furniture produced in the United States, other than chairs, including household and business and institutional furniture; and parts of all wood furniture. It also includes miscellaneous items of furniture other than wood, rubber, plastic, or copper, a classification composed primarily of metal (household, business and institutional) furniture.

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. customs treatment

Directors' chairs of wood (TSUS item 727.23).—Taiwan has been ineligible for GSP eligibility for this item since it was graduated on March 31, 1983. Thailand is currently eligible for GSP for this item and has never been excluded from GSP eligibility.

Nonfolding chairs of wood (TSUS item 727.29).—Taiwan was graduated from GSP eligibility for this item on July 1, 1985. Singapore and Yugoslavia are both eligible for GSP treatment. Singapore has not been excluded from GSP eligibility Yugoslavia lost GSP eligibility for these chairs on March 31, 1983, but regained eligibility on March 27, 1984.

Furniture of wood, except chairs (TSUS item 727.35).—Taiwan has been ineligible for GSP benefits since March 31, 1981, because its shipments have

Certain furniture and parts: TSUS 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		
727.23A	Directors chairs of wood.....	7.7%	6.1%	5.3%
727.29A	Nonfolding chairs of wood.....	7.7%	6.1%	5.3%
727.35A	Wood furniture, other than chairs...	4.7%	3.1%	2.5%
727.40A	Parts of wood furniture.....	8.5%	6.4%	5.3%
727.70A <u>1/</u>	Furniture other than of wood, rubber, plastic, or copper (mostly metal furniture).	8.5%	5.5%	4%
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
727.23A	Directors chairs of wood.....	6,710	Yes.	
727.29A	Nonfolding chairs of wood.....	272,432	Yes.	
727.35A	Wood furniture, other than chairs...	1,088,550	Yes.	
727.40A	Parts of wood furniture.....	161,891	Yes.	
727.70A <u>1/</u>	Furniture other than of wood, rubber, plastic, or copper (mostly metal furniture).	422,694	Yes.	

1/ On April 1, 1984, as a result of a previous GSP petition on waterbed mattresses and liners, this item was renumbered from 727.55 to 727.70.

equaled or exceeded the competitive-need limits. Singapore and Yugoslavia are both eligible for GSP treatment and have not been excluded from GSP eligibility.

Furniture parts of wood (TSUS item 727.40).—Taiwan lost GSP eligibility for this item on March 31, 1986. Yugoslavia is currently eligible for GSP and has not been excluded from GSP eligibility for furniture parts of wood.

Miscellaneous articles of furniture, mostly metal furniture (TSUS item 727.70 (prior to Jan. 1, 1984, item 727.55)).—Taiwan has been ineligible for GSP eligibility for this item since March 31, 1982, because its shipments have exceeded the competitive-need limits.

U.S. producers and employment

There were an estimated 3,500 firms producing the various types of furniture covered by this digest during 1981–85, with employment fluctuating somewhat but averaging 160,000 to 170,000 workers annually during 1981–85. The smallest category is directors' chairs of wood with 3 to 4 small manufacturers; between 2,500 to 3,000 firms produce some wood furniture. The majority of these firms are small, with less than 100 employees.

U.S. consumption and production

U.S. producers' shipments of the furniture covered in this digest increased from an estimated \$13.5 billion in 1981 to \$16.5 billion in 1984, or by 22 percent (table A). U.S. consumption of these products increased from \$13.8 billion in 1981 to \$18.5 billion in 1985, or by 33 percent. This increase is due in part to the improved housing market in the United States and the growth of households in the age brackets (35 to 44) that purchase more furniture. The import to consumption ratio for these furniture items doubled from 1981–85, rising from 6 percent to 12 percent with this increase expected to continue.

Representatives of the American Furniture Manufacturers Association testified at the Commission's hearing that profitability was down and that production was flat, barely keeping pace with inflation. Other industry

sources dispute this testimony, alleging that profitability for most large furniture manufacturers is up and that production increases are much larger than the rate of inflation.

U.S. exports

U.S. exports of the products covered in this digest declined annually from 1981-85, from \$445,000 to \$299,000, or by 33 percent, as a result of the strong value of the dollar during the period and increased competition from foreign producers, chiefly the leading import sources for the United States (table B). Exports to the four leading U.S. markets (Canada, Saudi Arabia, Mexico and the United Kingdom) declined during the period 1981-85.

U.S. imports

U.S. imports of the items covered in this digest nearly tripled in the period 1981-85, rising from \$795 million to \$2.3 billion (table C). Virtually every supplier showed significant increases over the period, with Taiwan, Canada, and Italy the principal sources.

Except for Taiwan and Yugoslavia, all of the principal suppliers were non-GSP eligible countries. However, for individual product items such as directors' chairs or nonfolding chairs of wood, GSP eligible countries were leading suppliers. Considering that imports from Taiwan were ineligible for GSP benefits for all of the TSUS items covered by this digest except that for furniture parts of wood, GSP imports totaled nearly \$410 million in 1985, 18 percent of all imports in that year.

The following tabulations show GSP imports for each of the TSUS item numbers included in this digest.

Imports of directors' chairs (TSUS item 727.23) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country 1/</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Thailand.....	1,786	27
Singapore.....	682	10
Hong Kong.....	367	5
Chile.....	11	<u>2/</u>
Columbia.....	11	<u>2/</u>
All other.....	<u>121</u>	<u>2</u>
Total.....	2,978	44

1/ Taiwan lost GSP eligibility for this item effective March 31, 1983.

2/ Less than 0.5 percent.

Imports of non-folding chairs of wood (TSUS item 727.29) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country 1/</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Yugoslavia.....	66,721	24
Singapore.....	16,347	6
Romania.....	5,881	2
Mexico.....	4,682	2
Korea.....	4,459	2
All other.....	<u>12,420</u>	<u>5</u>
Total.....	110,510	41

1/ Taiwan lost GSP eligibility for this item effective July 31, 1985.

Imports of furniture of wood, except chairs, (TSUS item 727.35) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country 1/</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Yugoslavia.....	39,344	4
Mexico.....	29,603	3
Singapore.....	28,252	3
Korea.....	18,935	2
Brazil.....	15,460	1
All other.....	<u>52,834</u>	<u>5</u>
Total.....	184,428	17

1/ Taiwan lost GSP eligibility for this item effective March 31, 1981.

Imports of furniture parts of wood (TSUS item 727.40) 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 1/.....	78,898	49
Yugoslavia.....	29,311	18
Mexico.....	4,719	3
Singapore.....	3,166	2
Brazil.....	1,812	1
All other.....	<u>7,288</u>	<u>5</u>
Total.....	125,194	77

1/ Taiwan lost GSP eligibility for this item effective March 31, 1986.

Imports of miscellaneous articles of furniture (TSUS item 727.70) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

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<u>GSP country 1/</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Mexico.....	21,518	3
Korea.....	7,359	1
Brazil.....	2,022	<u>2/</u>
Hong Kong.....	1,349	<u>2/</u>
Israel.....	1,211	<u>2/</u>
All other.....	<u>3,791</u>	<u>2/</u>
Total.....	37,250	<u>5</u>

1/ Taiwan lost GSP eligibility for this item effective March 31, 1982.

2/ Less than 0.5 percent.

Conditions of competition in the U.S. market

Most imported furniture products are highly competitive in the U.S. market. Foreign manufacturers, particularly those located in Taiwan, Singapore and other Far Eastern countries, have shipped their products unassembled or knocked-down (KD) to the United States for a number of years, thereby greatly reducing their transportation costs. Several of the large manufacturers have established regional assembly plants in the United States, further reducing their transportation costs. Also, during the past 5 years, most foreign manufacturers have significantly improved their quality and the finish on the wood. Previously, especially prior to 1980, most imported furniture from the Far East was generally very inexpensive and was viewed as low-end furniture, sold chiefly by discount mass merchants. This is no longer true and much imported furniture, particularly from Taiwan, is sold by all types of furniture stores at the mid-price range. Furniture from Taiwan, particularly chairs, dining tables and other furniture, competes equally with U.S.-produced furniture and many consumers are unable to recognize the imported products. Yugoslavia has specialized in Early American furniture.

especially rocking chairs and dinette sets and, reportedly, has a number of plants manufacturing exclusively for the U.S. market. This furniture is generally very competitive with U.S.-produced furniture at the low end and in some middle level quality lines of furniture.

Concurrent with the overall improvement in quality has been an increased awareness of U.S. marketing techniques. Virtually all the major producers from Taiwan, Singapore, Thailand and Yugoslavia are represented at the major furniture shows for retailers, particularly those in High Point, North Carolina. Many of these companies advertise in the leading trade periodicals and have sales representatives covering the United States. Indeed, several of the major foreign producers that assemble furniture in the United States are members of the American Furniture Manufacturers Association (AFMA), the petitioner in this case.

Overall, most of the imported products covered in this digest offer the same levels of quality, service, and styles as those offered by many U.S. manufacturers. One of the chief reasons for the large increase in the level of imported parts of furniture is because many domestic producers have begun importing parts, particularly those that are especially labor intensive, for inclusion in their own products.

Position of interested parties

The petition in this digest was submitted by AFMA, a trade association representing about 300 U.S. household furniture manufacturers, accounting for 75 to 80 percent of all household furniture produced in the United States. AFMA also testified at the Commission's hearing.

The association contends that each of the countries for which it has requested graduation (Taiwan, Singapore, Thailand and Yugoslavia), produces highly competitive furniture items and each no longer needs the assistance of GSP to compete successfully in the U.S. market. AFMA also believes that each of these countries exhibits a high level of general economic development and has a fully developed furniture industry with the same equipment and technological capability as the industry in the United States.

The Yugoslavia wood furniture industry submitted a brief and testified at the Commission's hearing opposing the AFMA requests with regard to Yugoslavia. The Yugoslav industry contends that GSP benefits are essential for the industry to modernize and for Yugoslavia to recover from its prolonged economic recession. The group also states that duty-free entry under the GSP has not injured the domestic wood furniture industry and that Yugoslavia needs the assistance afforded under GSP to compete in the U.S. market with imports from Taiwan and other non-GSP countries. The Yugoslav group was joined by Mr. Robert Friedman of U.S. Furniture Industries, a member of AFMA in opposing the AFMA petition.

Another member of AFMA, Universal Furniture Industries, submitted a brief and testified at the Commission's hearing in opposition to the AFMA request with regards to Taiwan and Singapore. Their main objection rests on the assertion that domestic consumers will be injured by the removal of GSP benefits from these two countries. Since Universal purchases much of the raw materials and finishing products for its furniture production from the United States, they believe that removal of GSP benefits will have a direct adverse impact on the U.S. economy. Universal also uses U.S. Department of Commerce 9

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data to demonstrate that U.S. wood furniture manufactures are in a growth period with increased shipments and are not harmed by imports from Taiwan and Singapore.

The Government of Singapore which submitted a brief, also testified at the Commission's hearing in opposition to the AFMA petition regarding Singapore. They state that the U.S. furniture industry is increasing production and not facing economic difficulty. They also believe that total GSP imports have had no appreciable impact on the domestic industry and that Singapore is not sufficiently competitive with respect to wood furniture products to warrant removal of GSP benefits.

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Table A.—Certain furniture and parts: U.S. producers' shipments, exports, imports, apparent consumption and ratio of imports to consumption, 1981–85

(Value in millions of dollars)

Year	Producers' shipments 1/	Exports 2/	Imports	Apparent consumption	Ratio (percent) of imports to consumption
1981....	13,500	445	795	13,850	6
1982....	14,880	413	884	15,351	5
1983....	14,500	369	1,207	15,388	8
1984....	15,250	350	1,710	16,610	10
1985....	16,500	299	2,271	18,472	12

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.--Certain furniture and parts: 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	January-June-- 1985
Canada	119,005	76,205	84,857	89,166	73,805	34,976
S Arab	104,380	143,975	123,882	90,941	52,882	31,027
Mexico	25,689	16,026	6,869	11,885	19,782	7,765
U King	28,964	21,240	20,088	19,340	19,608	9,490
Japan	6,794	6,069	7,083	10,467	11,924	5,772
Austral	7,398	7,307	4,534	8,033	11,491	5,152
Bahamas	10,425	11,180	12,868	13,599	10,150	4,750
Fr Germ	8,879	8,040	6,662	10,983	8,587	4,330
All other	133,409	123,197	102,635	95,970	90,710	46,555
Total	444,943	413,239	369,478	350,384	298,939	149,817
						131,124

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

Table C.--Certain furniture and parts: 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-- 1986
China t-----	186,234	209,612	314,169	428,155	588,438	314,454
Canada-----	159,533	180,874	236,812	327,448	404,901	184,573
Italy-----	50,830	60,531	91,919	163,164	259,460	125,339
Denmark-----	59,960	76,670	103,237	161,093	183,371	91,603
Yugoslvy-----	80,816	82,133	87,433	112,747	135,512	72,599
Fr Germ-----	23,290	32,973	53,172	83,988	132,016	59,028
U King-----	37,548	36,600	47,035	53,325	66,503	30,887
Japan-----	13,723	14,026	24,069	39,762	62,078	28,166
All other-----	183,012	190,325	249,556	340,758	439,042	210,552
Total-----	794,947	883,744	1,207,401	1,710,439	2,271,319	1,117,200

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

Table D-1.—Directors' chairs of wood (TSUS 727.23): U.S. imports for consumption, by principal GSP countries, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 units)						
Taiwan.....	211	256	390	599	485	367
Thailand.....	101	171	209	296	223	132
Singapore....	41	137	86	80	78	8
Hong Kong....	—	7	49	88	87	14
Brazil.....	—	1	1/	32	2	1
Korea.....	2	1	1/	7	7	9
All other....	7	38	25	17	23	1
Total....	362	611	759	1,119	905	532
Value (1,000 dollars)						
Taiwan.....	2,127	2,031	3,044	3,769	2,763	2,137
Thailand.....	1,024	1,691	2,044	2,777	1,786	1,023
Singapore....	374	1,261	782	661	682	77
Hong Kong....	—	41	378	608	367	40
Brazil.....	—	14	3	211	3	12
Korea.....	98	230	20	41	10	50
All other....	4	23	194	57	130	5
Total....	3,627	5,291	6,465	8,124	5,741	3,345
Unit value (units)						
Taiwan.....	\$10.08	\$7.93	\$7.81	\$6.29	\$5.70	\$5.82
Thailand.....	10.10	9.88	9.77	9.39	8.01	7.75
Singapore....	9.19	9.19	9.08	8.24	8.74	9.62
Hong Kong....	—	5.61	7.73	6.87	4.21	2.86
Brazil.....	—	10.05	7.16	6.58	1.50	12.00
Korea.....	11.64	6.37	3.95	3.01	1.43	5.55
All other....	0.57	0.61	7.76	3.35	5.65	5.00
Average..	10.01	8.66	8.51	7.26	6.34	6.29

1/ Less than 500.

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

Note.—This table contains total imports from GSP countries.

Table D-2.—Nonfolding chairs of wood (TSUS 727.29): U.S. imports for consumption, by principal GSP countries, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 units)						
Yugoslavia...	2,402	2,927	2,246	2,871	3,945	1,963
Taiwan.....	1,785	2,228	3,470	3,741	3,584	1,665
Singapore....	651	556	721	708	694	256
Romania.....	407	449	523	578	678	195
All other....	664	492	593	621	841	398
Total....	5,909	6,652	7,553	8,519	9,742	4,477
Value (1,000 dollars)						
Yugoslavia...	38,542	43,325	60,479	62,684	54,708	23,879
Taiwan.....	43,794	54,733	37,342	51,003	66,721	32,684
Singapore....	11,481	9,977	14,171	14,948	16,347	6,172
Romania.....	3,663	4,154	4,781	4,775	5,881	1,952
All other....	14,554	13,276	13,618	15,983	18,801	10,055
Total....	112,034	125,455	130,391	149,393	162,458	74,742
Unit value (units)						
Yugoslavia...	\$18.23	\$18.70	\$16.62	\$17.76	\$16.91	\$16.65
Taiwan.....	21.59	19.45	17.43	16.76	15.26	14.34
Singapore....	17.63	17.96	19.66	21.12	23.55	24.11
Romania.....	8.99	9.25	9.15	8.26	8.67	10.01
All other....	21.92	26.98	22.96	25.74	22.36	25.26
Average..	18.96	18.86	17.26	17.54	16.68	16.69

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

Note.—This table contains total imports from GSP countries.

Table D-3.—Wood furniture (TSUS 727.35): U.S. imports for consumption,
by principal GSP countries, 1981-85, and January-June 1986

(Value in thousands of dollars)

Source	1981	1982	1983	1984	1985	January-June 1986
Taiwan.....	68,184	84,395	126,204	167,662	253,125	153,292
Yugoslavia...	13,382	19,104	20,501	29,790	39,344	19,915
Mexico.....	10,396	9,991	12,325	21,192	29,603	15,496
Singapore....	7,294	10,915	18,377	20,608	28,252	14,338
All other....	40,356	45,151	56,783	63,330	75,625	41,979
Total....	139,612	169,556	234,190	302,582	425,949	245,020

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

Note.—This table contains total imports from GSP countries.

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Table D-4.—Parts of wood furniture (TSUS 727.40): U.S. imports for consumption, by principal GSP countries, 1981-85, and January-June 1986

(Value in thousands of dollars)

Source	1981	1982	1983	1984	1985	January-June 1986
Taiwan.....	17,592	14,359	24,492	48,530	78,074	47,644
Yugoslavia...	23,546	8,211	29,380	31,697	29,311	13,928
Mexico.....	2,670	1,880	3,071	3,039	4,719	4,081
Singapore....	2,934	3,447	2,882	2,595	3,116	1,576
All other....	7,441	4,804	4,868	6,572	8,233	4,340
Total....	54,183	32,701	64,693	92,433	123,453	71,569

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

Note.—This table contains total imports from GSP countries.

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Table D-5.—Miscellaneous furniture (except of wood, rubber, plastic, or copper), (TSUS 727.70): U.S. imports for consumption, by principal GSP countries, 1981-85, and January-June 1986

(Value in thousands of dollars)

Source	1981	1982	1983	1984	1985	January-June 1986
Taiwan.....	59,788	65,502	99,950	145,509	198,944	157,991
Mexico.....	7,346	7,646	10,086	21,426	21,518	11,345
All other....	9,927	9,233	12,084	16,894	12,252	9,653
Total....	77,061	82,381	122,120	183,829	232,714	178,989

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

Note.—This table contains total imports from GSP countries.

INFLATABLE PLAY BALLS OF POLYVINYL CHLORIDE

DIGEST NO. C111

INFLATABLE PLAY BALLS OF POLYVINYL CHLORIDE
DIGEST NO. C111 (GSP GRADUATION)

Background

Description and uses

Inflatable play balls of polyvinyl chloride, most of which are beach balls, range in diameter from 4 to 20 inches and are available in assorted colors, both solids and patterns. Although the configuration of these balls may resemble footballs, basketballs, and other sports-oriented balls, they are not considered an athletic product because they are not used in a recognized sports event and because they usually do not meet weight and size requirements for balls used in organized sports. The vast majority of inflatable play balls of polyvinyl chloride are used for playing catch or other tossing games.

The TSUS item number for the articles under investigation is provided in the tabulation on the next page, along with information on U.S. tariffs, U.S. imports in 1985, and the Generalized System of Preferences (GSP) competitive status.

U.S. customs treatment

TSUS item 735.09, of which inflatable play balls of polyvinyl chloride is a part, has been eligible for duty-free treatment under the GSP since its inception in 1976. Taiwan, however, exceeded the competitive need limit in 1978 when it accounted for \$6.7 million of the total of \$12.9 million of imports under item 735.09. Thus Taiwan has been ineligible for GSP treatment for this item since 1979. In 1985 it was estimated that Taiwan supplied 82 percent of the imports of inflatable play balls of polyvinyl chloride (\$1.3 million out of \$1.6 million), whereas Korea furnished less than 1 percent (\$11,000).

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Inflatable play balls of polyvinyl chloride: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No. 1/	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		-----Percent-----		
	Inflatable balls:			
	Other:			
735.0970	Of polyvinyl chloride.....	10.5%	6%	6%
			U.S. imports	Product pro-
			in 1985 2/ (\$1,000)	duced in U.S., Jan. 3, 1985
	Inflatable balls:			
	Other:			
735.0970	Of polyvinyl chloride.....	1,635		Yes.

1/ Prior to 1986, U.S. imports of inflatable balls of polyvinyl chloride were provided for under TSUSA item 735.0990, inflatable balls not specially provided for. Additionally, the duty on certain articles valued not over five cents per unit is temporarily suspended. See TSUS item 912.20 in part 1B of schedule 9, Appendix to the Tariff Schedules, and general headnote 3(d)(ii).

2/ Estimate based upon imports of inflatable balls of polyvinyl chloride accounting for 20 percent of total imports previously reported under TSUSA item 735.0990.

U.S. producers and employment

It is believed that there were less than 10 domestic producers of inflatable play balls of polyvinyl chloride during 1981-85. Some of these firms may also produce games and toys. Further, it is estimated that the number of employees allocated to the production of these balls fluctuated within a narrow range, from 600 to 650, during the period.

U.S. consumption and production

The estimated value of apparent consumption of inflatable play balls of polyvinyl chloride rose from \$4.7 million in 1981 to \$5.5 million in 1982, before decreasing to a record low for the period of \$4.2 million in 1983. However, as the market for these balls improved, apparent consumption increased annually to \$6.2 million in 1985 (table A). The share of apparent U.S. consumption of such balls accounted for by imports increased from 17 percent to 26 percent during 1981-85. U.S. producers' shipments mirrored the trend exhibited in apparent consumption, vascillating between a low of \$3.2 million in 1983 and a high of \$4.6 million in 1985.

U.S. exports

U.S. export data for inflatable play balls of polyvinyl chloride are not available. However, it is believed that U.S. exports of these balls are nil or negligible.

U.S. imports

U.S. imports of inflatable play balls of polyvinyl chloride increased annually from \$814,000 in 1981 to \$1.6 million in 1985, and accounted for approximately 20 percent of total imports of inflatable balls, not specifically provided for. Imports of the subject balls from Taiwan, by far the leading source, accounted for 82 percent of the total in 1985, and rose from 1.2 million balls, valued at \$567,000, in 1981 to 3.5 million balls, valued at \$1.3 million in 1985, or by nearly 200 percent and 137 percent, respectively (table B). Concurrently, imports of such products from Korea,

the second leading source in 1981, decreased from 280,000 balls, valued at \$82,000, in 1981 to 13,000 balls, valued at \$11,000, in 1985 or by 95 percent and 86 percent, respectively. The average unit value of all imports of inflatable play balls of polyvinyl chloride decreased 15 percent during the period, from \$0.48 to \$0.41. The average unit value of such imports from Taiwan decreased more than the average from all sources, from \$0.48 to \$0.38, or by 21 percent. However, the unit value of imports from Korea vascillated upward between \$0.29 and \$1.71.

Imports of these balls from GSP eligible countries during 1981-85 decreased from 483,000 balls, valued at \$155,000, in 1981 to 297,000 balls, valued at \$109,000 (table C). GSP imports from Mexico, the leading supplier of such imports throughout the period, fluctuated but increased from 110,000 balls, valued at \$49,000, in 1981 to 116,000 balls, valued at \$59,000, in 1985. Such imports from Korea decreased substantially, from 280,000 balls, valued at \$81,000 to 6,000 balls, valued at \$8,000. The share of total imports accounted for by GSP imports decreased from 19 percent in 1981 to nearly 7 percent in 1985 and to nearly 4 percent in the first half of 1986.

Imports of inflatable play balls of polyvinyl chloride from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country 1/</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Mexico.....	59	3.6
Brazil.....	14	0.8
Korea.....	11	0.6
Israel.....	4	<u>2/</u>
Pakistan.....	3	<u>2/</u>
Thailand.....	3	<u>2/</u>
Hong Kong.....	2	<u>2/</u>
Other GSP.....	<u>—</u>	<u>—</u>
Total.....	109	6.6

1/ Taiwan was ineligible for GSP during the period and any imports of this item reported under the GSP were improperly classified.

2/ Less than 0.5 percent.

Conditions of competition in the U.S. market

According to industry sources, imported inflatable play balls of polyvinyl chloride are price sensitive products. Profits in the domestic industry producing these balls are declining while production costs are increasing 4 to 5 percent annually. Furthermore, prices for similar domestic balls have been suppressed in order to remain competitive with the increasing volume of low-priced imports. Manufacturers of inflatable play balls of polyvinyl chloride located in Taiwan and Korea are described as highly sophisticated producers using competitive production techniques. The domestic industry has expressed concern that a potential increase in imports of such balls is likely as a result of the large production capacity and the inability of the home market in Taiwan and Korea to absorb all or more of what is produced there.

Position of interested parties

The petitioner, The National Latex Products Company, of Ashland, Ohio, which originally requested the withdrawal of eligibility for duty-free treatment ("graduation") under the U.S. Generalized System of Preferences Program for inflatable play balls of polyvinyl chloride from Korea and Taiwan, withdrew the petition with regard to Korea, effective Sept. 25, 1986. The petitioner requests that GSP eligibility for such balls from Taiwan should be withdrawn because: (1) Taiwan is among the most developed of all GSP beneficiary countries and among the 5 largest recipients of GSP benefits; (2) producers in Taiwan of inflatable play balls are extremely competitive in both the United States and in other world markets; and (3) producers of these play balls in Taiwan have already captured a segment of the U.S. market with imports which are priced below similar U.S.-manufactured products and now threaten to enlarge their shares of the U.S. market to the detriment of the U.S. industry.

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Table A.—Inflatable play balls of polyvinyl chloride: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Year	Producers' shipments 1/	Exports 2/	Imports	Apparent consumption	Ratio (percent)
					of imports to consumption
—1,000 dollars—					
1981.....	3,877	—	814 3/	4,691	17.4
1982.....	4,450	—	1,013 3/	5,463	18.5
1983.....	3,166	—	1,058 3/	4,224	25.0
1984.....	4,125	—	1,451 3/	5,576	26.0
1985.....	4,583	—	1,635 3/	6,218	26.3
January–June:					
1985.....	4/	—	1,048 3/	4/	4/
1986.....	4/	—	1,135	4/	4/

1/ Estimated by the staff of the U.S. International Trade Commission from information provided by industry sources.

2/ Estimated to be nil or negligible.

3/ It is estimated that inflatable play balls of polyvinyl chloride accounted for roughly 20 percent of imports classified under TSUSA item 735.0990.

4/ Not available.

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

Table B.—Inflatable play balls of polyvinyl chloride ^{1/}: 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 (thousands)							
Taiwan.....	1,186	1,736	2,018	3,049	3,529	2,693	3,049 ^{2/}
Mexico.....	110	78	111	132	116	80	0
Canada.....	1	1	21	36	61	44	193
China.....	6	49	10	12	43	19	0
Japan.....	13	12	7	43	37	34	0
Italy.....	21	20	16	36	12	10	0
West Germany.....	2 ^{2/}	1	1	26	23	22	6
Brazil.....	48	24	31	41	37	24	0
Korea.....	280	16	10	4	13	12	8
Spain.....	0	0	2	3	18	0	0
All other.....	35	55	39	39	54	22	15
Total.....	1,699	1,992	2,265	3,420	3,941	2,959	3,270
Value (1,000 dollars)							
Taiwan.....	567	786	905	1,213	1,342	864	980
Mexico.....	49	80	43	56	59	38	-
Canada.....	2	2	19	33	57	42	103
China.....	5	39	11	18	41	22	-
Japan.....	49	26	16	32	38	28	-
Italy.....	32	33	24	51	29	17	-
West Germany.....	3	3	4	11	16	14	11
Brazil.....	16	8	9	13	14	8	-
Korea.....	82	17	9	7	11	7	38
Spain.....	-	-	2 ^{2/}	2 ^{2/}	6	-	-
All other.....	7	20	17	15	21	10	4
Total.....	814	1,013	1,058	1,451	1,635	1,048	1,135
Unit value (per item)							
Taiwan.....	\$0.48	\$0.45	\$0.45	\$0.40	\$0.38	\$0.32	\$0.32
Mexico.....	.45	1.03	.39	.43	.51	.47	-
Canada.....	1.97	1.39	.90	.93	.94	.95	.53
China.....	.83	.79	1.03	1.51	.95	1.14	-
Japan.....	3.90	2.20	2.30	.75	1.03	.81	-
Italy.....	1.54	1.65	1.52	1.43	2.42	1.71	-
West Germany.....	3 ^{3/}	2.49	6.92	.42	.70	.62	1.80
Brazil.....	.34	.32	.30	.33	.38	.32	-
Korea.....	.29	1.05	.97	1.71	.83	.56	4.68
Spain.....	-	-	.14	.16	.37	-	-
All other.....	.21	.37	.44	.40	.40	.45	.26
Average.....	.48	.51	.47	.42	.41	.35	.35

^{1/} Prior to Jan. 1, 1986, U.S. imports of inflatable play balls of polyvinyl chloride were provided for under TSUSA item 735.0990, inflatable balls not specially provided for, and were estimated to account for 20 percent of the total. Data reported for imports of inflatable play balls of polyvinyl chloride during January-June 1986 were provided for under TSUSA item 735.0970.

^{2/} Less than 500.

^{3/} Not available.

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

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Table C.—Inflatable play balls of polyvinyl chloride: 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 (thousands)						
Mexico.....	110	75	110	122	116	0
Taiwan <u>1</u> /....	21	41	41	16	27	0
Brazil.....	48	24	31	41	37	0
Korea.....	280	16	9	4	6	8
Israel.....	8	3	3	0	30	0
Pakistan....	0	<u>2</u> /	<u>2</u> /	<u>2</u> /	<u>2</u> /	0
Thailand.....	0	2	<u>2</u> /	0	5	0
Hong Kong....	16	8	20	11	4	15
All other....	<u>2</u> /	<u>2</u> /	<u>2</u> /	<u>2</u> /	0	0
Total....	483	169	215	194	297	23
Value (1,000 dollars)						
Mexico.....	49	66	43	52	59	-
Taiwan <u>1</u> /....	6	13	17	9	16	-
Brazil.....	16	8	9	13	14	-
Korea.....	81	16	9	7	8	38
Israel.....	1	1	1	-	4	-
Pakistan....	-	2	2	1	3	-
Thailand.....	-	2	1	-	3	-
Hong Kong....	1	4	3	4	2	4
All other....	<u>2</u> /	<u>2</u> /	1	<u>2</u> /	-	-
Total....	155	112	86	87	109	42
Unit value (per item)						
Mexico.....	\$0.45	\$0.88	\$0.39	\$0.42	\$0.51	-
Taiwan <u>1</u> /....	.28	.31	.43	.57	.61	-
Brazil.....	.34	.32	.30	.33	.38	-
Korea.....	.29	1.03	.97	1.70	1.36	4.68
Israel.....	.15	.49	.46	-	.13	-
Pakistan....	-	3.40	4.50	5.13	6.99	-
Thailand.....	-	1.05	5.01	-	.52	-
Hong Kong....	.06	.53	.15	.39	.44	.26
All other....	8.36	5.60	10.06	1.88	-	-
Average..	.32	.67	.40	.45	.37	1.80

1/ Taiwan was ineligible for GSP during the period and any imports of this item reported under the GSP were improperly classified.

2/ Less than 500.

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).

TOY BALLOONS

DIGEST NO. C112

TOY BALLOONS
DIGEST NO. C112 (GSP GRADUATION)

Background

Description and uses

There are two main types of toy balloons—latex balloons and foil balloons. The latex balloon, the product that is commonly evoked by the term "balloon", is an one-piece inflatable thin-walled article made of natural rubber latex. ^{1/} A latex balloon expands as it is inflated with gas, usually air or helium. The more recently developed foil balloon is a thin-walled article made of two or more pieces of "metallized" plastic sheet that has been heat-sealed along the seams. Foil balloons do not expand as they are inflated; and are usually filled with helium so that they will float. Because latex balloons have flexible walls and are made by dipping solid forms called mandrels into the latex, they are limited to a relatively small number of shapes, but can be made in a wide range of sizes from 4 inches in diameter and greater. Foil balloons may be cut into more shapes, but must be at least 18 inches in size to hold enough helium to float. There are foil balloons intended for decorative use made in "micro" sizes of 3 to 5 inches in diameter and "mini" sizes about 9 inches in diameter, but the preponderance of trade in foil balloons is in those 18 inches or larger.

^{1/} TSUSA item 737.9536 covers inflatable toy balloons and punchballs of rubber or plastics. Although this digest officially covers only part of these products—toy balloons—the discussion to follow, including all the data, combines the punchballs with the balloons. Although punchballs generally are thicker-walled than most balloons, latex balloons and punchballs are indistinguishable from a customs classification viewpoint, and any attempt to treat balloons separately from punchballs would be both artificial and arbitrary.

Of the two types, the latex balloon is the more versatile in its uses. Latex balloons are marketed in a number of ways, both inflated and uninflated. They may be sold in packages containing varying numbers of pieces as party decorations for both children and adults, sold inflated, singly or in groups, by street vendors, carnival vendors, and retail stores, or given away both uninflated and inflated by businesses as gifts or advertising premiums. A relatively recent marketing development has been the sale and delivery of "bouquets" of balloons in a manner similar to that used for flowers. Foil balloons are more limited in use; most are inflated with helium and sold singly or in small bunches, either as toys, as decorations, or in the previously mentioned bouquet manner. Both types of balloons may be printed to show humorous, advertising, or special occasion messages.

The TSUSA item number 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. customs treatment

The products classified under TSUS item 737.95 have been eligible for GSP benefits since the program was instituted in 1976. Imports from Hong Kong have never been eligible for GSP treatment because they exceeded the competitive need limits every year. Imports from Taiwan have exceeded the competitive need limits every year since 1978 and have been ineligible for duty-free treatment since March 1979. Imports from Mexico, the largest source of imports, are eligible for GSP treatment, but are assessed a 4.54% countervailing duty as a result of an affirmative finding of unfair subsidies

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Toy balloons: TSUSA item number, description, tariff rate information,
U.S. imports in 1985, and the GSP competitive status

TSUSA item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		-----Percent ad valorem-----		
737.9536	Toy balloons.....	14.9%	9.6%	7%
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
737.9536	Toy balloons.....	8,231	Yes.	

by the U.S. Department of Commerce on December 7, 1982. The National Latex Products Company, the petitioner in this GSP review, was the petitioner in that case as well. Prior to the countervailing duty case, National Latex had twice unsuccessfully petitioned the TPSC concerning the GSP eligibility of balloons, once to have eligibility removed for the entire classification and once to have Mexico's GSP-eligibility alone removed.

U.S. producers and employment

There are at least eleven U.S. producers of latex balloons; in addition to the petitioner and the seven major producers listed in the petition, there are at least three smaller firms that manufacture specialty sizes exclusively for the major producers. One of the majors entered the market during 1981-85. At least eight producing establishments are located in Ohio, two are in Texas, and one each are in New Hampshire and California. One major producer also has a production facility in Canada. There are at least 10 U.S.

producers of foil balloons, including two of the major latex balloon producers. The remaining latex balloon producers contract to the other foil producers for their foil balloon purchases. Foil balloon production, like that of latex balloons, is concentrated in Ohio, with other producers in Texas, Kansas, and California. Data on employment in this industry are not available; however, the petition estimates employment for the eight major latex balloon producers at 805 in 1985, up 55 workers from employment in 1983.

U.S. consumption and production

Estimated U.S. producers' shipments of toy balloons rose annually from \$72 million in 1981 to \$90 million in 1985 (table A). Latex balloons accounted for more than 90 percent of the quantity of shipments, but only one-half the value in 1985. Furthermore, foil balloons accounted for about two-thirds of the growth during the period. Estimated apparent U.S. consumption of balloons grew at a 8.4 percent annual rate from 1982-85 to total \$98.2 million. Import penetration grew from 7 percent in 1982 to 8 percent in 1983, where it remained through 1985. This measure of import penetration is somewhat misleading, however, because the import value is roughly that of the f.o.b. value at the foreign port. If the import value is increased to a value equivalent to the first U.S. billing value of producers' shipments, the share of imports to consumption shows an increase from 13 percent in 1982 to 16 percent in 1983 and 1984, and to 17 percent in 1985. An imports to consumption ratio based on quantity would be higher still, because imports are far more heavily weighted toward the lower valued latex balloons.

U.S. exports

Exports data for toy balloons are not separately reported in official statistics, but exports are reported by the industry to be negligible.

U.S. imports

U.S. imports of toy balloons increased annually from \$5.1 million in 1982 to \$8.2 million in 1985, and continued to increase into 1986 as imports during January–June were \$4.7 million, up 20 percent over imports in the corresponding period of 1985 (table B). Mexico, which is the site of the world's largest balloon producer, was the primary source of imports during the period. However, Mexico's share of total imports declined steadily from 79 percent in 1982 to 52 percent in 1985; imports from Mexico accounted for 44 percent of the total during the first six months of 1986. The next largest sources were Taiwan, Canada, Korea, Brazil, and Belgium, accounting for 16 percent, 11 percent, 7 percent, 5 percent, and 4 percent of the value of imports, respectively, in 1985. Imports from each of these suppliers increased during 1982–85, and continue to increase in 1986.

Duty-free imports under the GSP ranged from a low of \$4.1 million in 1982 to a high of \$5.1 million in 1983, and amounted to just under \$5.1 million in 1985, accounting for 62 percent of the total value of imports in the latter year (table C). The fluctuation in the total GSP levels were due to changes in imports from Mexico, the leading GSP supplier; GSP imports from Korea and Brazil, the other two large GSP suppliers, showed annual increases over the period. GSP imports from Mexico rose from \$3.9 million in 1982 to peak at

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\$4.8 million in 1983, and then declined to \$4.0 million in 1985. GSP imports from Korea rose from \$25,000 in 1982 to \$558,000 in 1985, and imports from Brazil rose from zero in 1982 to \$423,000 in 1985. Together these three suppliers accounted for more than 99 percent of the value of GSP imports in 1985 and January–June 1986.

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

<u>GSP country 1/</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Mexico.....	4,245	52
Republic of Korea....	592	7
Brazil.....	435	5
Thailand.....	36	<u>2/</u>
Malaysia.....	<u>7</u>	<u>2/</u>
Total (GSP).....	5,315	65

1/ Imports from Hong Kong and Taiwan are ineligible for GSP treatment.

2/ Less than 0.5 percent.

Almost all imports of balloons during 1981–85 were latex balloons. Korea and Taiwan did supply a small number of foil balloons to the United States, but these balloons were reportedly of low quality, with a large percentage having walls that were too thick to allow the balloons to float. Latex balloons from Mexico and Taiwan tend to be thin-walled balloons, and those from Korea and Brazil tend to be thicker-walled.

Conditions of competition

U.S. producers of balloons concentrate on a number of different market segments in order to compete domestically. As indicated previously, foil balloons are marketed primarily as floating balloons and imports do not

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generally compete with the domestic goods because they do not float. However, at least one major U.S. producer is trying to expand the foil balloon market with smaller nonfloating decorative balloons. The Korean and Taiwan suppliers' current inability to consistently produce foil balloons that are thin enough to float is not a factor in this market segment, and imports from these suppliers could well compete solely on a price basis. Foil balloons wholesale at approximately 10 times the price of comparably-sized latex balloons.

The * * * * * compete primarily in the children and adult play and party markets with packages of eight or more balloons sold primarily in super markets, drug stores, and discount chains. Balloons in this market need not be as thickly walled as those intended for inflation with helium, and it is in this market that most imports compete, particularly those from Mexico and Taiwan. Imports from both suppliers compete on one basis, that of price. Taiwan is reported to be able to undercut prices on comparably-sized domestic products by 20 percent. The remaining major U.S. producers manufacture thicker-walled balloons that compete in the higher scale package balloon market, such as gift shops, the premium and advertising markets, including printed balloons, and the inflated balloon markets, such as carnival, street vendors, florists, home delivery services, etc. Even in these markets there is intentional differentiation and segmentation—one major latex producer does all its own printing on balloons, in order to sell directly to advertising firm, whereas until recently, one of the largest manufacturers refused to sell its balloons for printing. It is in these markets that the thick-walled imports from Canada, Korea, Brazil, and 7

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Belgium compete; those from Canada and Belgium on the basis of quality and unique size or design, and those from Korea and Brazil on the basis of price. Imports from Korea are reported to undercut the price of comparably-sized domestic balloons by 20 to 30 percent, which allows them to compete in the packaged balloon market as well. Although imports of latex balloons from Korea have experienced rapid growth, an apparently undeserved reputation for low quality had somewhat countered the price advantage. This reputation appears to be fading.

* * *

Imports from

Brazil, Korea, and Taiwan have been the primary competition to imports from Mexico.

Although advertisers and the larger retailers may import directly or buy balloons directly from the manufacturer or importer, most balloons are sold through 20 master distributors, many of which also sell balloon hardware for use in inflating balloons. Furthermore, most of these distributors will import to some extent; this ranges from a firm that will buy only a few types of balloons not produced domestically to firms that import the major part of their product lines.

Position of interested parties

The petitioner, the National Latex Products Company of Ashland, OH, withdrew their petition with respect to Korea on September 25, 1986. National

Latex continued their petition concerning Taiwan because even though Taiwan has not had GSP-eligibility for these products since 1979, some imports from Taiwan were reported in official statistics of the U.S. Department of Commerce as having entered duty-free under the GSP in 1983, 1984, and 1986. 1/

The Korea Consumer Goods Exporters Association submitted a brief in opposition to the petition to remove GSP eligibility for imports of toy balloons from Korea, on the grounds that the Korean balloon industry is in its infancy, imports from Korea in 1985 accounted for at most only 1 percent of the U.S. market, and Korean balloons are sold primarily in markets abandoned by U.S. producers, and, therefore, imports from Korea represent no competitive threat to the U.S. industry.

1/ A small amount of imports of toy balloons from Taiwan were reported in official statistics as having entered duty-free under the GSP in 1983, 1984, and 1986 (e.g., imports valued at \$2,904, or 0.4 percent of the total from Taiwan, were reported as GSP imports from Taiwan during Jan.-June 1986). However, these "GSP" imports are believed to be the result of statistical coding or reporting errors only; there is no evidence that duties were not collected on all imports of toy balloons from Taiwan.

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Table A.—Toy balloons: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, apparent consumption, 1981–85, January–June 1985, and January–June 1986

(Value in thousands of dollars)

Year	Producers' shipments 1/	Exports 2/	Imports	Apparent consumption 3/	Ratio (percent) of imports to consumption 3/
1981.....	72,000		4/	4/	4/
1982.....	79,500		5,119	77,119	7
1983.....	83,000		6,981	83,481	8
1984.....	86,000		7,109	93,109	8
1985.....	96,000		8,231	98,231	8
January–June:					
1985.....	4/		3,962	4/	4/
1986.....	4/		4,739	4/	4/

1/ Estimated by the staff of the International Trade Commission based on data supplied by U.S. industry representatives and official statistics of the U.S. Department of Commerce.

2/ Not available, estimated to be negligible.

3/ Calculated without export data.

4/ Not available.

Source: Official statistics of the U.S. Department of Commerce, except as noted.

Table B.--Toy balloons: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	(In thousands of dollars)						
	1981 I/	1982	1983	1984	1985	January-June-- 1985	1986
Mexico-----		4,066	4,813	4,450	4,245	2,067	2,065
Taiwan-----		594	1,043	1,038	1,318	637	687
Canada-----		170	490	634	908	453	574
Korea-----		25	155	155	592	263	461
Brazil-----		-	37	148	435	260	362
Belgium-----		-	12	49	311	88	427
Austral-----		-	-	186	109	37	-
Hg Kong-----		26	60	64	95	26	26
All other-----		239	371	384	217	131	137
Total-----		5,119	6,981	7,109	8,231	3,962	4,739

I/ Not available.

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

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Table C.—Toy balloons: U.S. imports for consumption under the GSP, by principal GSP source, 1981–85, and January–June 1986

(Value in thousands of dollars)

Source	1981 1/	1982	1983	1984	1985	January–June 1986
Mexico.....		3,881	4,813	4,382	4,043	2,032
Republic of Korea..		25	142	155	558	461
Brazil.....		—	36	148	423	328
Thailand.....		144	71	45	36	16
Malaysia.....		22	43	19	7	8
Singapore.....		—	—	—	—	4
Macao.....		—	6	—	—	—
All other.....		—	—	—	—	—
Total.....		4,072	5,112	4,748	5,067	2,848

1/ Not available.

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 totals shown.

CERTAIN METAL UMBRELLA FRAMES AND SKELETONS

DIGEST NO. C113

CERTAIN METAL UMBRELLA FRAMES AND SKELETONS
DIGEST NO. C113 (GSP GRADUATION)

Background

Description and uses

This digest includes metal umbrella frames and skeletons designed principally for beach and patio umbrellas. These articles consist of a radiating frame which collapses around a central supporting shaft. Additional material, usually fabric, paper, or plastic, is attached to the frame to form a completed umbrella. These items are only a part of the entire tariff number which includes all metal parts for umbrellas, walking sticks, canes, seat sticks and riding crops.

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.

Umbrella frames and skeletons: 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-----		
751.2015	Metal parts for umbrellas, walking sticks, canes, seat sticks and riding crops.	24%	12%	12%

		U.S. imports		Product pro-
		in 1985		duced in U.S.,
		(\$1,000)		Jan. 3, 1985
751.2015	Metal parts for umbrellas, walking sticks, canes, seat sticks and riding crops.	4,356	Yes. <u>1/</u>	

1/ There are no known producers of metal umbrella frames and skeletons for hand-held umbrellas chiefly used for protection against the rain.

U.S. customs treatment

Metal frames and skeletons for umbrellas are classified under TSUS item 751.20, a basket provision which includes all metal parts for umbrellas, walking sticks, canes, seat sticks, whips and riding crops. Prior to January 1, 1985 imports for all umbrella frames and skeletons of metal were classified under the provisions of TSUSA item 751.2020. As a result of a 484(e) petition, separate statistical breakouts were created effective January 1, 1985 for metal frames and skeletons for hand-held umbrellas chiefly used for protection against rain (TSUSA item 751.2005) and metal frames and skeletons for other umbrellas, including patio and beach umbrellas (TSUSA item 751.2015). Because there is no U.S. production of metal umbrella frames for hand-held umbrellas chiefly used for protection against the rain, legislation was passed which temporarily suspends the duty on these items (in TSUSA item 751.2005) and classifies them under the provisions of TSUS item 912.45 in part 1-B of schedule 9, Appendix to the Tariff Schedules. TSUS item 751.20 has been eligible for GSP since 1976 and Taiwan qualified for GSP status under the de minimus waiver until April 1, 1984 when Taiwan exceeded the de minimus waiver total and lost GSP eligibility. On June 30, 1985, after the levels for the de minimus waiver were raised, Taiwan regained its GSP eligibility.

U.S. producers and employment

There are believed to be an estimated 8 to 10 companies that manufacture umbrella frames for larger umbrellas, such as patio or beach umbrellas, although 4 companies account for the bulk of domestic production. These

companies generally maintain their own metal works and usually produce complete lines of patio, garden, and beach furniture, including chairs and tables. Less than an estimated 1,000 persons are employed by the industry producing patio and beach umbrella skeletons.

U.S. consumption and production

Because of the unavailability of separate import data prior to 1985, there is no estimated U.S. consumption until 1985, when consumption was estimated at *** (table 4). U.S. producers' shipments of umbrella frames and skeletons of metal for beach and patio umbrellas were erratic during the period, rising from *** frames in 1981 to *** frames in 1983, then declining to *** frames in 1985. In terms of value, the ratio of imports to consumption is estimated at ***.

U.S. exports

U.S. exports of metal frames and skeletons for beach and patio umbrellas were also erratic in the period 1981-85. In terms of quantity, exports increased from *** frames in 1981 to *** frames in 1982, then declined to *** frames in 1985 (table 1). In terms of value, exports increased from *** in 1981 to *** in 1982, then declined sharply to *** in 1985. Exports of all parts of umbrellas, whips, riding crops, and canes also declined during the period, falling from *** in 1981 to *** in 1985.

U.S. imports

Separate data on U.S. imports of metal frames and skeletons for patio and beach umbrellas are not available prior to January 1, 1985. Data for 1985

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show U.S. imports of these articles at 634,000 frames valued at \$2.3 million (table A). Industry sources and U.S. Customs' officials believe that these data are somewhat overstated and may contain imports of umbrella frames for hand-held umbrellas chiefly used for protection against the rain. Imports of all metal parts for umbrellas, whips, riding crops, and canes have increased sharply from 1981-85, rising from \$654,000 to \$4.4 million, with Taiwan supplying 97 percent of total imports in 1985 (table C). GSP imports nearly tripled from 1981-85, rising from \$611,000 to \$1.7 million (table D). Taiwan was the principal supplier of such imports, accounting for 99 percent of GSP imports in 1985, up from 80 percent in 1981. GSP imports also increased sharply for the first six months of 1986, totaling \$4.1 million, more than double the total for 1985. Virtually all of the increase was accounted for by imports from Taiwan and consisted of metal umbrella frames.

Imports of parts of umbrellas, whips, riding crops, and canes (TSUS item 727.20) 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.....	4,239	97
Korea.....	9	<u>1/</u>
Hong Kong.....	7	<u>1/</u>
Total.....	4,255	98

1/ Less than 0.5 percent.

Conditions of competition in the U.S. market

Metal frames and skeletons for patio and beach umbrellas are a speciality product, sold only to manufacturers of beach and patio umbrellas. Because these frames contain so many different parts and are generally assembled by ⁴

hand, the manufacturing process is highly labor intensive. The low cost of labor in Taiwan enables it to be very price competitive on these articles even though the quality of the frame may be somewhat lower than that for a domestically produced frame. Since these items are only components used in a manufacturing process, U.S. manufacturers purchase the frames for use in their patio and beach umbrellas, rather than manufacture the frame itself or buy a domestically-produced one.

Position of interested parties

Petitioners in this case are 2 domestic producers, Almet/Lawnlite and California Umbrella. These two companies are among the largest beach and patio umbrella manufacturers in the United States; they also produce frames. They contend that imports of metal frames for patio and beach umbrellas from Taiwan under the GSP are injuring their domestic production of the frames in two ways. First, the petitioners are not selling actual frames to other manufacturers and second, by utilizing imported components, other manufacturers are able to sell their patio and beach umbrellas at a lower price. These companies want to eliminate GSP eligibility for Taiwan on metal frames and skeletons for patio and beach umbrellas (TSUSA item 751.2015). These companies are aware that there is no domestic production of metal frames for hand-held umbrellas and are not opposed to imports of these items (TSUS item 751.2005) from Taiwan entering free of duty.

The Government of Taiwan submitted a brief in opposition to the petition by Almet/Lawnlite and California Umbrella Co. with regards to imports of certain metal umbrella frames and skeletons from Taiwan. The brief states

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that there is no indication that the U.S. industry producing these frames is being adversely affected by imports. They also allege that the import situation is difficult to assess since there exists no reliable data on U.S. imports of patio and beach umbrella frames. Also, they believe that the removal of Taiwan from GSP benefits would adversely affect both U.S. producers and those in Taiwan.

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Table A.—Umbrella frames and skeletons of metal for beach and patio umbrellas: U.S. producers' shipments, exports, imports, apparent consumption, and ratio of imports to consumption, 1981-85

Year	Producers' shipments 1/	Exports 2/	Imports	Apparent consumption	Ratio (percent) of imports to consumption
(Quantity in thousands of units)					
1981....	***	***	3/	NA	NA
1982....	***	***	3/	NA	NA
1983....	***	***	3/	NA	NA
1984....	***	***	3/	NA	NA
1985....	***	***	634 4/	***	***
(Value in thousands of dollars)					
1981....	***	***	3/	NA	NA
1982....	***	***	3/	NA	NA
1983....	***	***	3/	NA	NA
1984....	***	***	3/	NA	NA
1985....	***	***	2,266 4/	***	***

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

2/ Based on data supplied by the petitioner.

3/ Separate import statistics were unavailable prior to Jan. 1, 1985.

4/ Industry sources and Customs officials feel that these figures are somewhat overstated.

Source: Based on information supplied by the petitioners and from official statistics of the U.S. Department of Commerce, except as noted.

Table B.---Parts of umbrellas, whips, riding crops, and canes: 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	January-June-- 1985 1986
Japan	9	-	-	1	345	137
Canada	396	364	5	346	108	40
Kor Rep	-	3	363	6	22	50
Mexico	22	14	24	8	19	4
N Zeal	-	-	-	32	9	61
Haiti	1	-	-	-	8	-
U King	60	51	28	9	5	-
France	-	-	2	-	4	-
All other	208	122	80	89	11	9
Total	696	555	503	491	532	216
						53
						177

1/ Less than 500.

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

Table C.--Metal parts of umbrellas, whips, riding crops, and canes: 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-- 1986
China t-----	498	1,012	1,957	4,010	4,239	2,137
Italy-----	3	-	8	28	58	24
Canada-----	-	-	17	26	31	25
U King-----	11	14	12	20	10	-
Kor Rep-----	91	37	36	44	9	4
Hg Kong-----	17	12	3	4	7	7
Fr Germ-----	22	24	35	10	2	-
France-----	-	5	10	5	1	6
All other-----	14	1	5	45	1	3
Total-----	654	1,107	2,084	4,192	4,356	2,198
						4,323

1/ Less than 500.

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

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Table D.—Metal parts for umbrellas, whips, riding crops, and canes (TSUS item 751.20): U.S. imports for consumption under the GSP, by principal GSP source, 1981–85, and January–June 1986

(Value in thousands of dollars)

Source	1981	1982	1983	1984	1985	January–June 1986
Taiwan.....	489	983	1,930	1,923	1,728	4,105
Korea.....	91	37	36	28	9	3
Hong Kong....	17	12	1	4	7	—
All other....	14	—	—	42	—	11
Total....	611	1,032	1,967	1,997	1,744	4,119

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).

MISCELLANEOUS PLASTICS PRODUCTS MADE OF MELAMINE

DIGEST NO. C114

MISCELLANEOUS PLASTICS PRODUCTS MADE OF MELAMINE
DIGEST NO. C114 (GSP Graduation)

Background

Description and uses

The imported products from Taiwan consist of tableware made of melamine, a synthetic plastic. Such tableware includes various kinds of plates, cups, saucers, and bowls. The imported product also includes various serving pieces such as platters, vegetable dishes, sugar bowls, creamers, and trays. These articles are chiefly used for preparing, serving, or storing food or beverages. The products are sold to institutional users such as hospitals, prisons, and schools, and directly in the retail housewares market.

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

Imports from Taiwan under TSUS item Nos. 772.06 and 772.09 currently enter the United States duty free under the Generalized System of Preferences (GSP) Program. TSUS item No. 772.06, of which melamine tableware is a part, has been eligible for duty-free treatment under the GSP since the initiation of the Generalized System of Preference program in 1976. Taiwan has not exceeded the competitive-need limit in imports under item No. 772.06 during the period 1978-85.

Similarly, TSUS item 772.09, which includes melamine trays, also became eligible for duty-free treatment under the GSP on January 1, 1976, and has not exceeded the competitive-need limits during 1976-85.

Miscellaneous plastics products made of melamine: 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		
	Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients; and household articles not specially provided for; all the foregoing of rubber or plastics:			
772.06(pt.)	Plates, cups, saucers, soup bowls, cereal bowls, sugar bowls, creamers, gravy boats serving dishes and platters.	7¢ per lb. + 8%	2¢ per lb. + 8%	7%
772.09(pt.)	Trays.....	7.7%	6.1%	5.3%
		U.S. imports in 1985 (\$1,000)	Product produced in U.S., Jan. 3, 1985	
	Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients; and household articles not specially provided for; all the foregoing of rubber or plastics:			
772.06(pt.)	Plates, cups, saucers, soup bowls, cereal bowls, sugar bowls, creamers, gravy boats serving dishes and platters.	12,366	Yes.	
772.09(pt.)	Trays.....	12,163	Yes.	

U.S. producers and employment

There are 15 known manufacturers of melamine tableware products in the United States. The trade group representing several U.S. producers of melamine tableware estimated that 95 percent of U.S. production destined for the institutional market for melamine tableware is produced by the following three U.S. firms: the National Plastics Corporation, P.O. Box 568, Port Gibson, MS. 39158; Plastics Manufacturing Company, 2700 South Westmoreland, P.O. Box 24645, Dallas, TX. 75224; and Silite Incorporated, 2600 North Pulaski Road, Chicago, IL. 60639. Total employment by these firms is estimated at approximately * * * workers.

U.S. consumption and production

No official statistics are available for consumption and production of melamine tableware. However, statistics provided by the association representing several U.S. melamine producers provided the following estimates of U.S. production during 1983-85:

<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>—Millions of U.S. dollars—</u>		
***	***	***

These production values represent "value of sales" and are only estimates as some producers of melamine furnished production data for both the institutional and housewares (retail) market while others reported values only for melamine products destined for the institutional market. The ratio of imports to consumption was 29 percent in 1983 and rose to 50 percent by the end of 1985 (table A).

U.S. exports

No official statistics are available from published sources on U.S. exports of melamine tableware because these products are classified under a residual Schedule B item number. However, the industry trade association representing several melamine producers stated that most of their members did not export melamine tableware. However, one firm did annually export approximately * * * percent of its production during 1983-85. Overall, exports of these products are assumed to be negligible compared with U.S. consumption.

U.S. imports

The aggregation of all imports under TSUS items 772.06 and 772.09 is shown in table B. During 1981-85, aggregate imports from Taiwan increased from \$799,000 to \$4.4 million, or by 451 percent. The other major sources of imports were Japan, Hong Kong, and Italy. In 1985, aggregate imports from Taiwan, the major source of GSP imports, represented 18 percent of imports from all sources. On the basis of trade under the GSP program, Taiwan supplied 38 percent of GSP imports under item 772.06 in 1985 (\$3.6 million out of \$9.3 million in total GSP imports). In 1985, Taiwan supplied 40 percent of GSP imports under item 772.09 (\$789,000 out of \$2.0 million in total GSP imports). Overall, GSP imports from all sources represented 76 percent of total imports under item 772.06 in 1985 and 16 percent of total imports under item 772.09.

No published data are available on importation of melamine tableware into the United States as these products are classified in basket TSUS item numbers.

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However, the petitioner estimates that about 90 percent of imports under item 772.06 and 50 percent of imports under item 772.09 consist of melamine. All industry sources, however, indicate an inability to quantify precisely actual imports of melamine tableware and trays into the United States.

Imports of rubber or plastics tableware (item 772.06) 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.....	3,595	38
Hong Kong.....	2,563	27
Costa Rica.....	1,246	13
Venezuela.....	694	7
Mexico.....	390	4%
Dominican Republic...	350	4%
Thailand.....	207	2%
Korea.....	77	1
Other GSP.....	<u>231</u>	<u>3</u>
Total.....	9,354	99 <u>1/</u>

1/ Total does not add to 100 percent because of rounding.

Imports of rubber or plastics trays (item 772.09) 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>
Taiwan.....	\$789	40
Korea.....	519	26
Hong Kong.....	305	15
Sri Lanka.....	109	5
Jamacia.....	97	5
Argentina.....	66	3
Thailand.....	65	3
Mexico.....	18	1
Other GSP.....	<u>29</u>	<u>2</u>
Total.....	1,997	100

Conditions of competition in U.S. market

The U.S. market for melamine tableware can be divided into two parts: the institutional market, which comprises sales to institutional customers such as school systems, hospitals, cafeterias; and retail housewares market, which comprises sales to retailers who in turn sell to household consumers. Approximately * * * percent of total melamine tableware sales are to the institutional market, the remaining * * * percent is sold to retail establishments. Approximately 95 percent of domestic production destined for the institutional market is accounted for by three U.S. firms.

The manufacturers of institutional melamine tableware sell their products primarily to food service equipment dealers and distributors. The dealers and distributors then resell the tableware to various restaurants, schools, and hospitals. Sales often take place through competitive bidding, and the three domestic producers are competitive with each other.

The domestic producers of melamine experience competition from Taiwanese imports, which have increased significantly during 1981-85. The petitioner claims that melamine tableware from Taiwan is currently being sold in the United States at list prices ranging from 20 to 36 percent below the prices set for similar U.S. products and that their members production has decreased anywhere from * * * percent to * * * percent during the period 1983 to 1985. There are conflicting claims about the quality of the imported products relative to those of domestic manufacture.

Position of interested parties

The petitioner, the American Melamine Institutional Tableware Association, has requested that melamine tableware and trays from Taiwan be removed from the list of products eligible for duty-free treatment under the GSP. The petitioner estimates that its members account for approximately 95 percent of the domestic production of melamine tableware and trays destined for the institutional market. The petitioner believes that melamine tableware and trays from Taiwan compete directly with domestically produced melamine tableware, and that Taiwanese imports pose similar problems in both the institutional and retail markets. Accordingly, the petitioner requests that all melamine tableware and trays from Taiwan imported under TSUS No. 772.03, 772.06, 772.09, and 772.15 be removed from the list of GSP-eligible articles.

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The Board of Foreign Trade of the Republic of China on Taiwan and the Ad Hoc Committee of American Producers, Distributors, and Importers of Melamine Tableware and Trays, oppose the removal of duty-free treatment from Taiwan under the GSP for imports of melamine tableware and trays. Counsel for the respondents state that the continuance of duty-free treatment under the GSP for Taiwan would have no adverse affect on U.S. producers or the U.S. economy, but would be a substantial benefit to U.S. consumers. Counsel for the respondents also state that imports of melamine tableware and trays are of significantly better quality than the U.S. produced product. Finally, counsel for the respondents state that because of the traditional oriental patterns found on melamine dinnerware from Taiwan, imports from this country are supplying customers with very traditional Oriental tastes and demands. The net effect is that imported melamine tableware competes in different markets for different customers than U.S.-produced melamine products.

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Table A.—Miscellaneous plastics products made of melamine: U.S. producers' domestic shipments, imports for consumption, and apparent U.S. consumption, by sources, 1981-1986

(Value in thousands of dollars)

Year	U.S. production 1/	Exports	Imports 2/	Apparent consumption 3/	Ratio (percent) of imports to consumption 4/
1981....	5/	5/	4,800	5/	5/
1982....	5/	5/	6,600	5/	5/
1983....	18,500	5/	7,700	26,200	29
1984....	18,100	5/	13,500	31,600	43
1985....	17,100	5/	17,200	34,300	50
Jan.—June—					
1985..	5/	5/	8,100	5/	5/
1986..	5/	5/	11,100	5/	5/

1/ Production values based on estimates provided by American Melamine Institutional Tableware Association.

2/ Estimated trade in imports based on melamine being 90 percent of trade in TSUS item 772.06 and 50 percent of trade in TSUS item 772.09, as suggested by staff estimates as noted above.

3/ Sum of estimated imports and estimated production on the assumption that exports are not significant.

4/ In view of potential nature of imports and consumption, these ratios should be used with caution.

5/ Not available.

Source: U.S. International Trade Commission staff estimates.

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Table B.—Miscellaneous plastics products made of melamine: U.S. imports for consumption, by principal sources, 1981–85, and January–June 1985, and January–June 1986

Source	Value (1,000 dollars) 1/					January–June—	
	1981	1982	1983	1984	1985	1985	1986
Taiwan.....	799	833	1,132	2,743	4,385	1,804	5,218
Japan.....	2,389	2,573	4,812	9,103	9,043	4,169	3,064
Hong Kong.....	1,262	2,263	1,305	2,477	2,867	1,582	2,088
Italy.....	592	896	983	1,255	1,390	638	505
Costa Rica....	138	270	556	898	1,257	596	589
Canada.....	328	231	307	553	856	543	358
Venezuela.....	10	7	20	150	694	439	379
Korea.....	148	266	317	520	597	263	187
All other.....	1,343	1,891	2,196	2,513	3,440	1,430	2,075
Total.....	7,009	9,231	11,628	20,211	24,529	11,465	14,465

1/ Values represent aggregated imports in TSUS items 772.06 and 772.09. This is a more inclusive category than that covered by production made of melamine.

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

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Table C.—Miscellaneous plastics products made of melamine: U.S. imports for consumption under the GSP, by principal GSP source, 1981–85, and January–June 1986

Source	Value (1,000 dollars) 1/					January–June 1986
	1981	1982	1983	1984	1985	
Taiwan.....	785	821	1,090	2,673	4,297	5,109
Hong Kong.....	1,224	2,227	1,287	2,423	2,784	2,053
Costa Rica.....	138	270	539	887	1,216	580
Venezuela.....	2/	2/	15	135	693	81
Korea.....	139	255	364	498	593	179
Mexico.....	96	246	36	327	399	175
Dominican Republic..	2/	254	292	200	340	108
Thailand.....	70	74	90	76	252	244
All other.....	81	138	153	203	508	491
Total.....	2,533	4,285	3,866	7,422	11,082	9,020

1/ Values are trade accorded GSP status an entry under TSUS items 772.06 and 772.08.

2/ Less than \$500.

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 SURFACE--ACTIVE FATTY ACID DERIVATIVES

DIGEST NO. D101

CERTAIN SURFACE--ACTIVE FATTY ACID DERIVATIVES 1/
DIGEST NO. D101

Background

Description and uses

Products properly classified under TSUS item 465.05 are the polyhydric alcohol esters of certain fatty acids. However it is believed that it is the coconut oil fatty acids that are currently entering under TSUS item 465.05. These items, which are straight-chain monocarboxylic acids containing at least six carbon atoms in the chain, should instead be classified in TSUS item 490.24.

The most common components of these coconut oil acids are lauric and myristic acids, together accounting for approximately 65 percent of the total fatty acid composition. 2/ These fatty acids are used primarily in the production of surface-active agents for detergents and inclusion in other products such as industrial lubricants and greases. They may also be used along with the less harsh fatty alcohols (a derivative of the fatty acids) in certain cosmetics or toiletries.

The TSUS item numbers for the articles under investigation are provided in the following tabulation along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status. 3/

1/ It has been determined through contacts with importers of the material and the U.S. Customs Service that the material in question is not as described by the petitioner for the waiver of the competitive-need limit. The material which entered under TSUS item no. 465.05 from the Philippines during 1984-86 was the coconut oil fatty acids, which should have been classified, according to the importer, in TSUS item no. 490.24, fatty acids of coconut oil, palm oil, or palm-kernel oil.

2/ U.S. International Trade Commission, USITC Pub. No. 841, Summary of Trade and Tariff Information, Fatty Acids of Animal or Vegetable Origin, July 1981.

3/ Information is being provided for TSUS item nos. 465.05 and 490.24. The importer currently is attempting to correct the current classification situation by having the material currently classified in TSUS item no. 465.05 moved to TSUS item no. 490.24.

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D101—Con.

Certain surface-active fatty acid derivatives: 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		
465.05	Certain surface-active fatty acid derivatives.	8.1%	7.0%	1/
490.24	Fatty acids derived from coconut, palm-kernel, or palm oil.	5%	5%	5%
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
465.05	Certain surface-active fatty acid derivatives.	10,680	Yes.	
490.24	Fatty acids derived from coconut, palm-kernel, or palm oil.	10,471	Yes.	

1/ Not applicable.

U.S. customs treatment

The material, which was the subject of the petition for this digest, is currently classified as a surface-active agent in TSUS item 465.05. However, according to the major importer of record, * * * an error was made by the import broker, which resulted in the material being incorrectly placed in TSUS item 465.05 instead of TSUS item 490.24, which includes coconut oil fatty acids.

U.S. producers and employment

U.S. producers of fatty acids use various feedstocks, such as tallow (beef fat), lard (hog fat), coconut oil, palm oil, palm kernel oil, babassu oil, byproducts of the sulfate (kraft) process of pulping, and cooking oils recovered from fast food restaurants and institutional kitchens. Most U.S.

producers are not limited to a single feedstock and change feedstocks in response to availability and market conditions and to the varying product specifications of their sales. Approximately 25–50 percent of all fatty acids produced in the United States are further processed into salts, esters, ethers, and other derivatives, either captively or by other producers in the fatty acids industry.

Of the 25 to 30 U.S. producers of fatty acids, * * * are believed to regularly use coconut oil in their operations. Fatty acid producers (the first step in chemically utilizing fats and oils) typically produce fatty alcohols, fatty amines, and other derivatives. Some producers may have an orientation toward one particular fat or oil feedstock, or instead may use a range of feedstocks.

Total employment in SIC 2899, which includes the fatty acids industry, was reported to be slightly less than 40,000 workers in the 1982 Census of Manufacturers. The number or proportion of these workers employed in the production of coconut oil fatty acids is not available, but is believed to represent less than 5 percent.

U.S. consumption and production

About * * * were manufactured in the United States in 1985, plus * * * fractionated fatty acids that might reasonably have been derived from coconut oil, for a total of * * *. * * *.

Information on consumption, as distinguished from production, is not available, because successive stages of production, often by different firms, is difficult to estimate and prone to double counting.

U.S. exports

U.S. exports of coconut oil fatty acids are classified in Schedule B item 490.3420, along with other fatty acids derived from animal or vegetable materials. ^{1/} Total exports in that classification increased from 18.5 million pounds valued at \$10.1 million in 1981, to 27.2 million pounds valued at \$9.5 million in 1983. Exports declined during 1984-85 to 14.7 million pounds, valued at \$7.9 million, primarily owing to the entrance into the world fatty acid market of several Far East nations, such as the Philippines and Malaysia. U.S. industry sources reported that in 1985, the U.S. fatty acids industry exported * * * of whole coconut oil acid products as such, plus * * * of fractionated products reasonably derivable from coconut oil. In addition, an unknown amount of derivative products of coconut oil fatty acids were exported.

U.S. imports

U.S. imports of coconut oil fatty acids from the Philippines, both the major overall and the major GSP source of this item, began in 1984. Total imports increased from \$6.0 million to \$12.2 million during 1981-85 (table A). However, those imports from the Philippines, which entered under TSUS item 465.05, were eliminated from GSP eligibility in October 1985 as the

^{1/} It is not clear what share of these exports are of coconut oil fatty acids; or if these items are classified in any other schedule B items.

competitive-need limit was exceeded. Total imports of these materials reported in TSUS item 465.05 in 1984 were 7.8 million pounds valued at \$5.1 million and increased in 1985 to 27.6 million pounds valued at \$10.7 million (table B-1). Imports of these materials under GSP from the Philippines were also reported in TSUS item 490.24; imports in 1984 from the Philippines under TSUS item 490.24 were 4.2 million pounds, valued at \$2.0 million, and in 1985 were 5.8 million pounds, valued at \$2.0 million (table B-2).

The following tabulation shows, for TSUS items 465.05 and 490.24, the GSP imports and their sources during 1984-85, January-June 1985, and January-June 1986 (in thousands of dollars):

	<u>1984</u>	<u>1985</u>	<u>January-June</u> <u>1985</u>	<u>1986</u>
TSUS 465.05:				
GSP imports:				
Philippines....	2,631	6,912	3,830	—
Malaysia.....	—	644	635	155
Other:				
Philippines....	—	657	—	836
Other.....	2,487	2,467	1,007	1,544
Total.....	5,118	10,680	5,472	2,535
TSUS 490.24:				
GSP imports:				
Philippines....	2,001	2,016	1,525	505
Malaysia.....	2,184	1,470	944	1,694
Other.....	6,929	6,985	4,739	2,535
Total.....	11,114	10,471	7,208	4,734

Conditions of competition in U.S. market

Fatty acids are incorporated in formulated products, usually as a minor constituent, though they often represent a significant element of ingredient cost. Fatty acids are often bought/sold on specifications agreed upon between

the buyer and the seller rather than on fully standardized commodity specifications. U.S. producers, because of their proximity and variable range of feedstocks (either natural or synthetic), may have a competitive advantage when compared with the Philippine producers. Strong technical backup, i.e., problem resolution, assistance in formulation, etc., characterize much of the domestic industry and are considered a non-price competitive advantage. The Philippine producers, however, have a locational advantage with respect to the use of coconut oil as a raw material, both in terms of cost and freshness of the oil to be processed. Custom tailoring of products and partial formulation are services more often available from domestic producers than from foreign suppliers. Other than these non-price factors, price is the most important factor of competition. * * *

Position of interested parties

The petitioner for this item is the Government of the Philippines. Several U.S. producers of fatty alcohols, a direct product of the fatty acids and a competitor for the market segment shared by these fatty acids and/or fatty acid esters, have voiced opposition, primarily related to the condition of the petition and the inability to intelligently respond to the positions of the petitioner.

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Table A.--Certain surface-active fatty acid derivatives: U.S. producer's domestic shipments, imports for consumption, and apparent consumption, 1981-85, January-June 1985, and January-June 1986 1/

Period	U.S. domestic production	Imports \$1,000	Apparent consump- tion	Ratio to consumption of--	
				Production Percent	Imports
1981.....	<u>2/</u>	6,035	<u>2/</u>	<u>2/</u>	<u>2/</u>
1982.....	<u>2/</u>	4,705	<u>2/</u>	<u>2/</u>	<u>2/</u>
1983.....	<u>2/</u>	6,967	<u>2/</u>	<u>2/</u>	<u>2/</u>
1984.....	<u>2/</u>	12,977	<u>2/</u>	<u>2/</u>	<u>2/</u>
1985.....	<u>3/</u>	12,207	<u>3/</u>	<u>3/</u>	<u>3/</u>
January-June--					
1985.....	<u>2/</u>	7,909	<u>2/</u>	<u>2/</u>	<u>2/</u>
1986.....	<u>2/</u>	5,873	<u>2/</u>	<u>2/</u>	<u>2/</u>

1/ Import data is total imports under TSUS item no. 490.24 plus imports from the Philippines classified under TSUS item no. 465.05. There are no export data for the items being considered in this digest.

2/ Not available.

3/ [In 1985 there were approximately 80 million pounds of whole coconut oil acids produced in the United States plus a like quantity of fractionated fatty acids that might reasonably have been derived from coconut oil. The value of these materials, which may be considered to be competitive with the imported material from the Philippines, is estimated to have ranged from \$0.60-\$0.95 per pound. The value of domestic production of such materials in 1985 would have been between \$96 million and \$152 million. As there are negligible exports of the coconut oil fatty acids, apparent consumption would have been between \$108.2 million and 164.2 million in 1985; the ratio of production to apparent consumption would have been between 89 percent and 93 percent; and the ratio of imports to consumption would have been between 7 percent and 11 percent.]

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

Table B-1.--Certain surface-active fatty acid derivatives ^{1/}: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	January-June--						
	1981	1982	1983	1984	1985	1985	1986
Quantity (1,000 pounds)							
Philippines....	0	0	0	5,256	23,105	10,276	8,490
FR Germany....	1,658	1,581	2,208	2,053	2,456	1,178	1,309
Malaysia.....	0	0	0	0	1,287	1,237	697
Denmark.....	0	0	384	245	417	206	293
France.....	4	6	66	187	170	84	81
Sweden.....	0	0	0	0	85	0	0
Japan.....	1	2	27	15	10	7	10
Switzerland....	25	20	7	1	11	0	0
All other.....	139	263	235	101	55	36	31
Total.....	1,827	1,872	2,927	7,827	27,595	13,026	10,911
Value (1,000 dollars)							
Philippines....	-	-	-	2,631	7,570	3,830	836
FR Germany....	1,547	1,396	1,773	1,863	1,736	701	1,139
Malaysia.....	-	-	-	-	644	635	155
Denmark.....	-	-	322	219	424	210	288
France.....	4	4	94	251	175	78	101
Sweden.....	-	-	-	-	87	-	-
Japan.....	4	5	21	31	22	11	14
Switzerland....	29	23	8	1	13	-	-
All other.....	125	153	203	121	10	7	3
Total.....	1,709	1,581	2,422	5,118	10,680	5,472	2,535
Unit value (per pound)							
Philippines....	-	-	-	\$0.50	\$0.33	\$0.37	\$0.10
FR Germany....	\$0.93	\$0.88	\$0.80	.91	.71	.59	.87
Malaysia.....	-	-	-	-	.50	.51	.22
Denmark.....	-	-	.84	.90	1.02	1.01	.98
France.....	.88	.65	1.42	1.35	1.03	.93	1.25
Sweden.....	-	-	-	-	1.02	-	-
Japan.....	3.48	2.33	.81	2.03	2.10	1.68	1.46
Switzerland....	1.14	1.16	1.26	.88	1.16	-	-
All other.....	.90	.58	.86	1.20	.18	.20	.09
Average...	.94	.84	.83	.65	.39	.42	.23

^{1/} The materials being considered in this digest are coconut oil fatty acids. This table, however, only contains data for TSUS item 465.05, the item specified by the petitioner. Import data for TSUS item 490.24 in which the coconut oil fatty acids are classified are shown in Table C.

Table B-2.--Certain surface-active fatty acid derivatives ^{1/}: 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)							
FR Germany.....	5,349	4,619	5,697	7,976	8,507	6,041	3,064
Philippines....	0	0	0	4,246	5,795	3,249	550
Malaysia.....	946	1,267	1,629	5,228	4,359	2,175	8,129
Canada.....	591	434	1,111	410	1,168	367	599
Netherlands....	538	273	714	587	773	394	573
China.....	0	0	0	203	210	0	595
Denmark.....	802	424	1,585	1,268	367	37	124
Indonesia.....	0	0	33	0	1,097	1,097	0
All other.....	392	483	270	261	424	336	270
Total.....	8,617	7,500	11,039	20,179	22,702	13,696	13,904
Value (1,000 dollars)							
FR Germany.....	3,099	2,295	2,573	4,871	5,166	3,910	1,138
Philippines....	-	-	-	2,001	2,016	1,525	505
Malaysia.....	248	194	724	2,184	1,470	944	1,694
Canada.....	287	200	555	192	451	157	206
Netherlands....	253	160	353	343	383	246	231
China.....	-	-	-	311	349	-	791
Denmark.....	310	155	843	925	191	12	57
Indonesia.....	-	-	11	-	162	162	-
All other.....	291	306	135	287	282	250	111
Total.....	4,488	3,309	5,194	11,114	10,471	7,208	4,734
Unit value (per pound)							
FR Germany.....	\$0.58	\$0.50	\$0.45	\$0.61	\$0.61	\$0.65	\$0.37
Philippines....	-	-	-	.47	.35	.47	.92
Malaysia.....	.26	.15	.44	.42	.34	.43	.21
Canada.....	.49	.46	.50	.47	.39	.43	.34
Netherlands....	.47	.58	.50	.58	.50	.62	.40
China.....	-	-	-	1.53	1.66	-	1.33
Denmark.....	.39	.36	.53	.73	.52	.39	.46
Indonesia.....	-	-	.33	-	.15	-	.15
All other.....	.74	.63	.50	1.10	.67	.74	.41
Average...	.52	.44	.47	.55	.46	.53	.34

^{1/} The materials being considered in this digest are coconut oil fatty acids. This table only contains data for TSUS item No. 490.24, the proper classification for the item imported from the petitioner.

Digest No.
D101--ConTable C.--Certain surface-active fatty acid derivatives 1: U.S. imports for consumption under the GSP, by principal GSP sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June--	
						1985	1986
Quantity (1,000 pounds)							
Philippines....	0	0	0	9,502	26,322	13,525	1,137
Malaysia.....	946	1,267	1,629	5,228	4,359	2,175	8,129
Indonesia.....	0	0	33	0	1,097	1,097	0
Singapore.....	0	0	0	0	131	131	47
Morocco.....	0	0	0	0	50	50	149
Taiwan.....	0	0	0	0	44	0	0
Mali.....	0	0	0	0	2	2	0
India.....	0	0	1	2	0	0	0
Thailand.....	0	0	10	0	0	0	0
Hong Kong.....	0	2/	0	0	0	0	0
Mexico.....	17	0	0	0	0	0	0
Turkey.....	0	0	0	0	0	0	6
Brazil.....	0	0	0	0	0	0	2
Total.....	963	1,267	1,677	14,732	32,005	16,980	9,470
Value (1,000 dollars)							
Philippines....	-	-	-	4,632	8,928	5,355	505
Malaysia.....	248	194	724	2,184	1,470	944	1,694
Indonesia.....	-	-	11	-	162	162	-
Singapore.....	-	-	-	-	102	102	21
Morocco.....	-	-	-	-	16	16	26
Taiwan.....	-	-	-	-	15	-	-
Mali.....	-	-	-	-	2	2	-
India.....	-	-	2	5	-	-	-
Thailand.....	-	-	10	-	-	-	-
Hong Kong.....	-	5	-	-	-	-	-
Mexico.....	15	-	-	-	-	-	-
Turkey.....	-	-	-	-	-	-	2
Brazil.....	-	-	-	-	-	-	12
Total.....	263	199	747	6,821	10,695	6,581	2,260

Footnotes follow at the end of the table.

Digest No.
D101--Con

Table C.--Certain surface-active fatty acid derivatives 1/: U.S. imports for consumption under the GSP, by principal GSP sources, 1981-85, January-June 1985, and January-June 1986--Con.

Source	1981	1982	1983	1984	1985	January-June--	
						1985	1986
Unit value (per pound)							
Philippines....	-	-	-	\$0.49	\$0.34	\$0.40	\$0.44
Malaysia.....	\$0.26	\$0.15	\$0.44	.42	.34	.43	.21
Indonesia.....	-	-	.33	-	.15	.15	-
Singapore.....	-	-	-	-	.78	.78	.45
Morocco.....	-	-	-	-	.33	.33	.17
Taiwan.....	-	-	-	-	.34	-	-
Mali.....	-	-	-	-	.88	.88	-
India.....	-	-	2.52	2.42	-	-	-
Thailand.....	-	-	1.04	-	-	-	-
Hong Kong.....	-	13.23	-	-	-	-	-
Mexico.....	.89	-	-	-	-	-	-
Turkey.....	-	-	-	-	-	-	.26
Brazil.....	-	-	-	-	-	-	6.25
Average...	.27	.16	.45	.46	.33	.39	.24

1/ [The materials being considered in this digest are coconut oil fatty acids. This table contains data for GSP trade in TSUS item 490.24, along with GSP trade from the petitioner, the Philippines, included in TSUS item 465.05, the classification in which the materials in question were classified.]

2/ Less than 500.

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

APPENDIX A

U.S. Trade Representative Request of August 5, 1986,
for Probable Effect Advice

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C.
20506

August 5, 1986

86 AUG 15 AIO: 48
U.S. DEPARTMENT OF COMMERCE
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

The Honorable Susan Liebeler
Chairman
United States International Trade
Commission
701 E Street, N.W.
Washington, D.C. 20436

Dear Chairman Liebeler:

In accordance with sections 503(a) and 131(a) of the Trade Act of 1974 (the Act), and pursuant to the authority of the President delegated to the United States Trade Representative by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, I hereby notify the International Trade Commission that the articles identified in Part A of the enclosed list are being considered for designation as eligible articles for purposes of the United States Generalized System of Preferences (GSP), set forth in Title V of the Act.

Pursuant to sections 503(a) and 131(a) of the Act, I request that the Commission provide its advice, with respect to each article listed in Part A of the enclosed list, as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers of the elimination of United States import duties under the GSP.

In providing its advice, I request 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" limits specified in section 504(c) of the Act.

At the direction of the President, pursuant to section 332(g) of the Tariff Act of 1930, I further request:

(a) with respect to each article listed in Parts B and C of the enclosed list, including the supplement to the list, that the Commission provide its advice as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers (1) of the removal of articles in Part B of the list from eligibility for duty-free treatment under the GSP; (2) 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

The Honorable Susan Liebeler
August 5, 1986
Page Two

GSP duty-free treatment; and (3) 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; and

(b) in accordance with section 504(c)(3)(A)(i) of the Act, that the Commission provide advice as to the probable economic effect on domestic industries producing like or directly competitive articles and on U.S. consumers of waiving the competitive need limits for the Republic of the Philippines with respect to the article listed in Part D of the list.

Section 504(d) of the Act exempts from one of the competitive need limits in section 504(c) articles for which no like or directly competitive article was being produced in the United States on January 3, 1985. Accordingly, pursuant to the authority of section 332(g) of the Tariff Act of 1930, I request that the Commission provide advice with respect to whether products like or directly competitive with those described in Part A of the enclosed list were being produced in the United States on January 3, 1985.

Under the provisions of the Act, the Commission has six months to provide the advice requested herein on Part A of the enclosed list. However, it would be greatly appreciated if all of the requested advice could be provided by November 1, 1986, in order to permit any actions to be taken on these items to be included in the Executive Order which should be issued in early March, 1987.

Sincerely,



Clayton Yeutter

Enclosure

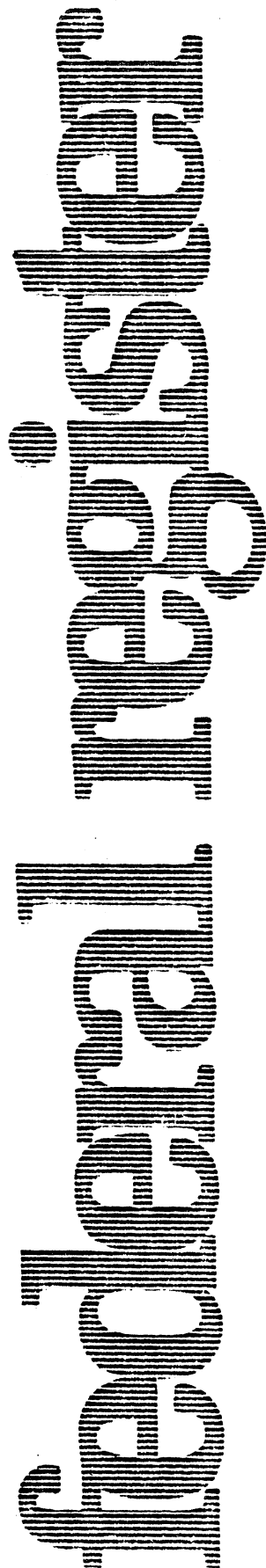
CY:sbw

7-18-86
Vol. 51 No. 138
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Friday
July 18, 1986

Briefings on How To Use the Federal Register—

For information on briefings in Seattle, WA, see announcement on the inside cover of this issue.



(d) Create a broader based delivery system to the small business community.

SBDC Program Organization

SBDC's are organized to provide maximum services to the local small business community. The lead SBDC receives financial assistance from the SBA to operate a statewide SBDC Program. In states where more than one organization receives SBA financial assistance to operate an SBDC, each lead SBDC is responsible for Program operations throughout a specific regional area to be served by the SBDC. The lead SBDC is responsible for establishing a network of SBDC subcenters to offer service coverage to the small business community. The SBDC network is managed and directed by a single full-time Director. SBDC's must ensure that at least 80 percent of Federal funds provided are used to provide services to small businesses. To the extent possible, SBDC's provide services by enlisting volunteer and other low cost resources on a statewide basis.

SBDC Services

The specific types of services to be offered are developed in coordination with the SBA district office which has jurisdiction over a given SBDC. SBDC's emphasize the provision of indepth, high-quality assistance to small business owners or prospective small business owners in complex areas that require specialized expertise. These areas may include, but are not limited to: Management, marketing, financing, accounting, strategic planning, regulation and taxation, capital formation, procurement assistance, human resource management, production, operations, economic and business data analysis, engineering, technology transfer, innovation and research, new product development, product analysis, plant layout and design, agribusiness, computer application, business law information, and referral (any legal services beyond basic legal information and referral require the endorsement of the State Bar Association.) exporting, office automation, site selection, or any other areas of assistance required to promote small business growth, expansion, and productivity within the State.

The degree to which SBDC resources are directed towards specific areas of assistance is determined by local community needs, SBA priorities and SBDC Program objectives and agreed upon by the SBA district office and the SBDC.

The SBDC must offer quality training to improve the skills and knowledge of existing and prospective small business

owners. As a general guideline, SBDC's should emphasize the provision of training in specialized areas other than basic small business management subjects. SBDC's should also emphasize training designed to reach particular audiences such as members of SBA priority and special emphasis groups.

SBDC Program Requirements

The SBDC is responsible to the SBA for ensuring that all programmatic and financial requirements imposed upon them by statute or agreement are met. The SBDC must assure that quality assistance and training in management and technical areas is provided to the State small business community through the State SBDC network. As a condition of this agreement, the SBDC must perform, but not be limited to, the following activities.

(a) The SBDC ensures that services are provided as close as possible to small business population centers. This is accomplished through the establishment of SBDC subcenters.

(b) The SBDC ensures that lists of local and regional private consultants are maintained at the lead SBDC and each SBDC subcenter. The SBDC utilizes and provides compensation to qualified small business vendors such as private management consultants, private consulting engineers, and private testing laboratories.

(c) The SBDC is responsible for the development and expansion of resources within the State, particularly the development of new resources to assist small businesses that are not presently associated with the SBA district office.

(d) The SBDC ensures that working relationships and open communications exist within the financial and investment communities, and with legal associations, private consultants, as well as small business groups and associations to help address the needs of the small business community.

(e) The SBDC ensures that assistance is provided to SBA special emphasis groups throughout the SBDC network. This assistance shall be provided to veterans, women, exporters, the handicapped, and minorities as well as any other groups designated a priority by SBA. Services provided to special emphasis groups shall be performed as part of the Cooperative Agreement.

Advance Understandings

(a) Lead SBDC's shall operate on a 40-hour-week basis, or during normal State business hours, with National holidays or State holidays as applicable excluded.

(b) SBDC subcenters shall be operated on a full-time basis. The lead SBDC shall ensure that staffing is adequate to meet the needs of the small business community.

(c) All counseling assistance offered through the Small Business Development Center network shall be provided at no cost to the client.

Dated: July 10, 1986.

Charles L. Heatherly,
Acting Administrator.

Addresses of Proposed SBDC's and
Proposal Developers—

Ms. Robin Zerbel, Administrative
Assistant to the Director of Business
Programs, Anchorage Community
College, 2533 Providence Drive,
Anchorage, Alaska 99508-4670, (907)
786-1129

Ms. Bonnie Franke, Director of Research
Development, Dallas Community
College District, 701 Elm Street,
Dallas, Texas 75202, (214) 746-2456

[FR Doc. 86-16214 Filed 7-17-86; 8:45 am]

BILLING CODE 8025-01-M

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

**Generalized System of Preferences;
Notice of Review of Petitions, Public
Hearings, and List of Articles To Be
Sent to the U.S. International Trade
Commission (USITC) for Review**

SUMMARY: The purpose of this notice on the Generalized System of Preferences (GSP) annual review is (1) to announce the acceptance for review of petitions to modify the list of articles eligible to receive duty-free treatment under the GSP; (2) to announce the timetable for public hearings to consider petitions accepted for review; and (3) to announce that the list of articles herein to be sent by the United States Trade Representative to the United States International Trade Commission with respect to designating articles as eligible for GSP.

I. Acceptance of Petitions for Review

Notice is hereby given of acceptance for review of petitions requesting modification of the list of articles eligible to receive duty-free treatment under the GSP, as provided for in Title V of the Trade Act of 1974 (the Act) (19 U.S.C. 2461-2465). These petitions were submitted, and will be reviewed, pursuant to regulations codified at 15 CFR Part 2007.

1. Requests for "Graduation" of Products from Countries

Petitions have been submitted by interested parties or foreign governments: (1) To designate additional articles as eligible for the GSP; or (2) to withdraw, suspend or limit GSP duty-free treatment accorded either to eligible articles under the GSP or to individual beneficiary developing countries with respect to specific GSP eligible articles; or (3) to otherwise modify GSP coverage. In addition, requests have been received requesting that the GSP status of certain beneficiary developing countries be reviewed with respect to the criteria listed in subsections 502(b) or 502(c) of the Act.

As in previous reviews, requests to add products to or remove them from the list of articles eligible for GSP duty-free treatment will be evaluated in accordance with the "graduation" policy. In considering GSP eligibility for products, limitations on GSP benefits will be considered for the more economically advanced beneficiary developing countries in specific products where it is determined that they have demonstrated sufficient competitiveness. Four criteria will be taken into account when any such graduation action is considered: the development level of individual beneficiary countries; their competitive position in the product concerned; the countries' practices relating to trade, investment and worker rights; and the overall economic interests of the United States. The GSP Subcommittee will review information for the relevant U.S. industry as enumerated in 15 CFR 2007.1 (5) when considering the removal of any beneficiary developing country from GSP eligibility.

Product designations announced at the conclusion of the review process, therefore, may be made on a differential basis. This means that certain beneficiary developing countries may not be designated for GSP benefits on certain products even though those countries are not excluded under the competitive need provisions set forth in section 504(C)(1) of the Trade Act of 1974, as amended. It also is possible to withdraw GSP treatment from certain beneficiary developing countries, or reduce the competitive need limit applicable to the countries and product in question, rather than remove the product entirely from GSP coverage.

2. Information Subject to Public Inspection

Information submitted in connection with the hearings will be subject to public inspection by appointment with

the staff of the GSP Information Center, except for information granted "business confidential" status pursuant to 15 CFR 2003.6 and 15 CFR 2006.10. Parties submitting briefs or statements containing confidential information must indicate clearly on the cover page of each of the twenty copies submitted and on each page within the document, where appropriate, that confidential material is included. Non-confidential summaries of all confidential material must be submitted in twenty copies at the same time that confidential submissions are filed.

3. Communications

All communications with regard to these hearings should be addressed to: GSP Subcommittee, Office of the United States Trade Representative, 600 17th St., NW., Rom 517, Washington, D.C. 20508. The telephone number of the Secretary of the GSP Subcommittee is (202) 395-6971. Questions may be directed to any member of the staff of the GSP Information Center.

Acceptance for review of the petitions listed herein does not indicate any opinion with respect to a disposition on the merits of the petitions. Acceptance indicates only that the listed petitions have been found to be eligible for review by the GSP Subcommittee and the TPSC, and that such review will take place.

II. Deadline for Receipt of Requests To Participate in the Public Hearings

The GSP Subcommittee of the Trade Policy Staff Committee invites submissions in support of or in opposition to any petition or request contained in this notice. All such submissions should conform to 15 CFR 2007, particularly §§ 2007.0, 2007.1(a)(1), 2007.1(a)(2), and 2007.1(a)(3).

Requests to present oral testimony in connection with public hearings should be accompanied by twenty copies, in English, of all written briefs or statements and should be received by the Chairman of the GSP Subcommittee no later than the close of business Monday, September 8. Oral testimony before the GSP Subcommittee will be limited to five minute presentations that summarize or supplement information contained in briefs or statements submitted for the record. Post-hearing briefs or statements will be accepted if submitted in twenty copies, in English, no later than close of business Monday, October 20. Rebuttal briefs should be submitted in twenty copies, in English, by close of business Friday, November 14.

Parties not wishing to appear may submit written briefs or statements in

twenty copies, in English, in connection with articles under consideration in the public hearings, provided that such submissions are filed by Monday, October 20 and conform with the regulations cited above.

During December 1986 and January 1987, an opportunity will be provided for the public to comment on nonconfidential USITC analysis. Notice of the availability of this analysis and the timetable for comment will be published in the Federal Register as soon as USITC analysis is available.

A hearing will be held on September 29-30 and October 1 beginning at 10:00 a.m. in the GSA Auditorium, 18th and F St., NW, Washington, DC. The hearing will be open to the public and the transcript will be made available for public inspection or purchase from the reporting company.

III. List of Articles Which May Be Considered for Designation as Eligible Articles for Purposes of the GSP or for Waiver of the Competitive Need Limit and on Which the United States International Trade Commission Will Be Asked To Provide Advice

1. In conformity with sections 502(a) and 131(a) of the Trade Act of 1974 as amended (19 U.S.C. 2463(A) and 2151(A)), notice is hereby given that the articles listed herein may be considered for designation as eligible articles for purposes of the GSP.

An article which is determined to be import sensitive in the context of the GSP cannot be designated as an eligible article. Recommendations with respect to the eligibility of any listed article will be made after public hearings have been held and advice has been received from the U.S. International Trade Commission on the probable effects of the requested modification in the GSP on industries producing like or directly competitive articles and on consumers.

2. Advice of the United States International Trade Commission. On behalf of the President and in accordance with sections 503(A) and 131(A) of the Trade Act of 1974 as amended, the United States International Trade Commission is being furnished with a list of articles published herein for the purpose of securing from the Commission its advice on the probable economic effect on United States industries producing like or directly competitive articles, and on consumers, of the designation of such articles as eligible articles for purposes of the GSP. Also, on behalf of the President and in accordance with section 504(c)(3)(A)(i) of the Act, the USITC is being asked to furnish

economic advice on the probable economic effect on United States industries producing like or directly competitive articles, and on consumers, of the granting of a waiver of competitive need limits for the product identified in section D of the list which follows.

IV. Cases Accepted for Review Regarding Country Practices, Pursuant to 15 CFR 2007.0(b)

Pursuant to 15 CFR 2007.0(b), the TPSC has accepted for review a request filed by the International Intellectual

Property Alliance to review Indonesia's status as a GSP beneficiary country in relation to its practice regarding the protection of intellectual property rights.

Donald M. Phillips,
Chairman, Trade Policy Staff Committee.

ANNEX I.—PETITIONS ACCEPTED FOR REVIEW

[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.]

Case No.	TSUS or TSUSA Item No.	Article	Petitioner
		A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences Other edible nuts, shelled or not shelled, blanched or otherwise prepared or preserved:	
86-1	Not shelled 145.18	Filberts.....	Government of Turkey
86-2	Shelled, blanched, or otherwise prepared or preserved: 145.46	Filberts.....	Do.
86-3	146.20	Avocados (alligator pears), fresh, or prepared or preserved	Government of Mexico
86-4	Olives, fresh, or prepared or preserved: 148.40	Fruit.....	Do.
	Pineapples, fresh, or prepared or preserved: Fruit: 148.98	In packages other than crates.....	Government of Colombia
86-5	Filter tobacco (whether or not mixed or packed with wrapper tobacco): When not mixed or not packed with wrapper tobacco, or when mixed or packed with 35% or less of wrapper tobacco: (Cigarette leaf): Other, including cigar leaf:		
86-6	170.40	Not stemmed.....	Cigar Association of America, Washington, DC.
86-7	170.46	Stemmed.....	Do.
		Curdage: Of vegetable fibers: Of hard (leaf) fibers: Of stranded construction: Measuring 7/8 or over but under 1 1/2 inch in diameter:	
86-8	315.35	Of abaca: Cyclic organic chemical products in any physical form having a benzene, quinoid, or modified benzene structure, not provided for in subpart A or C of part 1 of schedule 4 of the Tariff Schedules of the United States: [Articles provided for in items 402.00 thru 402.32]. Other: Halogenated hydrocarbons: Benzyl chloride (-Chlorobenzene)	Government of the Philippines
86-9	402.58		Compania Quimica Arroyal, Mexico
			Alcohols, phenols, ethers (including epoxides and acetals), aldehydes, ketones, alcohol peroxides, ether peroxides, ketone peroxides, and their derivatives: [Articles provided for in items 403.16 thru 403.41] Other:
86-10	403.45 pt.	Benzyl alcohol.....	Do.
			Carboxylic acids, anhydrides, imides, acyl peroxides, peroxyacids, and their derivatives: Caulouse Fibers, Charlotte, NC.
86-11	404.18 (Amines and their derivatives; amides having one or more oxygen functions, and their derivatives; amides and their derivatives)	Terephthalic acid.....	
86-12	405.44	Other nitrogen-function compounds (except those in which the only nitrogen function is a nitro (-NO ₂) or a nitroso (-NO) group, or an ammonium salt of an organic acid) and their derivatives: Toluenedisocyanates (unmixed) Heterocyclic compounds and their derivatives (including lactones and lactams but excluding epoxides with three membered rings, anhydrides and imides of polybasic acids, and cyclic esters of polyhydric alcohols with polybasic acids: (Articles provided for in items 406.12 thru 406.32)	Industria Cibsa Bayer, S.A. de C.V., Mexico

ANNEX I.—PETITIONS ACCEPTED FOR REVIEW—Continued

[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration]

Case No.	TSUS or TSUSA Item No.	Article	Petitioner
86-13	406.19 pt.	[Articles provided for in items 406.36 and 406.37] Other: N-(tert-butyl)benzothiazole sulfenamide (Orgacel T)	Química Organica de Mexico, S.A. de C.V., Mexico.
86-14	409.78	Colors, dyes, stains, and related products: Colors, dyes, and stains (except toners), whether soluble or not in water, obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: 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, 108, 107, 118; Direct red 8, 89, 92, 95, 111, 127, 173, 207, 221; Direct violet 47, 93; and Direct yellow 27, 39, 68, 93, 95, 96, 98, 108, 110, 133, 134 Other: Products provided for in the Chemical Appendix to the Tariff Schedules	Government of Argentina.
86-15	409.12	Color lakes and toners, obtained, derived, or manufactured in whole or in part from natural alizarin, natural indigo, or any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States:	Government of Argentina.
86-16	410.28	Pigment black 1; Pigment blue 18, 18; Pigment brown 22, 23, 25, 32; Pigment green 6; Pigment orange 31, 34, 36, 51; Pigment red 9, 14, 34, 48:3, 52, 68, 112, 139, 144, 148, 161, 166, 169, 170, 171, 175, 176, 177, 178, 180, 185, 188, 192, 198, 208, 209, 216, 220, 221; Pigment violet 32; and Pigment yellow 18, 24, 48, 62:1, 81, 93, 95, 97, 101, 106, 108, 110, 113, 117, 127, 138, 153 Acids: [Articles provided for in items 425.70 thru 425.96] Other: [Carboxylic acids] Other organic acids (including sulfonic acids and thiocarboxylic acids)	Do.
86-17	425.9960	Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients: Of fine-grained earthenware (except articles provided for in item 533.15) or of fine-grained stoneware: Household ware not available in specified sets: Mugs and other stems Of chinaware or of subporcelain: Household ware: Of nonbone chinaware or of subporcelain: Available in specified sets: In any pattern for which the aggregate value of the articles listed in headnote 2(b) of subpart C of part 2 of schedule 5 of the Tariff Schedules of the United States is over \$56. Enamels, colors, glazes, and fluxes, all the foregoing of glass, frit, or calcine: [Ground or pulverized] Other	Government of Colombia.
86-18	533.30	Of chinaware or of subporcelain: Household ware: Of nonbone chinaware or of subporcelain: Available in specified sets: In any pattern for which the aggregate value of the articles listed in headnote 2(b) of subpart C of part 2 of schedule 5 of the Tariff Schedules of the United States is over \$56. Enamels, colors, glazes, and fluxes, all the foregoing of glass, frit, or calcine: [Ground or pulverized] Other	Russ Berrie & Co., Oakland, NJ.
86-19	533.64	Enamels, colors, glazes, and fluxes, all the foregoing of glass, frit, or calcine: [Ground or pulverized] Other	Government of the Philippines.
86-20	540.27	Other base metals, unwrought, and waste and scrap of such metals: Other than alloys; waste and scrap: Strontium	Government of Mexico; Ferro Mexicana, S.A.; Mexico.
86-21	632.48	Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and shaft couplings; pillow blocks; flange, take-up, carriage, and hanger units; torque converters; chain sprockets; clutches and universal joints; all the foregoing (except parts of agricultural or horticultural machinery and implements provided for in item 656.00 and parts of motor vehicles and bicycles) and parts thereof: Pillow blocks and parts thereof: Ball or roller bearing type: Pillow block units	Government of Mexico; Promonto Y Desarrollo de Penqueneo Mineros, Mexico.
86-22	681.0410	Time switches with watch or clock movements, or with synchronous or subsynchronous motors: Valued over \$1.10 but not over \$2.25 each	Government of Mexico.
86-23	715.62	Valued over \$2.25 but not over \$5 each	Admiral Division of Maple Chef, Inc., Galesburg, IL.
86-24	715.64	Valued over \$2.25 but not over \$5 each	Do.
86-25	409.3410	B. Articles to remove products from the list of eligible articles for the Generalized System of Preferences: Products obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: Products chiefly used as plasticizers: Phthalic acid esters	U.S. Steel Corporation, Pittsburgh, PA.
86-26	532.22	Ceramic tiles: Floor and wall tiles: Mosaic tiles: [Articles provided for in item 532.20] Other	The Council of America, Washington, DC.
86-27	410.4:13	Pipe and tube fittings of iron or steel: [Cast-iron fittings, not malleable; cast-iron fittings, malleable] Other fittings: [Ductile fittings] Other: Flanges: Under 14 inches (inside diameter): Other than alloy iron or steel	American Pipe Fitting Assoc., Washington, DC.
86-28	810.5415	Alloy iron or steel: Stainless steel	Do.
86-29	810.5418	Other	Do.

ANNEX L—PETITIONS ACCEPTED FOR REVIEW—Continued

[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.]

Case No.	TSUS or TSUSA ¹ item No.	Article	Petitioner
86-30	610.8421	14 inches and over (inside diameter): Other than alloy iron or steel	Do.
86-31	610.8424	Alloy iron or steel	Do.
86-32	610.8428	Stainless steel	Do.
86-33	610.86	Other	Pycome Industries, Houston, TX.
		Couplings Iron or steel pipes or tubes prepared and coated or lined in any manner suitable for use as conduits for electrical conductors, and iron or steel fittings therefor.	Pycome Industries, Houston, TX.
86-34	688.32	Fittings	Pycome Industries, Houston, TX.
		Parts of bicycles: Three speed hubs whether or not incorporating a coaster brake; caliper brakes; multiple free-wheel sprockets	De-compe Inc., West Palm Beach, FL.
86-35	732.3875	Caliper brakes	De-compe Inc., West Palm Beach, FL.
		C. Petitions to remove duty-free status from a beneficiary developing country for a product on the list of eligible articles for the Generalized System of Preferences ²	Stationary International Trade Committee, Washington, DC.
86-36	252.75 (Brazil, Mexico)	Papers, not impregnated, not coated, not surface-coated, not embossed, not ruled, not lined, not printed, and not decorated: Writing paper weighing over 18 pounds per ream	Stationary International Trade Committee, Washington, DC.
		Articles, of pulp, of paper-mache, of paper, of paperboard, or of any combination thereof, not specially provided for: [Articles provided for in items 256.70 thru 256.60] Other: (Of papers, coated, or of any of the papers provided for in items 253.25, 253.30, 253.35, 253.40, or 253.46). Other: Hole punched looseleaf filler paper	Stationary International Trade Committee, Washington, DC.
86-37	256.9044 (Brazil, Mexico)	Hole punched looseleaf filler paper	Stationary International Trade Committee, Washington, DC.
86-38	256.9052 (Brazil, Mexico)	Memorandum pads and similar pads	Do.
86-39	256.9060 pt. (Brazil)	Paint strippers	Louis M. Gordon Co., Middleboro, MA.
		Products suitable for medicinal use, and drugs: Obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: Drugs: Acetylsalicylic acid (Aspirin)	Monsanto Corporation, St. Louis, MO.
86-40	410.72 (Turkey)	Acetylsalicylic acid (Aspirin)	Monsanto Corporation, St. Louis, MO.
		Esters of monohydric alcohols and organic or inorganic acids (except hydrogen sulfide and hydrogen halide acids): Butyl acetate	Calanese Chemical Co., Washington, DC; BASF Corporation, Washington, DC.
86-41	428.52 (Taiwan)	Butyl acetate	Calanese Chemical Co., Washington, DC; BASF Corporation, Washington, DC.
		Hinges and latches and mounts not specially provided for, suitable for furniture, doors, windows, blinds, staircases, luggage, vehicle coach work, caskets, cabinets, and similar uses; all the foregoing, of base metal, whether or not coated or plated with precious metal: Not coated or plated with precious metal: Of iron or steel, of aluminum, or of zinc: [Articles provided for in items 647.01 and 647.02] Other	Stanley Hardware, New Britain, CT.
86-42	647.03 (Taiwan)	Other	Stanley Hardware, New Britain, CT.
		Hangers and other buildings, bridges, bridge sections, lock-gates, towers, lattice masts, roofs, roofing trusses, door and window frames, shutters, balustrades, columns, piers, and posts, and other structures and parts of structures, all the foregoing of base metal: Of iron or steel: [Articles provided for in items 652.90 thru 652.97] Other	American Institute of Steel Construction, Washington, DC.
86-43	653.00 (Singapore, Taiwan)	Other	American Institute of Steel Construction, Washington, DC.
		Articles not specially provided for of a type used for household, table, or kitchen use; toilet and sanitary ware; all the foregoing and parts thereof, of metal: Articles, ware, and parts, of base metal, not coated or plated with precious metal: Of iron or steel: Enamelled or glazed with vitreous glasses: Cooking and kitchen ware of steel	General Housewares Corp., Washington, DC.
86-44	654.08 (Mexico)	Cooking and kitchen ware of steel	General Housewares Corp., Washington, DC.
		Parts of articles provided for in items 751.05, 751.10 and 751.11: [Handles and sticks, of wood, valued not over \$2.50 per dozen] Other: Of metal: Umbrella frames and skeletons: [For hand-held umbrellas chiefly used for protection against rain] Other	Almet/Lawrite, Portland, TN; California Umbrella, Pomona, CA.
86-45	751.2015 (Taiwan)	Other	Almet/Lawrite, Portland, TN; California Umbrella, Pomona, CA.
		D. Petition for removal of competitive need limit for a product on the list of eligible articles Fully substances of animal (including marine animal) or vegetable origin: Not autolized or sulfated: Fatty-acid esters, ethers, and ether-esters of polyhydric alcohols: Derived from coconut, palm-kernel, or palm oil	Government of the Philippines.
86-46	465.05	Derived from coconut, palm-kernel, or palm oil	Government of the Philippines.

¹ Tariff Schedules of the United States Annotated (19 U.S.C. 1202).

² The country or countries named are those beneficiary developing countries specified by the petitioner. While the Trade Policy Staff Committee's (TPSC) review will focus on those countries, the TPSC reserves the right to address removal of GSP status for countries other than those specified by the petitioner.

[FR Doc. 88-18253 Filed 7-17-88; 8:45 am]

BILLING CODE 3190-01-M

Implementation of Modifications in Specialty Steel Import Relief

AGENCY: Office of the United States Trade Representative.

ACTION: Notice.

SUMMARY: This notice establishes country allocations of the quotas presently applicable to imports of certain stainless steel and alloy tool steel products and makes modifications in the Tariff Schedules of the United States to implement changes in the import relief program. The notice provides separate allocations within the stainless steel bar, stainless steel rod, and the alloy tool steel categories for Brazil, within the stainless steel bar and the alloy tool steel categories for Mexico, within the stainless steel bar category for the Republic of Korea, and within the stainless steel rod category for Taiwan.

EFFECTIVE DATE: July 20, 1986.

FOR FURTHER INFORMATION CONTACT: Marie Haugen, Office of Agreements Compliance, Import Administration, U.S. Department of Commerce, (202) 377-4036.

SUPPLEMENTARY INFORMATION:

Presidential Proclamation 5074 of July 19, 1983 (48 FR 33233), provided for the temporary imposition of increased tariffs and quantitative restrictions on certain stainless steel and alloy tool steel products imported into the United States, pursuant to section 203 of the Trade Act of 1974. Proclamation 5074 authorizes the U.S. Trade Representative to take such actions and perform such functions for the United States as may be necessary to administer and implement the relief, including negotiating orderly marketing agreements and allocating quota quantities on a country-by-country basis. The U.S. Trade Representative is also authorized to make modifications in the Tariff Schedules of the United States (TSUS) headline or items proclaimed by the President in order to implement such actions.

Pursuant to the above authority, the U.S. Trade Representative has determined that the quota quantities should be reallocated to provide country allocations for certain steel products for Brazil, Mexico, the Republic of Korea and Taiwan.

In conformity with the above, subpart A, part 2 of the Appendix to the TSUS is modified as follows:

(1) Item 926.13 is modified to add to the country allocations, in alphabetical order, "Brazil", "Mexico", and "The Republic of Korea", and also to add

corresponding quota quantities of "1,140 short tons, "80" short tons, and "900" short tons, respectively, for the period July 20, 1986 through January 19, 1987. Item 926.13 is further modified by changing the quota quantity for "Other" countries to "156" short tons for the period July 20, 1986 through January 19, 1987.

(2) Item 926.18 is modified to add "Brazil" and "Taiwan" to the country allocations, and also to add corresponding quota quantities of "660" and "100" short tons, respectively, for the period July 20, 1986 through January 19, 1987. Item 926.18 is further modified by changing the quota quantity for "Other" countries to "592" short tons for the period July 20, 1986 through January 19, 1987.

(3) Item 926.23 is modified to add to the country allocations, in alphabetical order, "Brazil", and "Mexico", and also to add corresponding quota quantities of "540" short tons and "150" short tons, respectively, for the period July 20, 1986 through January 19, 1987. Item 926.23 is further modified by changing the quota quantity for "Other" countries to "782" short tons for the period July 20, 1986 through January 19, 1987.

Clayton Yeutter,

United States Trade Representative.

[FR Doc. 86-10251 Filed 7-17-86; 8:45 am]

BILLING CODE 3190-01-M

DEPARTMENT OF TRANSPORTATION

Aviation Proceedings; Agreements Filed During the Week Ending July 11, 1986

The following agreements were filed with the Department of Transportation under the provisions of 49 U.S.C. 408, 409, 412, and 414. Answers may be filed within 21 days of date of filing.

Docket No. 44137

Parties: Members of International Air Transport Association

Date Filed: July 07, 1986

Subject: TC2 Fares

Proposed Effective Date: July 1, 1986

Docket No. 44138, R-1-R-3

Parties: Members of International Air Transport Association

Date Filed: July 07, 1986

Subject: Specific Commodity Rates North Atlantic

Proposed Effective Date: July 1, 1986; July 5, 1986

Docket No. 44142

Parties: Members of International Air Transport Association

Date Filed: July 12, 1986

Subject: Currency—Increase Rates from

Norway

Proposed Effective Date: August 1, 1986

Docket No. 44153, R-1 & R-2

Parties: Members of International Air Transport Association

Date Filed: June 10, 1986

Subject: Europe-Middle East Fares

Proposed Effective Date: July 24, 1986

Docket No. 44154, R-1-R-6

Parties: Members of International Air Transport Association

Date Filed: July 10, 1986

Subject: TC1 Cargo

Proposed Effective Date: October 01, 1986

Docket No. 44156

Parties: Members of International Air Transport Association

Date Filed: July 11, 1986

Subject: Proportional Fares US-Mid East/Africa

Proposed Effective Date: August 01, 1986

Docket No. 44157, R-1-R-6

Parties: Members of International Air Transport Association

Date Filed: July 11, 1986

Subject: Amends various Europe TC3 cargo rates

Proposed Effective Date: July 1, 1986

Phyllis T. Kaylor,

Chief, Documentary Services Division.

[FR Doc. 86-10255 Filed 7-17-86; 8:45 am]

BILLING CODE 4910-42-M

Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits Filed Under Subpart Q During the Week Ended July 11, 1986

The following applications for certificates of public convenience and necessity and foreign air carrier permits were filed under Subpart Q of the Department of Transportation's Procedural Regulations (See 14 CFR 302.1701 et. seq.). The due date for answers, conforming application, or motions to modify scope are set forth below for each application. Following the answer period DOT may process the application by expedited procedures. Such procedures may consist of the adoption of a show-cause order, a tentative order, or in appropriate cases a final order without further proceedings.

Docket No. 44141

Date Filed: July 8, 1986

Due Date for Answers, Conforming Applications, or Motion to Modify Scope: August 5, 1986.

Description: Continental Air Lines, Inc., c/o Emory N. Ellis, Fulbright & Jaworski, 1150 Connecticut Avenue, NW., Washington, DC 20036.

Application of Continental Air Lines, Inc. pursuant to section 401 of the Act and

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criteria as the original fuel assembly, and the use of such assemblies will not result in a change to existing safety criteria and design limits.

The Commission has provided guidance concerning the application of these standards by providing certain examples (48 FR 14870). One of these, Example (iii), involving no significant hazards considerations is ". . . a change resulting from a nuclear reactor core reloading, if no fuel assemblies significantly different from those found previously acceptable to the NRC for a previous core at the facility in question are involved. This assumes that no significant changes are made to the acceptance criteria for the technical specifications, that the analytical methods used to demonstrate conformance with the technical specifications and regulations are not significantly changed, and that NRC has previously found such methods acceptable." Both proposed changes match the quoted example.

Therefore, based on these considerations and the example given above, the Commission has made a proposed determination that the amendment request involves no significant hazards consideration.

The Commission has determined that failure to act in a timely way would result in extending the current refueling shutdown of Beaver Valley, Unit 1. Therefore, the Commission has insufficient time to issue its usual 30-day notice of proposed action for public comment.

If the proposed determination becomes final, an opportunity for a hearing will be published in the Federal Register at a later date and any hearing request will not delay the effective date of the amendment.

If the Commission decides in its final determination that the amendment does involve a significant hazards consideration, a notice of opportunity for a prior hearing will be published in the Federal Register and, if a hearing is granted, it will be held before any amendment is issued.

The Commission is seeking public comments on this proposed determination of no significant hazards consideration. Comments on the proposed determination may be telephoned to Lester S. Rubenstein, Project Director, PWR Project Directorate No. 2, by collect call to (301) 492-7872, or submitted in writing to the Rules and Procedures Branch, Division of Rules and Records, Office of Administration, Washington, DC. All comments received by August 8, 1986, will be considered in reaching a final determination. A copy of the application and any comments received may be examined at the Commission's Public Document Room, 1717 H Street NW., Washington, DC, and at the B.F. Jones Memorial Library, 663 Franklin Avenue, Aliquippa, Pennsylvania 15001.

Dated at Bethesda, Maryland, this 18th day of July 1986.

For the Nuclear Regulatory Commission,
Lester S. Rubenstein,
Director PWR Project Directorate #2 Division of PWR Licensing—A Office of Nuclear Reactor Regulation.
[FR Doc. 86-18709 Filed 7-24-86; 8:45 am]
BILLING CODE 7560-01-M

[Docket Nos. 50-352-OL; 50-353-OL]

Philadelphia Electric Co. (Limerick Generating Station, Units 1 and 2);
Notice of Hearing
July 21, 1986.
Before Administrative Judges: Helen F.

Hoyt, Chairperson, Dr. Richard F. Cole, Dr. Jerry Harbour.

Evidentiary hearings for resolution of remanded issue regarding the availability of School Bus Drivers for the Owen J. Roberts and Spring-Ford School Districts will be held on August 18, 1986, from 11:30 a.m.—5:00 p.m. and again on August 22, 1986 from 9:00 a.m.—5:00 p.m., if necessary. The location for the hearing is the Old Customs Courtroom, Room 300, U.S. Customs House, Second and Chestnut Streets, Philadelphia, Pennsylvania 19106.

For the Atomic Safety and Licensing Board,
Helen F. Hoyt,
Chairperson, Administrative Judge.
[FR Doc. 86-10806 Filed 7-24-86; 8:45 am]
BILLING CODE 7560-01-M

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE

Generalized System of Preferences: Amendment of Notice of Review of Petitions, Public Hearings, List of Articles to be sent to the U.S. International Trade Commission (USITC) for Review

On July 18, the Trade Policy Staff Committee provided notice (51 FR 26088) of the petitions accepted for review in the 1986 annual review of the Generalized System of Preferences (GSP). The purpose of this notice is to amend Annex I of the notice of July 18 by adding to the list of petitions accepted for review the list of products which follows.

Donald M. Phillips,
Chairman, Trade Policy Staff Committee.

ANNEX I—PETITIONS ACCEPTED FOR REVIEW

[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration]

Case No.	TSUS or TSUSA Item No.	Article	Petitioner
A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences.			
		None	
B. Petition to remove products from the list of eligible articles for the Generalized System of Preferences.			
86-47	402.12	Cyclic organic chemical products in any physical form having a continuous, quaternary, or modified bicyclic structure, not provided for in subpart A or C of part 1 of schedule 4 of the Tariff, Schedules of the United States; Phthalic anhydride.	United States Steel Corp., Pittsburgh, PA.
C. Petitions to remove duty-free status from a beneficiary developing country for a product on the list of eligible articles for the Generalized System of Preferences.			
86-48	421.06 (Taiwan)	Sodium compounds: hydroxide	Virginia Chemtech, Portsmouth, VA.
86-49	725.46 pt. (Korea, Taiwan)	Electronic musical instruments: Guitars	Peavey Electronics, Meriden, MS.

ANNEX I—PETITIONS ACCEPTED FOR REVIEW—Continued

[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.]

Case No.	TSUS or TSUSA Item No.	Article	Petitioner
86-50	727 23 (Thailand)	Furniture and parts thereof, not specially provided for: (Of unstrip fibrous vegetable material) Of wood: (Best-wood furniture and parts thereof) Other: Chairs, Folding Director's chairs.	American Furniture Manufacturers Assoc., Washington, DC Do
86-51	727 29 (Singapore, Yugoslavia)	Other: (Of iron) Other.	Do
86-52	727 35 (Singapore, Taiwan, Yugoslavia)	Furniture other than chairs.	Do
86-53	727 40 (Taiwan, Yugoslavia)	Parts of furniture.	Do
86-54	727 70 (Taiwan)	(Of textile materials, except cotton, or rubber on plastics; of copper) Other.	Do
86-55	715 0005 of (Korea, Taiwan)	Racquet balls, play balls, toy balls, and other balls for games or sports, not provided for in the foregoing provisions of subpart C of part 5 of schedule 7 of the Tariff Schedules of the United States; Inflatables balls: (Basketballs; volleyball) Other: Of polyvinyl chloride: Inflatables play balls.	National Latex Products Co., Ashland OH
86-56	717 9036 of (Korea, Taiwan)	Toys, and parts of toys, not specially provided for: (Toys having a spring mechanism) Other: (Kites) Other: (Toys having a friction or weight operated motor, toys having an electric motor) Other (except parts): Wholly or almost wholly of rubber or plastics: Inflatables: Toy balloons.	National Latex Products Co., Ashland, OH
86-57	722 09 of (Taiwan)	Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients; and household articles not specially provided for; all the foregoing of rubber or plastics: (Salt, pepper, mustard, and ketchup dispensers, and similar dispensers) Plates, cups, saucers, soup bowls, cereal bowls, sugar bowls, creamers, gravy boats, serving dishes, and platters, of melamine.	American Melamine Institutional Tableware Assoc., Washington, DC
86-58	722 09 of (Taiwan)	Toys, of melamine.	Do
D. Petition for a limit of competitive need limit for a product on the list of eligible articles.			None

¹ Tariff Schedules of the United States Annotated (19 USC 1202)
² The country or countries named are those beneficiary developing countries specified by the petitioner. While the Trade Policy Staff Committee's (TPSC) review will focus on those countries, the TPSC reserves the right to address removal of GSP status for countries other than those specified by the petitioner.

[FR Doc. 86-16778 Filed 7-24-86; 8:45 am]
BILLING CODE 319-001-M

POSTAL RATE COMMISSION

[Docket No. A86-20; Order No. 702]

Arenas Valley, New Mexico 88022 (Elfido Arguello, Petitioner); Notice and Order Accepting Appeal and Establishing Procedural Schedule

Issued July 21, 1986.
Before Commissioners: Janet D. Steiger, Chairman; Henry R. Folsom, Vice-Chairman; John W. Crutcher; Bonnie Guiton; Patti Birge Tyson.

Docket Number: A86-20.
Name of Affected Post Office: Arenas Valley, New Mexico 88022.
Name of Petitioner: Elfido Arguello.
Type of Determination: Closing.
Date of Filing of Appeal Papers: July 14, 1986.

- Categories of Issues Apparently Raised:
1. Effect on the community (39 U.S.C. 404(b)(2)(A)).
 2. Effect on postal services (39 U.S.C. 404(b)(2)(C)).

Other legal issues may be disclosed by the record when it is filed; or, conversely, the determination made by the Postal Service may be found to dispose of one or more of these issues.

In the interest of expedition, in light of the 120-day decision schedule (39 U.S.C. 404(b)(5)), the Commission reserves the right to request of the Postal Service memoranda of law on any appropriate issue. If requested, such memoranda will be due 20 days from the issuance of the request; a copy shall be served on the Petitioners. In a brief or motion to dismiss or affirm, the Postal Service may incorporate by reference any such memoranda previously filed.

The Commission orders:
(A) The record in this appeal shall be filed on or before July 21, 1986.
(B) The Secretary shall publish this Notice and Order and Procedural Schedule in the Federal Register.

By the Commission,
Cyril J. Pittack,
Acting Secretary.

Appendix
Arenas Valley, New Mexico 88022

- July 14, 1986—Filing of Petition
- July 21, 1986—Notice and Order of Filing of Appeal
- August 8, 1986—Last day of filing of petitions to intervene (see 39 CFR 3001.111(b))
- August 18, 1986—Petitioner's Participant Statement or Initial Brief (see 39 CFR 3001.115(a) and (b))
- September 8, 1986—Postal Service Answering Brief (see 39 CFR 3001.115(c))
- September 23, 1986—Petitioners' Reply Brief should petitioners choose to file one (see 39 CFR 3001.115(d))

September 30, 1986—Deadline for motions by any party requesting oral argument. The Commission will schedule oral argument only when it is a necessary addition to the written filings (see 39 CFR 3001.110)
November 11, 1986—Expiration of 120-day decisional schedule (see 39 CFR 404(b)(5))

[FR Doc. 86-16771 Filed 7-24-86; 8:45 am]
BILLING CODE 7715-01-M

DEPARTMENT OF TRANSPORTATION

Aviation Proceedings; Agreements Filed During the Week Ending—July 18, 1986

The following agreements were filed with the Department of Transportation under the provisions of 49 U.S.C. 408, 409, 412, and 414. Answers may be filed within 21 days of date of filing.

Docket No. 44165-R-1-R-15

Parties: Members of International Air Transport Association
Date Filed: July 16, 1986
Subject: Cargo Rates—TC 2/3 and TC 123
Proposed Effective Date: October 1, 1986

Docket No. 44166-R-1-R-8

Parties: Members of International Air Transport Association
Date Filed: July 16, 1986
Subject: Cargo Rates—TC 3

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OCC Rule 1605(c) also would provide that if ICC, as Designated Clearing Organization, fails to make settlement with a Joint Clearing Member, OCC will remain obligated to make settlement with that Clearing Member with respect to option exercises and assignments but not with respect to ICC Futures. If a Joint Clearing Member is suspended or defaults in its obligations to OCC at or prior to settlement time for foreign currency option contracts, any cross-netting against ICC Futures will be revoked and settlement will be in accordance with OCC By-Laws and Rules. Moreover, Rule 1605(c) provides that a Joint Clearing Member will be liable to OCC for any loss resulting from a default in its obligations to make settlement, and such default may result in application of the Clearing Member's Clearing Fund contribution to discharge the obligation.

The proposal also amends Rule 1606(a) to provide that settlement obligations of a Clearing Member that has netted out pursuant to Rule 1605(a) (2), (3), or (4) will be deemed discharged at settlement time on the third business day following the last day of trading prior to delivery date. Remaining obligations to deliver foreign currencies or pay the settlement amount would be deemed discharged at the time delivery or payment is completed.

The proposal also includes a draft "Mutual Agency Agreement" between OCC and ICC. Among other things, the agreement provides that ICC and OCC will act as agent for the other in effecting cross-net settlement of OCC options or ICC Futures exercises under the proposed rule change. For settlement purposes, each clearing organization, when acting as a Designated Clearing Organization for a Joint Clearing Member, agrees to deliver to or receive from the other the full amount of each foreign currency that would have been delivered to or received from the Joint Clearing Member by the other clearing organization if no cross-netting had occurred. Thus, the clearing organizations end up in the same position as if no netting had occurred.

The agreement further provides that if a Joint Clearing Member defaults in its obligations to either clearing organization before that clearing organization has released the margin it holds for the Joint Clearing Member's unnetted settlement obligations, any cross-netting will be revoked. If default occurs after the cross-netting has been performed and margin for unnetted positions has been released, the agreement provides that any loss suffered by the Designated Clearing

Organization with respect to foreign currency settlements effected as agent for the other will be for the account of the other clearing organization and will be paid by the Designated Clearing Organization upon demand. However, where a Joint Clearing Member has been suspended by the Designated Clearing Organization, the agreement would require the Designated Clearing Organization to apply any margin it holds from the Joint Clearing Member with respect to cross-netted transactions and would reduce the other clearing organization's liability by that amount. In that case, the agreement would permit the other clearing organization to retain its claim against the Joint Clearing Member and to satisfy that claim by charging the Member's Clearing Fund as if no cross-netting has occurred.

The agreement also provides that OCC and ICC each agree to indemnify the other against losses incurred as a consequence of any claim or action against it in its capacity as Designated Clearing Organization arising out of the clearing activities of the other. Finally, OCC and ICC agree that the agreement shall remain in force for one year and shall be automatically renewable thereafter. The agreement can be terminated by: (i) Either party giving written notice 90 days prior to the expiration of one year period; (ii) by either party notifying the other 30 days after an uncured default where the aggrieved party has given notice of the default to the defaulting party; or (iii) by written notice to the other where the other has been adjudicated insolvent or bankrupt, has had a receiver appointed or has executed an assignment for the benefit of creditors.

II. OCC's Rationale for the Proposal

OCC believes that the proposed rule change is consistent with Section 17A of the Act because cross-netting options and futures settlement obligations will reduce foreign currency settlements, thereby facilitating the prompt and accurate clearance and settlement of securities transactions. Moreover, OCC believes that the proposal is consistent with its obligation to safeguard securities and funds because the rights and obligations of each clearing organization, with respect to the contracts that it clears, remain unaffected by the cross-netting procedures.

III. Request for Comments

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i)

as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will by order approve such proposed change or institute proceedings to determine whether the proposed rule change should be disapproved.

Interested persons are invited to submit written data, views and arguments concerning the proposal. Persons making written submissions should file six copies with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW, Washington, DC 20549. Copies of the filing, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. § 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street NW, Washington, DC 20549. Copies of the filing will also be available for inspection and copying at the principal office of OCC. All submissions should refer to the file number in the caption above and should be submitted by August 18, 1986.

For the Commission, by the Division of Market Regulation pursuant to delegated authority.

Dated: July 22, 1986.

Jonathan G. Katz,
Secretary.

[FR Doc. 86-16900 Filed 7-25-86; 8:45 am]
BILLING CODE 8010-01-M

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Generalized System of Preferences; Notice of Review of Petitions, Public Hearings, and List of Articles To Be Sent to the U.S. International Trade Commission (USITC) for Review

Correction

In FR Doc. 86-16253 beginning on page 26088 in the issue of Friday, July 18, 1986, make the following correction:

In Annex I, appearing on pages 26090-26092, some of the information appeared in the wrong columns of the table. Annex I is corrected to read as follows:

ANNEX I.—PETITIONS ACCEPTED FOR REVIEW

(The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.)

Case No.	TSU S or TSUSA ¹ item No.	Article	Petitioner
A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences			
86-1	145.18	Other edible nuts, shelled or not shelled, blanched or otherwise prepared or preserved: Not shelled: Fibers:	Government of Turkey.
86-2	145.46	Shelled, blanched, or otherwise prepared or preserved: Fibers:	Do.
86-3	146.30	Avocados (alligator pears), fresh, or prepared or preserved.	Government of Mexico.
86-4	148.40	Olives, fresh, or prepared or preserved: Fresh: Pineapples, fresh, or prepared or preserved: Fresh:	Do.
86-5	148.98	In packages other than crates: Filter tobacco (whether or not mixed or packed with wrapper tobacco): When not mixed or not packed with wrapper tobacco, or when mixed or packed with 35% or less of wrapper tobacco: (Cigarette leaf.) Other, including cigar leaf: Not stemmed:	Government of Colombia.
86-6	170.40	Stemmed:	Cigar Association of America, Washington, DC.
86-7	170.45	Stemmed:	Do.
86-8	315.35	Cordage: Of vegetable fibers: Of hard (leaf) fibers: Of stranded construction: Measuring $\frac{1}{16}$ or over but under $\frac{1}{4}$ inch in diameter: Of abaca: Cyclic organic chemical products in any physical form having a benzoid, quinoid, or modified benzoid structure, not provided for in subpart A or C of part 1 of schedule 4 of the Tariff Schedules of the United States: [Articles provided for in items 402.00 thru 402.32] Other: Halogenated hydrocarbons: Benzyl chloride (—Chlorotoluene): Alcohols, phenols, ethers (including epoxides and acetals), aldehydes, ketones, alcohol peroxides, ether peroxides, ketone peroxides, and their derivatives: [Articles provided for in items 403.16 thru 403.41] Other: Benzyl alcohol: Carbonylic acids, anhydrides, halides, acyl peroxides, peroxyacids, and their derivatives: Terephthalic acid: [Amines and their derivatives; amines having one or more oxygen functions, and their derivatives; amides and their derivatives]. Other nitrogen-function compounds (except those in which the only nitrogen function is a nitro (—NO ₂) or a nitroso (—NO) group, or an ammonium salt of an organic acid) and their derivatives: Toluenediisocyanates (unmixed):	Government of the Philippines.
86-9	402.58	Other: Halogenated hydrocarbons: Benzyl chloride (—Chlorotoluene): Alcohols, phenols, ethers (including epoxides and acetals), aldehydes, ketones, alcohol peroxides, ether peroxides, ketone peroxides, and their derivatives: [Articles provided for in items 403.16 thru 403.41] Other: Benzyl alcohol: Carbonylic acids, anhydrides, halides, acyl peroxides, peroxyacids, and their derivatives: Terephthalic acid: [Amines and their derivatives; amines having one or more oxygen functions, and their derivatives; amides and their derivatives]. Other nitrogen-function compounds (except those in which the only nitrogen function is a nitro (—NO ₂) or a nitroso (—NO) group, or an ammonium salt of an organic acid) and their derivatives: Toluenediisocyanates (unmixed):	Compania Quimica Arroyal, Mexico.
86-10	403.45 pt	Other: Benzyl alcohol: Carbonylic acids, anhydrides, halides, acyl peroxides, peroxyacids, and their derivatives: Terephthalic acid: [Amines and their derivatives; amines having one or more oxygen functions, and their derivatives; amides and their derivatives]. Other nitrogen-function compounds (except those in which the only nitrogen function is a nitro (—NO ₂) or a nitroso (—NO) group, or an ammonium salt of an organic acid) and their derivatives: Toluenediisocyanates (unmixed):	Do.
86-11	404.16	Other: Benzyl alcohol: Carbonylic acids, anhydrides, halides, acyl peroxides, peroxyacids, and their derivatives: Terephthalic acid: [Amines and their derivatives; amines having one or more oxygen functions, and their derivatives; amides and their derivatives]. Other nitrogen-function compounds (except those in which the only nitrogen function is a nitro (—NO ₂) or a nitroso (—NO) group, or an ammonium salt of an organic acid) and their derivatives: Toluenediisocyanates (unmixed):	Chinese Fibers, Charlotte, NC.
86-12	405.44	Other: Benzyl alcohol: Carbonylic acids, anhydrides, halides, acyl peroxides, peroxyacids, and their derivatives: Terephthalic acid: [Amines and their derivatives; amines having one or more oxygen functions, and their derivatives; amides and their derivatives]. Other nitrogen-function compounds (except those in which the only nitrogen function is a nitro (—NO ₂) or a nitroso (—NO) group, or an ammonium salt of an organic acid) and their derivatives: Toluenediisocyanates (unmixed):	Industria Cydsa Bayer, S.A. de C.V., Mexico.
86-13	406.3 ^a pt	Other: Benzyl alcohol: Carbonylic acids, anhydrides, halides, acyl peroxides, peroxyacids, and their derivatives: Terephthalic acid: [Amines and their derivatives; amines having one or more oxygen functions, and their derivatives; amides and their derivatives]. Other nitrogen-function compounds (except those in which the only nitrogen function is a nitro (—NO ₂) or a nitroso (—NO) group, or an ammonium salt of an organic acid) and their derivatives: Toluenediisocyanates (unmixed): N-(tert-butyl)benzothiazole sulfenamide (Orgacel T)	Quimica Organica de Mexico, S.A. de C.V., Mexico.
86-14	409.7 ^a	Colors, dyes, stains, and related products: Colors, dyes, and stains (except toners), whether soluble or not in water, obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: Direct dyes: Direct black 51, 68, 112, 114, 118, 122; Direct blue 74, 77, 90, 137, 156, 158, 158:1, 207, 211, 225, 244, 267; Direct brown 97, 113, 157, 166, 170, 200, 212, 214; Direct green 33, 58, 67, 68; Direct orange 17, 60, 105, 106, 107, 118; Direct red 9, 66, 92, 95, 111, 127, 173, 207, 221; Direct violet 47, 93; and Direct yellow 27, 39, 66, 93, 95, 96, 98, 108, 110, 133, 134 Other: Products provided for in the Chemical Appendix to the Tariff Schedules	Government of Argentina.
86-15	409.82	Colors, dyes, stains, and related products: Colors, dyes, and stains (except toners), whether soluble or not in water, obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: Direct dyes: Direct black 51, 68, 112, 114, 118, 122; Direct blue 74, 77, 90, 137, 156, 158, 158:1, 207, 211, 225, 244, 267; Direct brown 97, 113, 157, 166, 170, 200, 212, 214; Direct green 33, 58, 67, 68; Direct orange 17, 60, 105, 106, 107, 118; Direct red 9, 66, 92, 95, 111, 127, 173, 207, 221; Direct violet 47, 93; and Direct yellow 27, 39, 66, 93, 95, 96, 98, 108, 110, 133, 134 Other: Products provided for in the Chemical Appendix to the Tariff Schedules	Government of Argentina.
86-16	410.2 ^a	Color lakes and toners, obtained, derived, or manufactured in whole or in part from natural alizarin, natural indigo, or any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: Pigment black 1; Pigment blue 16, 18; Pigment brown 22, 23, 25, 32; Pigment green 8; Pigment orange 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, 198, 208, 209, 216, 220, 221; Pigment violet 32; and Pigment yellow 16, 24, 48, 62:1, 81, 93, 95, 97, 101, 106, 109, 110, 113, 117, 127, 138, 153 Acids: [Articles provided for in items 425.70 thru 425.96] Other: [Carbonylic acids] Other organic acids (including sulfonic acids and thiocarboxylic acids)	Do.
86-17	425.9 ^a 0	Acids: [Articles provided for in items 425.70 thru 425.96] Other: [Carbonylic acids] Other organic acids (including sulfonic acids and thiocarboxylic acids) Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients: Of fine-grained earthenware (except articles provided for in item 533.15) or of fine-grained stoneware:	Government of Colombia.

ANNEX I.—PETITIONS ACCEPTED FOR REVIEW—Continued

(The bracketed language in the last line of each item included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.)

Case No.	TSU S or TSUSA Item No.	Article	Petitioner
86-18	543.50	Household ware not available in specified lists: Mugs and other steins Of chinaware or of subporcelain Household ware: Of nonbone chinaware or of subporcelain	Russ Berne & Co., Oakland, NJ
86-19	543.04	Available in specified lists: In any pattern for which the aggregate value of the articles listed in heading 204 of subpart C of part 2 of schedule 5 of the Tariff Schedules of the United States is over \$54. Enamel, colors, glazes, and fluxes, all the foregoing of glass, int, or calcine: (Ground or pulverized)	Government of the Philippines
86-20	540.27	Other	Government of Mexico, Furtro Mexicana, S.A., Mexico
86-21	632.46	Other base metals, unwrought, and waste and scrap of such metals: Other than alloys; waste and scrap: Selenium	Government of Mexico, Fomento y Desarrollo de Pequenos Minerios, Mexico
86-22	631.6410	Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and shaft couplings; pillow blocks; flange, take-up, cartridge, and hanger units; torque converters; chain sprockets; clutches and universal joints; all the foregoing (except parts of agricultural or horticultural machinery and implements provided for in item 668.00 and parts of motor vehicles and bicycles) and parts thereof: Pillow blocks and parts thereof: Ball or roller bearing types Pillow block units	Government of Mexico
86-23	715.62	Time switches with watch or clock movements, or with synchronous or subsynchronous motors: Valued over \$1.10 but not over \$2.25 each	Admiral Division of Magic Craft, Inc., Galesburg, IL, Co.
86-24	715.64	Valued over \$2.25 but not over \$5 each	

B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.

Case No.	TSU S or TSUSA Item No.	Article	Petitioner
86-25	409.4410	Products obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: Products chiefly used as plasticizers: Phenolic acid esters	U.S. Steel Corporation, Pittsburgh, PA
86-26	512.02	Ceramic tiles: Floor and wall tiles: Mosaic tiles: (Articles provided for in item 512.05) Other	The Council of America, Washington, DC
86-27	610.8413	Pipe and tube fittings of iron or steel: (Cast-iron fittings, not malleable; cast-iron fittings, malleable) Other fittings: (Ductile fittings) Other: Flanges: Under 14 inches (inside diameter) Other than alloy iron or steel	American Pipe Fitting Assoc., Washington, DC
86-29	610.8415	Alloy iron or steel: Stainless steel	Co.
86-29	610.8418	Other	Co.
86-30	610.8421	14 inches and over (inside diameter): Other than alloy iron or steel	Co.
86-31	610.8424	Alloy iron or steel	Co.
86-32	610.8428	Stainless steel	Co.
86-33	610.88	Other	Co.
86-34	608.32	Couplings: Iron or steel pipes or tubes prepared and coated or lined in any manner suitable for use as conductors for electrical conductors, and iron or steel fittings therefor: Flanges: Parts of bicycles: Three speed hubs whether or not incorporating a coaster brake; caliper brakes, multiple free-wheel sprockets: Caliper brakes	Picom Industries, Houston, TX
86-35	702.3875		Day-compe Inc., West Palm Beach, FL

C. Petitions to remove duty-free status from a beneficiary developing country for a product on the list of eligible articles for the Generalized System of Preferences.

Case No.	TSU S or TSUSA Item No.	Article	Petitioner
86-36	252.75 (Brazil, Mexico)	Papers, not impregnated, not coated, not surface-colored, not embossed, not ruled, not lined, not printed, and not decorated: Writing paper weighing over 18 pounds per ream	Stationery International Trade Committee, Washington, DC
86-37	252.5044 (Brazil, Mexico)	Articles, of pulp, of paper-mache, of paper, of paperboard, or of any combination thereof, not specially provided for: (Articles provided for in items 252.70 thru 252.80) Other: (Of papers, coated, or of any of the papers provided for in items 252.25, 252.30, 252.35, 252.40, or 252.45)	Stationery International Trade Committee, Washington, DC
86-38	254.9052 (Brazil, Mexico)	Other: Hole-punched loose-leaf filler paper	Stationery International Trade Committee, Washington, DC
86-39	254.9080 pt. (Brazil)	Memorandum pads and similar pads	Co.
86-40	410.72 (Turkey)	Paint strippers: Products suitable for medicinal use, and drugs: Obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: Drugs: Acetylsalicylic acid (Aspirin)	Louis M. Gerson Co., Middleburg, MA
			McPherson Corporation, St. Louis, MO

ANNEX L—PETITIONS ACCEPTED FOR REVIEW—Continued

[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.]

Case No.	TSU S or TSUSA ¹ Item No.	Article	Petitioner
86-41	429.52 (Taiwan)	Esters of monohydric alcohols and organic or inorganic acids (except hydrogen sulfite and hydrogen halide acids): Butyl acetate	Celanese Chemical Co., Washington, DC; BASF Corporation, Washington, DC.
86-42	647.01 (Taiwan)	Hinges and fittings and mounts not specially provided for, suitable for furniture, doors, windows, blinds, staircases, luggage, vehicle coach work, caskets, cabinets, and similar uses; all the foregoing, of base metal, whether or not coated or plated with precious metal; Not coated or plated with precious metal: Of iron or steel, of aluminum, or of zinc [Articles provided for in items 647.01 and 647.02] Other	Stanley Hardware, New Britain, CT.
86-43	653.00 (Singapore, Taiwan)	Hangers and other buildings, bridges, bridge sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, door and window frames, shutters, balustrades, columns, pilars, and posts, and other structures and parts of structures, all the foregoing of base metal: Of iron or steel: [Articles provided for in items 652.90 thru 652.97] Other	American Institute of Steel Construction, Washington, DC.
86-44	654.00 (Mexico)	Articles not specially provided for of a type used for household, table, or kitchen use; toilet and sanitary ware; all the foregoing and parts thereof, of metal: Articles, wares, and parts, of base metal, not coated or plated with precious metal: Of iron or steel: Enamelled or glazed with vitreous glasses: Cooking and kitchen ware of steel	General Housewares Corp., Washington, DC.
86-45	751.2015 (Taiwan)	Parts of articles provided for in items 751.05, 751.10 and 751.11: [Handles and sticks, of wood, valued not over \$2.50 per dozen] Other: Of metal: Umbrella frames and skeletons: [For hand-held umbrellas chiefly used for protection against rain] Other	Abram/Lawrite, Portland, TN; California Umbrella, Pomona, CA.
D. Petition for waiver of competitive need limit for a product on the list of eligible articles			
86-46	465.05	Fatty substances of animal (including marine animal) or vegetable origin: Not sulfonated or sulfated: Fatty-acid esters, ethers, and ether-esters of polyhydric alcohols: Derived from coconut, palm-kernel, or palm oil	Government of the Philippines.

¹ Tariff Schedules of the United States Annotated (19 U.S.C. 1202).

² The country or countries named are those beneficiary developing countries specified by the petitioner. While the Trade Policy Staff Committee's (TPSC) review will focus on those countries, the TPSC reserves the right to address removal of GSP status for countries other than those specified by the petitioner.

BILLING CODE 1986-01-M

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

[Order 86-7-47; Docket 43487]

Application of the Lord's Airline, Inc.
for Certificate Authority Under Subpart Q

AGENCY: Department of Transportation.

ACTION: Notice of order to show cause.

SUMMARY: The Department of Transportation is directing all interested persons to show cause why it should not issue an order finding The Lord's Airline, Inc., fit, willing, and able, and awarding it a certificate of public convenience and necessity to engage in foreign schedules air transportation.

DATE: Persons wishing to file objections should do so no later than August 13, 1986.

ADDRESS: Objections and answers to objections should be filed in Docket 43487 and addressed to the Documentary Services Division, U.S.

Department of Transportation, 400 Seventh Street SW., Washington, DC 20590 and should be served upon the parties listed in Attachment A to the order.

FOR FURTHER INFORMATION CONTACT: Steven B Farbman Office of Aviation Enforcement and Proceedings, U.S. Department of Transportation, 400 Seventh Street SW., Washington, DC 20590, (202) 426-7831.

Dated: July 23, 1986.

Matthew W. Scocozza,
Assistant Secretary for Policy and International Affairs.

[FR Doc. 86-16902 Filed 7-25-86; 8:45 am]

BILLING CODE 4910-43-M

DEPARTMENT OF THE TREASURY

Fiscal Service

[Dept. Circ. 570, 1986 Rev., Supp. No. 2]

Surety Companies Acceptable on
Federal Bonds: Pinnacle Insurance Co.

A certificate of Authority as an acceptable surety on Federal bonds is

hereby issued to the following company under sections 9304 to 9308, Title 31 of the United States Code. Federal bond-approving officers should annotate their reference copies of the Treasury Circular 570, 1986 Revision, to reflect this addition:

Pinnacle Insurance Company, Business Address: P.O. Box 1919, Carrollton, Georgia 30117. Underwriting Limitation: \$171,000. Surety Licenses: GA. Incorporated in: Georgia. Federal Process Agents⁴.

Certificates of Authority expire on June 30 each year, unless revoked prior to that date. The Certificates are subject to subsequent annual renewal as long as the companies remain qualified (31 CFR, Part 229). A list of qualified companies is published annually as of July 1 in Treasury Department Circular 570, with details as to underwriting limitations, areas in which licensed to transact surety business and other information.

Copies of the Circular may be obtained from the Surety Bond Branch, Finance Division, Financial Management Service, Department of the

APPENDIX B

U.S. International Trade Commission Notice of
Investigation and Hearing

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

(TA-503(a)-13 and 332-238)

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

AGENCY: United States International Trade Commission

ACTION: Institution of investigation and scheduling of hearing.

SUMMARY: Following receipt on August 15, 1986, of a request from the U.S. Trade Representative made in part at the direction of the President, the Commission instituted investigation No. TA-503(a)-13 and 332-238 under sections 503(a) and 131(b) of the Trade Act of 1974 (19 U.S.C. 2463(a) and 2151(b)) and section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g))--

- (1) pursuant to sections 503(a) and 131(a) of the Trade Act, and the authority of the President delegated to the U.S. Trade Representative by sections 4(c) and 8(c) and (d) of Executive Order 11846, as amended, to advise the President, with respect to each article listed in Part A of the attached Annex, 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 attached Annex, 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;

- (B) in accordance with section 504(c)(3)(A)(1) 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 attached Annex; and
- (C) to advise the President, with respect to whether products like or directly competitive with those described in Part A of the attached Annex were being produced in the United States on January 3, 1985, for purposes of section 504(d) of the Trade Act.

EFFECTIVE DATE: August 27, 1986

FOR FURTHER INFORMATION CONTACT:

- (1) Agricultural products, Mr. David Ingersoll (202-724-0068).
- (2) Chemical products, Mr. John Gersic (202-523-0451).
- (3) Textiles and apparel, Mr. Reuben Schwartz (202-523-0114).
- (4) Minerals and metals, Mr. Larry Brookhart (202-523-0275).
- (5) Machinery and equipment, Mr. Aaron Chesser (202-523-0353).
- (6) Miscellaneous manufactures, Mr. Walter Trezevant (202-724-1719).

All of the above are in the Commission's Office of Industries. For information on legal aspects of the investigation contact Mr. William Gearhart of the Commission's Office of the General Counsel at 202-523-0487.

BACKGROUND: The USTR announced the items which have been sent to the Commission for probable effects advice in the Federal Register of July 18, 1986 (51 F.R. 26088), July 25, 1986 (51 F.R. 26784), and July 28, 1986 (51 F.R. 26966).

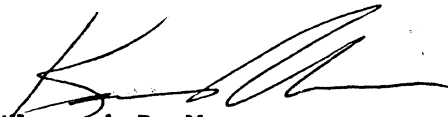
PUBLIC HEARING: A public hearing in connection with the investigation will be held in the Commission Hearing Room, 701 E Street NW., Washington, D.C. 20436, beginning at 9:30 a.m. on September 29 and 30, and October 1, 1986 as required. All persons shall have the right to appear by counsel or in person, to present information, and to be heard. Persons wishing to appear at the public hearing should file requests to appear and should file prehearing briefs (original and 14 copies) with the Secretary, United States International Trade Commission, 701 E Street NW., Washington D.C. 20436, not later than noon, September 16, 1986.

WRITTEN SUBMISSIONS: In lieu of or in addition to appearances at the public hearing, interested persons are invited to submit written statements concerning the investigation. Written statements should be received by the close of business on September 22, 1986. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made

available for inspection by interested persons. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C.

Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 724-0002.

By order of the Commission.



Kenneth R. Mason
Secretary

Attachment

Issued: August 28, 1986

Annex

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences.

145.18	170.40	404.16	410.28	632.46
145.46	170.45	405.44	425.9960	681.0410
146.30	315.35	406.39(pt.) <u>2/</u>	533.30	715.62
148.40	402.56	409.78	533.64	715.64
148.96	403.45(pt.) <u>1/</u>	409.82	540.27	

B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.

402.12	610.8415	610.86
409.3410	610.8418	688.32
532.22	610.8421	732.3875
610.84	610.8424	
610.8413	610.8428	

C. Petitions to remove duty-free status from a beneficiary developing country for a product on the list of eligible articles for the Generalized System of Preferences.

252.75 (Brazil, Mexico)	725.46(pt.) (Korea, Taiwan) <u>4/</u>
256.9044 (Brazil, Mexico)	727.23 (Thailand)
256.9052 (Brazil, Mexico)	727.29 (Singapore, Yugoslavia)
256.9080(pt.) (Brazil) <u>3/</u>	727.35 (Singapore, Taiwan, Yugoslavia) <u>5/</u>
410.72 (Turkey)	727.40 (Taiwan, Yugoslavia) <u>5/</u>
421.06 (Taiwan)	727.70 (Taiwan) <u>5/</u>
428.52 (Taiwan)	735.0970 (Korea, Taiwan) <u>5/</u>
647.03 (Taiwan)	737.9536 (Korea, Taiwan) <u>5/</u>
653.00 (Singapore, Taiwan)	751.2015 (Taiwan)
654.08 (Mexico)	772.06(pt.) (Taiwan) <u>6/</u>
	772.09(pt.) (Taiwan) <u>7/</u>

D. Articles being considered for waiver of competitive-need limit for a product on the list of eligible articles.

465.05 (Rep. of the Philippines)

1/ Benzyl alcohol.

2/ N-(tert-Butyl) benzothiazole sulfenamide (Orgacel T).

3/ Paper and textile paint strainers and filters.

4/ Electric guitars.

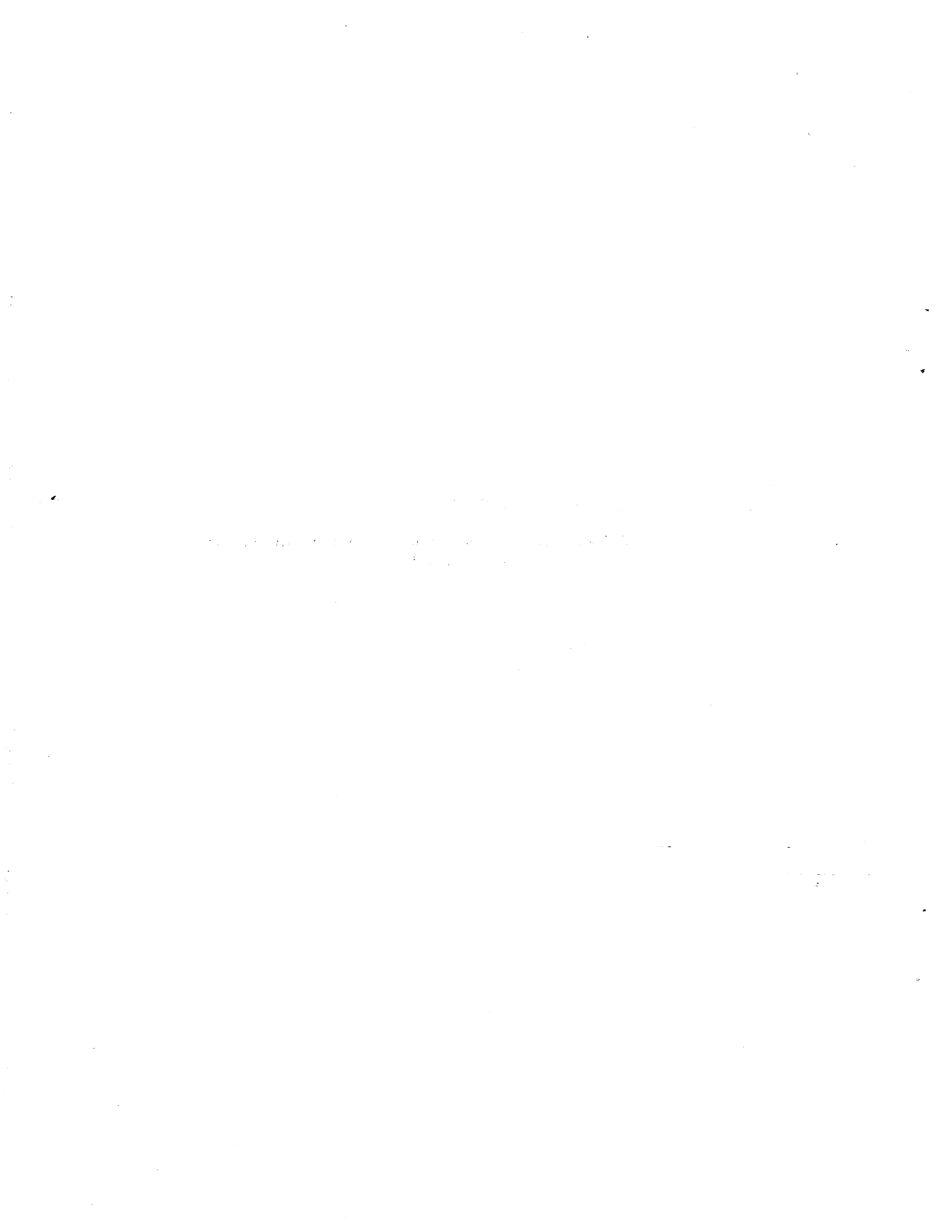
5/ Commission advice requested on the effect of redesignation of GSP duty-free treatment for these articles from Taiwan which does not currently receive such treatment.

6/ Melamine tableware.

7/ Melamine serving trays.

APPENDIX C

Types of Trade Shifts Resulting from Modifications of
GSP Eligibility



Appendix

Price and Quantity Changes Resulting From
Changes in GSP Status of a Product

This report examines the probable economic effects of changing the GSP status of certain commodities and in some cases, certain commodities from particular countries. The major cases involve adding products to the list of articles eligible for GSP duty-free treatment, and removing products or products from certain countries from the eligibility list.

Figure 1 illustrates the case of granting a product GSP duty-free status. The illustration is for a homogeneous product, and shows the basic results of a tariff removal on a portion of imports. In addition, the illustration serves as a reference for departures from the case of perfect substitutes.

The removal of a tariff on a portion of imports is illustrated by the shift in the supply of affected imports from S_G' to S_G , with an increase in total supply from S_T' to S_T . The basic result of this tariff removal is a lower U.S. price, a greater overall quantity of the good purchased in the U.S., a greater quantity of the good imported from GSP countries, and reductions in purchases from other foreign suppliers and from U.S. suppliers. In this case of perfect substitutes, the price change, the quantity change, and the division of the quantity change are mainly determined by the demand and supply elasticities, relative market shares, and the size of the tariff that is removed.

The most interesting of the supply elasticities is that of foreign suppliers not granted the tariff elimination. The more elastic this supply is, other things being the same, the smaller the price reduction will be and the smaller will be the displacement of U.S. production as a result of the

tariff elimination. In the limit, where there is a perfectly elastic supply of other foreign imports, there will be no reduction in U.S. price or production. Imports granted duty-free status will displace only other imports.

The relative market share of the imports granted duty-free status and the size of the tariff that is eliminated will largely determine the shift in the total supply curve (assuming all supply curves are positively sloped). The shift in supply (from S_T to S_T'), given U.S. demand, will largely determine the change in the U.S. price. The smaller the market share of imports granted duty-free status, and the lower the tariff rate, the smaller will be the shift in supply. The smaller the shift in supply, the smaller the drop in U.S. price and in U.S. production.

The case where the duty-free status of a product is ended can also be illustrated using figure 1. In this case the shift is from the unprimed to the primed designations, e.g., a shift from S_G to S_G' . The comments made above with respect to supply elasticities, market shares and tariff rates apply in this case except with price and quantity changes reversed in direction from their changes in the original case.

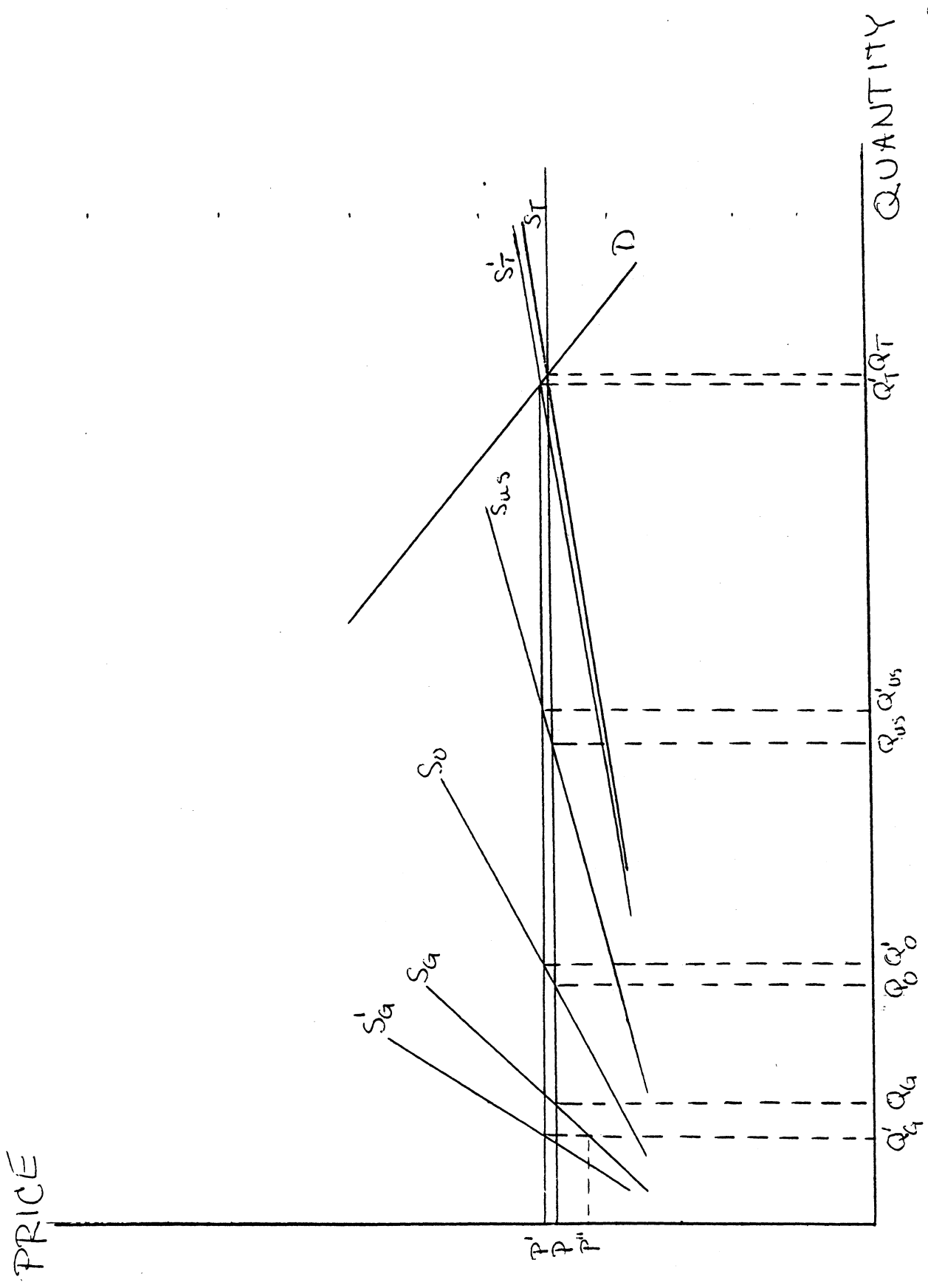


Figure 1

Key to figure 1

- D = U.S. demand for product
- S_G = supply to the U.S. market from GSP eligible countries without duty on these products
- S_0 = supply to the U.S. market from other foreign countries
- S_{US} = supply to the U.S. market from U.S. producers
- S'_G = supply to the U.S. market from GSP eligible countries with duty on these products
- S_T = total supply to the U.S. market - this is the "horizontal sum" of S_G , S_0 and S_{US} . The "horizontal sum" is taken by summing the quantity supplied by all producers at each price to get the total quantity supplied at each price.
- S'_T = total supply to the U.S. market if the duty is assessed on the subject imports, the "horizontal sum" of S'_G , S_0 and S_{US} .

With no duty on GSP eligible products

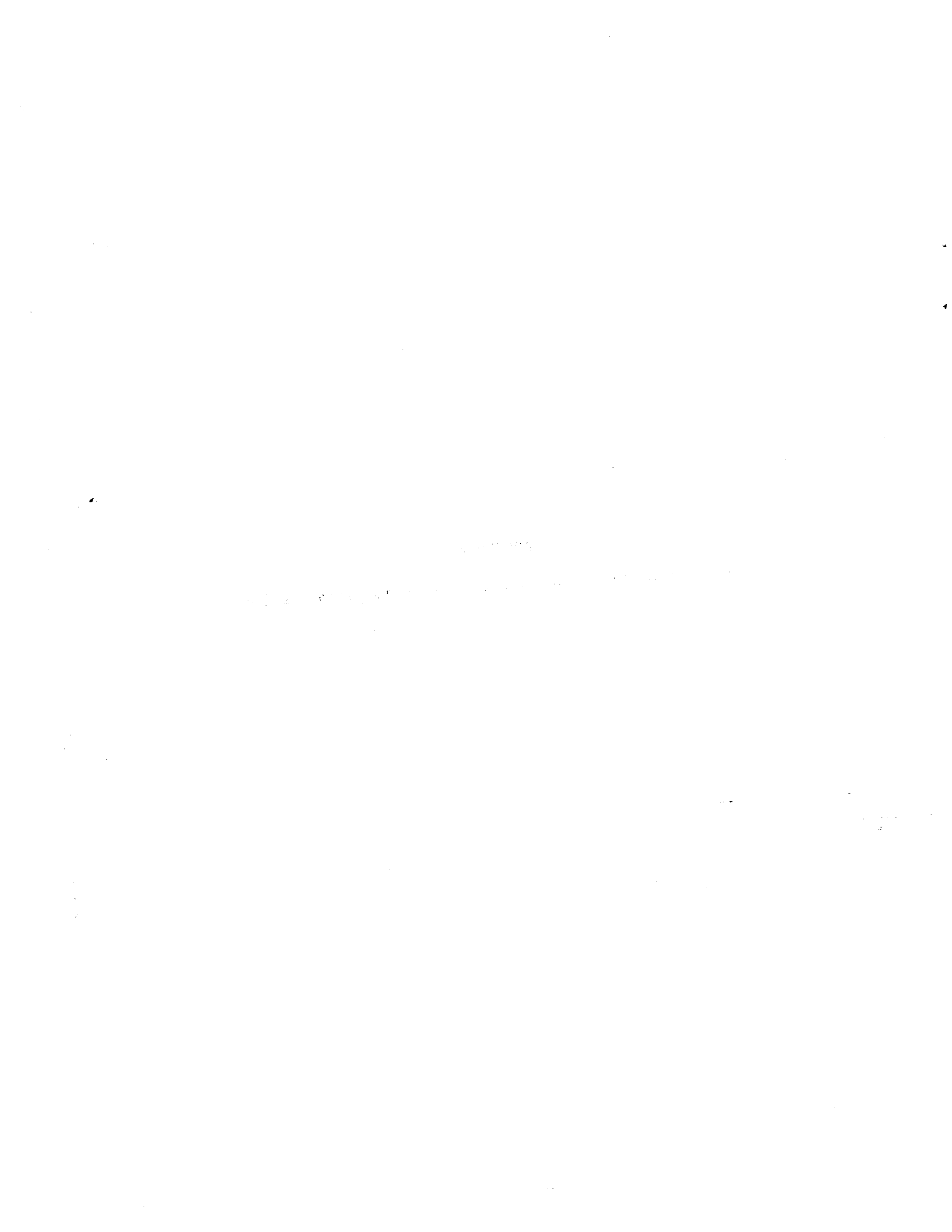
- P = price paid by consumers and received by all suppliers
- Q_G = quantity supplied by GSP eligible countries
- Q_0 = quantity supplied by other foreign countries
- Q_{US} = quantity supplied by U.S. producers
- Q_T = total quantity supplied = $Q_G + Q_0 + Q_{US}$

With duty on GSP eligible products

- P' = price paid by U.S. consumers and received by U.S. suppliers and any foreign suppliers enjoying duty-free privileges
- P'' = price received by foreign suppliers that pay the duty. This is shown explicitly for the (formerly) GSP eligible suppliers. It is implicit for other suppliers that may be paying the duty. The duty = $T = P' - P''$
- Q'_G = quantity supplied by GSP eligible countries
- Q'_0 = quantity supplied by other foreign countries
- Q'_{US} = quantity supplied by U.S. producers
- Q'_T = total quantity supplied = $Q'_G + Q'_0 + Q'_{US}$

APPENDIX D

List of Witnesses Appearing at the Commission Hearing



CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's public hearing on the President's List of Articles which may be Designated or Modified as Eligible Articles for Purposes of the U.S. Generalized System of Preferences (Investigation Nos. TA-503(a)-13 and 332-238). Sessions were held in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

Witness and organization:Subject:

USX Corporation, Pittsburg, Pennsylvania

Diocetyl phthalate

Committee on DOP Imports

Paul Burger, Marketing Manager, Plasticizers,
BASF Corporation

Melvin B. Scott, Jr., Director, Product Management,
Chemicals, Eastman Chemical Products, Inc.
Kodak

Avron B. Magram, Industry Manager, NUOPLAZ, Plasticizers
ADMEX Plasticizers and Nuodex, Inc.

Donald P. Bernard, Commercial Manager, Plasticizers,
U. S. Diversified Group, a Division of USX Corporation

Peter J. Koenig, Esq., USX Corporation

Cleary, Gottlieb, Steen & Hamilton--Counsel
Washington, D.C.
on behalf of

Selected direct
dyes

The Ad Hoc U.S. Dye Manufacturers Coalition

David Alcorn, President, Crompton & Knowles
Corporation, Dyes and Chemicals Division

M. Barry Bochner, Vice President, Technical
Division

Richard deC. Hinds--OF COUNSEL

D-1

Witness and organization:

Subject:

Stewart & Stewart--Counsel
Washington, D.C.
on behalf of

Acetylsalicylic
acid (aspirin)

Monsanto Company

Michael L. Marcum, Business Manager

Terence P. Stewart--OF COUNSEL

Andex Inc., Brooklyn, New York
on behalf of

Acetylsalicylic
acid (aspirin)

Atabay Kimya Sanayi ve Ticaret A.S.,
Kadikoy, Istanbul, Turkey

Gene Ander, President

Steptoe & Johnson--Counsel
Washington, D.C.
on behalf of

Certain furniture
and parts

The American Furniture Manufacturers Association

Carlton E. Nichols, Jr., President

Douglas Brackett, Vice President

Richard O. Cunningham)
Melinda P. Chandler)--OF COUNSEL

Dow, Lohnes & Albertson--Counsel
Washington, D.C.
on behalf of

Certain furniture
and parts

The Yugoslav Wood Furniture Industry

Marica Mrak, Treasurer, Lesnina Ljubljana

Robert S. Friedman, Executive Vice President,
U. S. Furniture Industries Inc.

William Silverman)
John C. Jost)--OF COUNSEL
Mark A. Cohen)

Witness and organization:

Subject:

Brownstein, Zeidman and Schomer--Counsel
Washington, D.C.
on behalf of

Certain furniture
and parts

Universal Furniture Industries, Inc.

Ronald T. Hahn, President of Universal Furniture
Industries, Inc.

Wesley E. Collins, Vice Chairman of Universal
Furniture Ltd.

Ronald W. Lee, Vice President, General Counsel
and Assistant to Chairman

Steven P. Kersner)
Denise T. DiPersio)--OF COUNSEL

St. Maxens & Company
Washington, D.C.
on behalf of

Certain furniture
and parts

The Government of Singapore

Thomas F. St. Maxens, President

James R. Lee

Pineapple Growers Association of Hawaii

Fresh pineapples

John J. Tolan, Executive Vice President

Freeman, Wasserman & Schneider--Counsel
Washington, D.C.
on behalf of

Fresh pineapples

Dole Processed Foods Company, a Division of
Castle & Cooke, Inc., Honolulu, Hawaii

Angela P. Violin--OF COUNSEL

Witness and organization:

Subject:

Heron, Burchette, Ruckert & Rothwell--Counsel
Washington, D.C.
on behalf of

Avocados

California Avocado Commission

Mark Affleck, Vice President for Industry Affairs

Julian B. Heron)
Pamela Walters)--OF COUNSEL

Terrence Kay, P.C.--Counsel
Lake Oswego, Oregon
on behalf of

Filberts

US Filbert/Hazelnut Industry, represented by the
Associated Oregon Hazelnut Industries, Inc. (AOHI)

Terrence Kay--OF COUNSEL

Davis, Wright & Jones--Counsel
Washington, D.C.
on behalf of

Hinges

Stanley Hardware

Scott Bannell, Vice President-Marketing

Joseph Gallagher, Controller

Joel F. Feldman--OF COUNSEL

Baker & McKenzie--Counsel
Washington, D.C.
on behalf of

Miscellaneous
plastics products
made of melamine

The American Melamine Tableware Association

James H. Miller, President, Plastics Manufacturing
Company

Bruce E. Clubb--OF COUNSEL

Witness and organization:

Subject:

Ablondi & Foster, P.C.--Counsel
Washington, D.C.
on behalf of

Miscellaneous
plastics products
made of melamine

The Board of Foreign Trade of the Republic of China
on Taiwan and the Ad Hoc Committee of American
Producers, Distributors, and Importers of Melamine
Tableware and Trays

Sturgis M. Sobin--OF COUNSEL

Fenwick, Davis & West--Counsel
Washington, D.C.
on behalf of

Electronic
fretted
stringed
instruments

Peavey Electronics Corporation

Hartley Peavey, President

Roger M. Golden)
Preston T. Scott)--OF COUNSEL

Potts & Kalik, P.C.
Washington, D.C.
on behalf of

Electronic
fretted
stringed
instruments

National Council of Music Importers & Exporters,
the Music Distributors Association and the
Guitar and Accessories Music Marketing
Association

Jerry Hershman, Executive Director

Dan Smith, Vice President of Fender Guitars

William Kaman, President of Kaman Corporation

Grover Jackson, President of Jackson Guitar

Jerry Freed, President, International Music
Corporation

Robert G. Kalik--OF COUNSEL

Witness and organization:

Subject:

Ablondi & Foster, P.C.--Counsel
Washington, D.C.
on behalf of

Electronic
fretted
stringed
instruments

The Board of Foreign Trade of the Republic
of China on Taiwan

Sturgis M. Sobin--OF COUNSEL

USX Corporation, Pittsburg, Pennsylvania

Flake phthalic
anhydride

Andrew G. Mueller, Director, Industrial Chemicals,
BASF Corporation

Robert T. Mason, Manager, Industrial Chemical Depart-
ment, Koppers Company, Inc.

Edward D. Tobey, Vice President, National Accounts,
Stepan Company

James Pall, former Manager (flake phthalic anhydride),
Stepan Company

Daniel N. Simon, Product Manager, Dibasics, U.S. Diversified
Group, a Division of USX Corporation

Peter J. Koenig, Esquire, USX Corporation

Mudge, Rose, Guthrie, Alexander & Ferdon--Counsel
Washington, D.C.
on behalf of

Flake phthalic
anhydride

Oxidaciones Organicas, C.A.

Pablo Pick, President, American Petrochemical
Corporation

Donald B. Cameron, Jr.)--OF COUNSEL
Alan H. Price)

Witness and organization:

Subject:

Fenwick, Davis & West--Counsel
Washington, D.C.
on behalf of

Miscellaneous
articles of
paper

Stationery International Trade Committee

John C. McCurrach, President, Mead Products

Roger M. Golden)--OF COUNSEL
Robert C. Eisenbach)

Sidney N. Weiss--Counsel
New York, N.Y.
on behalf of

Miscellaneous
articles of
paper

Louis M. Gerson Co., Inc.

Ronald Gerson, Chairman

Sidney N. Weiss--OF COUNSEL

Brownstein, Zeidman and Schomer--Counsel
Washington, D.C.
on behalf of

Miscellaneous
articles of
paper

Kimberly Clark de Mexico, S.A. and
San Cristobal

Donald Stein)
David Amerine)--OF COUNSEL

Cameron, Hornbostel & Butterman--Counsel
Washington, D.C.
on behalf of

Miscellaneous
articles of
paper

SPP-Nemo SA Comercial Exportadora
Champion Paper e Celulose Ltda
KSR (Trading Company) Comercio e Industria
de Papel SA
Rilisa Trading SA

William K. Ince--OF COUNSEL

Witness and organization:

Subject:

Klayman & Gurley, P.C.--Counsel
Washington, D.C.
on behalf of

Miscellaneous
articles of
paper

Cia. Melhoramentos de Sao Paulo - Industrias
de Papel, Escolas Profissionais Salesianas,
Propasa Produtos de Papel, S.A. and Tilibra
S.A. Comercio e Industria Grafica (Brazilian
producers)

and

Cia. Industrial Celulose e Papel Guaiba (CELUPA),
a Brazilian producer

Larry Klayman)--OF COUNSEL
Rachelle Cnerol)

Mudge, Rose, Guthrie, Alexander & Ferdon--Counsel
Washington, D.C.
on behalf of

Toy balloons

The Korean Consumer Goods Exporters Association

Donald B. Cameron, Jr.)
Alan H. Price)--OF COUNSEL

Lawrence R. Pilon--Counsel
Chicago, Illinois
on behalf of

Inflatable play
balls of
polyvinyl
chloride

The Hedstrom Corporation, Ashland, Ohio

Lawrence R. Pilon--OF COUNSEL

Mudge, Rose, Guthrie, Alexander & Ferdon--Counsel
Washington, D.C.
on behalf of

Inflatable play
balls of
polyvinyl
chloride

The Korean Consumer Goods Exporters Association

Donald B. Cameron, Jr.)
Alan H. Price)--OF COUNSEL D-8

Witness and organization:

Subject:

Howrey & Simon--Counsel
Washington, D.C.
on behalf of

Ceramic floor
and wall tile

Tile Council of America, Inc. ("TCA")

Peter C. Johnson, Jr., President

John C. Peirce--OF COUNSEL

St. Maxens & Company
Washington, D.C.
on behalf of

Ceramic floor
and wall tile

The Government of Thailand

Thomas F. St. Maxens, President

Brownstein, Zeidman and Schomer--Counsel
Washington, D.C.
on behalf of

Porcelain on
steel cooking
and kitchenware

Troqueles y Esmaltes, S.A. and Cinsa, S.A.
and Kimberly-Clark de Mexico, S.A. and
Cia Industrial San Cristobal, S.A.

David Amerine--OF COUNSEL

Collier, Shannon, Rill & Scott--Counsel
Washington, D.C.
on behalf of

Certain ceramic
table and
kitchen
articles

The Pfaltzgraff Company, Scio Pottery Company,
and Homes Laughlin

William H. Simpson, Esquire, President
of the Manufacturing Division

David A. Hartquist)
Kathleen Weaver Cannon)--OF COUNSEL

