Effects of the Arab League Boycott of Israel on U.S. Businesses

Investigation No. 332-349

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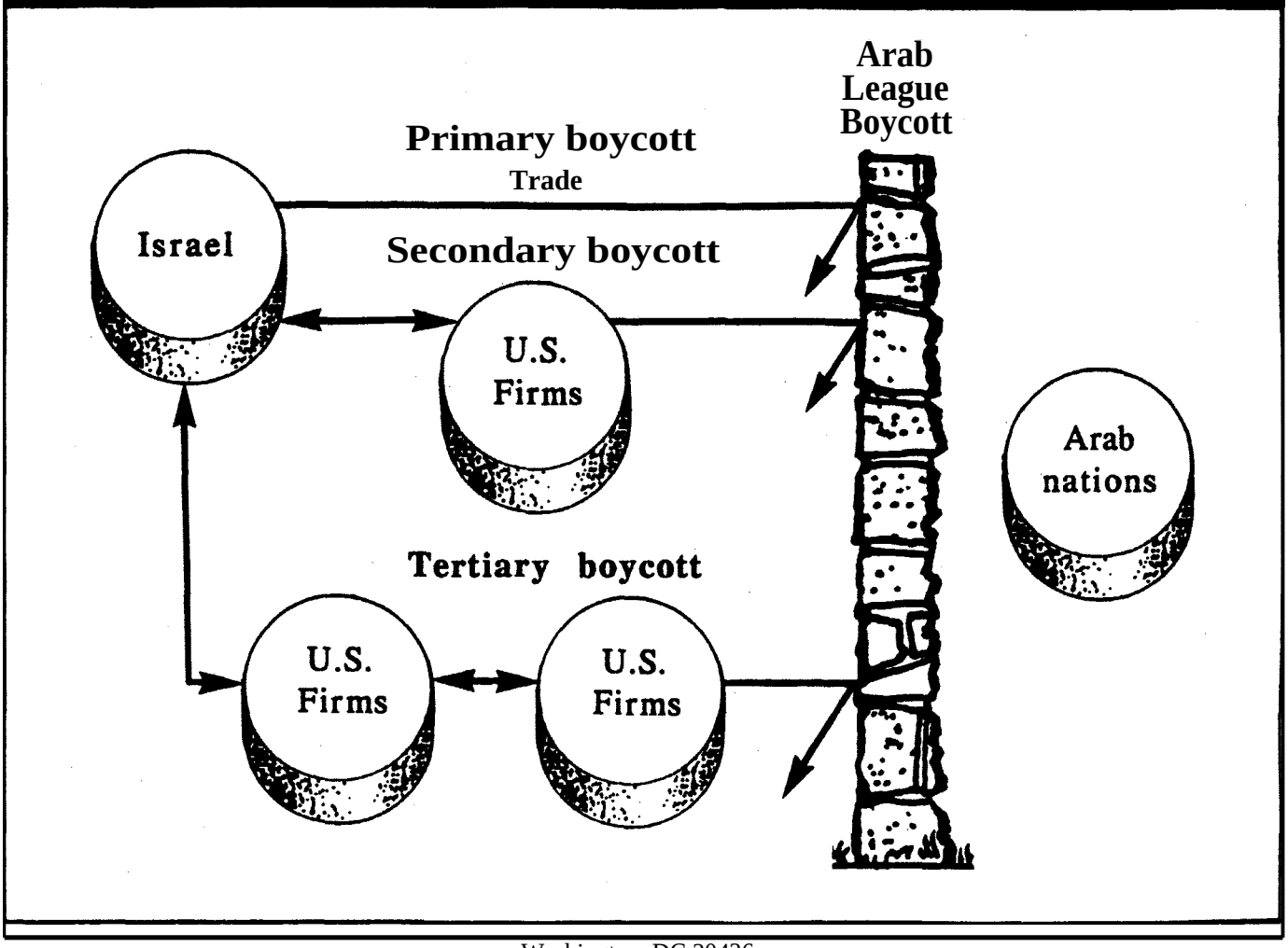
U.S. International Trade Commission



Washington. DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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U.S. and 1⁷6.---eign Antibfiyroff Com"lance Laws

Effective April 30, 1993, the sale or lease of military equipment to any country that enforces the nonprimary levels of the boycott of Israel may be denied unles the President determines that the country does not maintain such a policy c issues a waiver for that country in the interest of national security or interest.

At least 3 European Union countries (Germany, France, and the Netherlands) hav laws making cooperation with unsanctioned boycotts unlawful.

None of these laws, however, is as detailed as or contains reporting requiremen similar to those in U.S. law, and none of these countries is believed to hav prosecuted any person violating them.

onomic Effects of the Boycott on U.S. Businesses

The Arab League boycott of Israel imposes economic costs on U.S. businesses in sev U.S. firms that do business in the region face lost sales because of the boycott, and significant costs associated with compliance with U.S. antiboycott laws.

The Commission used questionnaire responses from a scientific sample t estimate lost sales. Based on lost sales data provided by firms that exported t boycotting countries and Israel, the Commission estimates that in 1993, U.S businesses experienced total lost sales because of the boycott of approximatel $410 million.

Actual lost sales because of the boycott are likely to be higher than the projecte estimate. In their questionnaire responses, many firms indicated that they wer unable to quantify lost sales or business opportunities related to the boycott.

The Commission used questionnaire responses from a scientific sample t estimate that the total 1993 cost of compliance with U.S. antiboycott compliance laws for U.S. firms doing business with boycotting nations was about $16 million.

The majority of questionnaire respondents were either unable to quantify th effect of the boycott on profits, transportation costs, and investment, or indicate a minimal effect of the boycott in these areas.

Questionnaire responses indicate that firms try to minimize the effects of the bo number of ways.

Firms have tried to minimize the impact of the boycott on their operations b implementing antiboycott compliance programs, not doing business in the Ara League countries, selling through foreign subsidiaries or distributors, seekin assistance from U.S. embassy personnel when conflicts arise, and by seekin exemptions from boycott authorities for themselves from boycott requirements

The experience with boycott enforcement reported by respondents suggests that f frequently face efforts by countries to enforce the boycott through insertion of boyc terms and requirements in transaction documents than by most other methods.

In particular, firms reported that boycotting countries tried to force the [illegible]ance with the boycott through use of boycott-related language in shippin documents, letters of credit, contract conditions, and tenders and purchase orde rather than by use of boycott questionnaires about business connections wi

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[4] p inary economic NJ-Janus are generally reeo ---------- as legitimate tows of intt-i..-mz-titm:.-1 trade mad rg3liti=3- Whon boycott r.,,p.nds securidtuy MC; tertiary levels WhiCh the boycmonp country seeks to induce those in third countries to refrain from trading with thc large of trig boycott, however, the. boycott in? cf.-.2n7y has ex- --=A- iisuat Of me - - - - - - --pted nopons :ennuiPal jurisdiction Howard Fenum, "United States Antiboyeott Laws: An - - -of Their Impact led Y-ealß After Ad:option," The *Hastings* international a:-.2.d Comparative jaw Review, vol, 10, No. 2, pp. 216-7.

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Purpose and M

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it was not Unti i the 1970s—when Arab nnt•..=ne A;eCOVered their ecenc=mir CIOUt MeIMS of the Mi embargc—that the boycott of isr7.-[1] became a - - tactor - - international business. During tile oetoher W.Fir of 1973, a 0 t.....b countries announced lane imd - - - - - - reductions petroleum pri$_{i}$d$_{uk}$,ti,iii.[8] aanhist petroleum shipments io the United States arid to other i$_{n}$d$_{u}$sth ized countries inend y iSraal were $_{su}$b$_{s}$equently adopted by an Arab petroleum - expKrAing L:es. The eniliaigoti' were lifted in reialuli 1974, hut the price of petroleum then demanded by the or$_{ii}$anization of petroleum Expofting rountnes= (nktE(7) mtm neCi hi -2h, from $2.50 Fel barrel prewar to $1Q-$11 per barrel postwar, Hntze sums were consequently transferred lam the oil-importing to the oil-extxrum.=, countfies: $11343 in 1974 z.z.,-,-;1;iffed with $20 billion in 1972.

their business rkiople. The boycott of Israel, pr-zviously viewed by business as a =inn.' tr$_{ak}$i$_{c}$ dispaption, bectune capable of harrina marl'? .... manufacturing firmS .... Dm= Of the world's - - - growth mukets.[9] - - Figure 1 611.-..c!c:; key events in the hoy-,:utt's history.

A st.-;Ft isi-ration

Figure 1
Events in the History of the- Bovooilll

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1 World Islamic Congress passes resolution requesting trade with Jewish businesses in Palestine.

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1965 Guntrbi Act amended to reoord oppusnion tTorergn cods friendly nations, to f_-5c.ourage - - ._quest - - - - - - - - not .=;[.]:npey boycott=3, rupori Dt of bovCot demand:3:

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to sever contacts th.s including trade,

Figure 1—*Continued*
Key Events in the History of the Boycott

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action is taken independent of the Arab League.

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Algeria	Foreign Ministry
Bahrain	ministry of commerce
	rviininery of Edonomy and commerce
jordan	Ministiii of - - - Customs Dept.
Kuwait	customs Administration
	ministrv _Economy an-d Foreign Trade
tylaurffania	Customs Service add Foreign Trade mice
Morocco	1'J-4ot available)
Oman	Ministry of CoMmerce and industry and cuf_-toms.-- Dept.
	Ministry of - - - Economy and Tract
saudi Am-Pia	ministry of commerce
Sena	Directorate General of Customs
	ministry of Foreign Affairs
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The boycott iS wilpientented pri marily In tx-vo ways: by means ot a cnstoms check at pons cjf a_orty kAyulintes for 17oorts blacklisted firing and throapt MaildatOry staterrients included in contracts and in financial doc,iiients saying that the

(13) imports Israeli Roods while refusing to handle Arab goods on the =======

[26] Ms remaiatio. aims at r...v...ting the re-export of IsrneI: products. David Leytou-Brciwn, ed_, 1771=-7 Utility qf ..... Econc=c *latOnS,* (N-z--w York: St-Martin's P-Tess„ 1987), p, 226_

ThiS category may inciucie me_robers of ... of commerCe_ of anri individuals who participate icwish .. or who cEintribie hinds to groups active iri or on behalf of isra--el. p. LLD.

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in general, a company may be subjecte-d to a partial it dorR tint - - lsraeh Firoducts excinsivrtiv if it does n-ot refuse to d-eal in Arab g.00ds, "d if the scribed bu-EMess relatic=ns involve Gniy a fraCtiOri r than the entirety or a significant pail_ion ot the .vissiacuay output - - - - - -Lied boycott y be a pp :„„1-,inst a compmy because It uses paekttAitt,A a__ Metal, _glass, and so forth) - - - - - hum dlisted firtn, Products par_kaned Xi material chased from hiacithsied 4rt-, - pr-m-ip: harmed from boycotting Arab Lea,-..me commie-

28 The 1 .2ulip's defined ,,, of -a parent 0-7:my -;--;1-,7 to the U.S. cuiwittitr_ Law definition: cumpmiy A is considered the parent of company B company A interest in company B exr=====l= madent, ;c —7777 A exerts control over coraparty -iristrat-ion and policymakmgt remluess of the. degree of interest held by commy A, General Principles fbr the Boycott of *Israel,* pp. 451 and 457; Al-Shaybarn Society of Intem.;:--41 Law, Ltd„ The *Palestine* Yearbook of intemithoued Law, yot. IV (1987-1988), p, 348,

23 li:f.r..rte.3 for the. hoycon tile General *Friaaples*fOr the Boycotr ot Israel; ThE Paiesane *Yearbook* ttf International Law, vd1. (1986) and vd1- IV (1987498:s), Dalfrid Ley-Lon-Brown, ed., The til"1.7 interonpmil Economic *Sanctions,* pp_ 225-6,

LLIC 17 - - - - 4C V UIN

As NiktiLd earher eoforrement - - - - - - - - teiliary levels of the boycott varies st,g,itificantly amongg the boycotting countries; it sometimes varies .r.or: each cniintrv== Imm=tries. TherP ic hincklistio?, fhat each T .....

national interests above euforcument. foriseonEntly, a boycotting t-.0unt_ry may busiriess relations with foreign regardless of that finn's uunuc--tIons with Israel, as long as the boycetti-Ig country needs that firm's products or senzices. [31] The boycotting count7ry will eithEr exempt finns from the Or -continue to do husintss with them despite their presence on the blackhst. For exaz.;;;:z, cotripanies in the durt-libe industry that sell weapons to Israel generally have not been denied sales opp-oftunities in the hoye-otting countries.--

;;;:.t. to import the .goods of blacklisted corripanies have often develop-ed a vaAlety of ways to bypass boycon piles, For exarriple, the re-labelli_og of products puluiinsuci .....:==i17;ic repifte-dly widespread.[34]

Genera-Ty, eriluic-tuient of the secondary and tendary levels of the Arab LoF._=nie's boycott of Israel has d.,7A Tliocd significaritly in the p=ist few yenrs, particularly since the tm = If Wnr_[35] FollowinF' the of its 1979 peace treaty with Israel, Egypt niTic-inely abandoned all levels of the .A.rab Le-Rmie's boycott_ Tile pcaut-- ieL-uutly with Israel calls for norrnalizatiori of their bilateral relationship for the dismantling of all eciniu!Ific boyeofts fig foorre A15=7min, --- Somalia, Sudan, Tunisia, and Yemen may approve of tlie boycc_Itt p-rinciple, t.21 they do nui unfulue it on the secondary and tertiary

in a departure from past practices, a of counfties rio longer enfue'-c- vigorously the nonprimary levels rif the boycott. in particular, the polioios of thr members of the (_?2If Cnnperfition Cnnnoil Arabia, Oman, Kuwait, Qatar, Bahrain, and the United mab Blnirates:i have slowly prozressed toward relaxing the rionprirritify nt The hn_Ycntt. recognition of U.S. efforis to liberate Kuwait, for example, GfC members decided to relfix enfuluunierit of nonprirn-a.—y. boycotts against U.S. tirms.[38] in june 19'93, Kuwait rerini.Enced of tile cr.c-nntiari and tertiary boycons altoFether.[39] Arabia, the largest U.S_ partner ?rrion57 the

Oilier countries a re peeeeeeeeeee to strictly erian.,. the boycott. LeInanon, for example., is repoAedly strict erifuluui uf ilic i=uyontt. Neveftheless, prodncts from blacklisted companies are _re!=ortedly allowed entry that_ country when the g.over=ent is the end-user[4]." Iran and izihya epfo iLE the boycott rigorously ort all levels, In accord-ance witil United Nations resolutions, however, the United States sar;criony on both countries and generally prohibits U_S. firms from trading with either .SyriA is alsn a Slta erit01 Lei of the boycott. While Sy-ria is _not subject to United Natioris sanctions, the United SLei-s does resthet the

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resboosilDie for hoyeott-related requests. 7.1e U.S. Commerce Department, OAC, reports that the number at prohibived requests to U.S. e-orrapau–3s remnins steady. There were 4-5 prohibite4 requests citain-2 the April-Jane 1994 qua!UL Given the ----- made by Kuwaiti officials that the ae,,mdaryitertiary levels of the b-Oyentt we nu tun,ger enforced, there should no request3 for hoyeott-rmated informati.m fpmn that eounvy made tu U_S companies U.S. Deparmient of State, tetegr-- reference No. 032115E, 1994.

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exportation or products to Sy-ria her:arise of its alle ----- links to --[-7] terTmi5m.[47]

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Boycotting the products of firms outside of Israel, however, would riot be coveml by GATT nonapplicatio_n p_rovisions, and pri_ibably could not rpnlify fnr "ftAtinnAl snr:Irity" flf ntherr GATT exci;=sions. Thu and tertnay levels ol the Aran bOVC: Ott Of Israel thus appear ineonsistent wiat Ailicie I of the GATT. Unittd Si.lits Trade

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United SLai.--,-s will not soppoA a country's - until at least ....reary 2 7 tertiary' aSpeaS Of rhe hoycort are diSMargied

Fi a hi'a: Qatar, and the United Arab Emirates recently became contracting parties under these rules. (See nible I.) 17=:=t7ies like Saudi Arabia, which do nelt. qualify under Article XXeL5(c), must patheipatE in the full accession process under Anicie Somt hnymttinF: ftatinft.s, .9 21 and Tunisia, have joined the tiATT through the process. The Working Parties for these rim riot --------- the boycott. although the trade policy implications of the boycott would have justified doing so_=i

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bove.ott ha:s affected Israel by rcdtacing that eo=ry's export markets, limiting its access to technology, pincin5-7 restrinnts cm Israel's producer =-_-thd consumer imeorts, and causireg sifs–nificant constraints on international p&uicipation in Israel's infrastoicture development projects D[3] N nr: etheiess, ftna,gfts goods or capital have not developed in Israel.

	Date of [illegible] ion under ad. XXIII:5(c)	Data und2r [illegible] -ion
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Israel		
Kuwait;	May 3, 1963	
MPAiritn nin	Sept. 30, 1=======	
Morocco		
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Tunisia		
linite0 Arab Emirates		
	[illegible]	[illegible]
		Working pane egt-a-alia w
Algeris	june 1987	
jordan		jnrh 1994
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The uncipal antiboycott complia.nce legislation is folinci in the anon. Administration Act of 1979 (EAA) and in the internal Revenue Code. rviost of teids legislation was enacted in 1976-77 in the aftermath ot the su_rge in oil pAces tollowing the october War of 1973. At that nme, the ___,crt_ar,ee ibe Arab market inc-lea.std significantly dile, in part, tO soaring Arab ez nmiri5'5 trorn retmleum exo43rts, The EAA makes m explicit e_xceptipn for pr,mary boycotts and so is pnlicipidly tilltit:d di_scour-aging coorration in seletinCiary and teriiary boycotts, Because most international boycotts are p,imary in nature 0,74, as a practical matter,. the Anti btri'_-0ii compliance le5risianc_=t1 in the Expo'a. Ar-h-rni-risfr,ai,ion A nt is nirri&_'Ci fit the Anil T StAFPft boycott of Israel.

Antiboycon complimce legislatinn can Os° be fnunci in recent St.t.s- Detense 1 [1]PrAr=elit anthorizAtinp arid applupriatl===== le2islation, which prok:.:74. the DcnnArnerits from purcliai:ne 2'fieds =fi ser-vices from finns pizticiparing in boycous anfl directs the FTesiderit tale into consideration foreign country patticipation in. the Arab T hnycott ot Israel in dete=_iatng whether to sell weapons to a

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The U.S. Inter==0 Revenue Code (LRC) deriies certairi tax benPfirc to I IT,S, taxpaye_rs who participate in or cooTicia,_ wiih an unsuictioned intemArien=l boycott. It also imposes reqnin remning requnerneois on taxpa-y-ers with operations Or related to a boycotting foiiiit;y thn EA A, the !RC tine! not proscribe boycott ptu-ticipation. The rRe does not provide for the imposition of civil or eTi=iniii pen4,4., auainst taxpayers wlin pimicipate in or rnnnerate with tm Linsanctioneti international boycott. Taxpayers not usin.7, the tax benefits that are denied may participate in a boycott as long as they fu ĩiy rep-oA such participation to the

The tax benefits that =ffe denied ze (I) the fo_reign no; credit, (2) the deten'al of tax on the earriings Domestic international Sales Conxnations (DISCs) of the tO DISC Onierest-Charge Domestic. St.des Co_rpo_rations au-DISCO) and Foreign Sales Corporations (FSCs), And (1) the dEfeffni Of taY, On the et-nlings certnin foré 7.1 subsidiaries, Section 90X of the IRC:[74] denies the foreign tax credit (but not a de:duetion) for foreign ui7;es on bnyrritt income. Sections 995(b)(1)(F)(ii) and 927(e)(2) of the MC[75] deny and FSC benefits for boycon income, Sect:nu 95901)(1) rlf the 1RC[76] denies tax deferral for ea ii ings prOCiiiceCi by a controlled fomign corponttion that are attributable to pml_i6pation With nn intemanoual boycott.

Section 999 of the LRC[77] sets out certain taxpayer reportin-a require_rnents zmd definitions and provides for certain taxpayer-requested detenidnations by the Seuitituy of the Tre..,,.ry. Secr.. 999(a) requires IT tAxpayer5-: With operations in or related to a couritry (or with the goverrimc_nt, cnrnpnny, or a nancinai of a noyenitincf eciiinily) file an "International Boycon Rep=3A" (LRS tam 5713) with their ;-====:1 tza retu n„ ¯Royfottira Cettnt_lieS" are ..u .ig.tries thAi are included on a list the Se,...=y of the TreaStiry Or countries that the tiapayer knows (or has re-auzi knOW) re:41;i7-= participation in or '====7---ration with an. uusanclioned int-mation: boycott as a conii.tion of dcin2 business. The Sec:rem-T of the Treasury' is rsquircA publi="11 a qukuterly list of those countdes that may require part:manor: in or cooperation with ari internsiionni t.;_,c;,,tt. As of October 1994, the list included 12 countnes: hag, JorclaTi, Kiiwuit, Lebanon, Libya, orna_n, Oata_r, Saudi Syria, United Arab EmiraieN, arid the Republic of Yemen. According to

the IRS, only 71 of the 1,28I persons filing bowou repov_s for 1990 repoiled parncipation. in or r--ration with an international bcry:cott; almost all were eumurations.[78] The iridividual reports filed with the IRS 2rie reininied. UN confidential.

Section 999(d) [provides for detei=======tions by the Se,.i.ry of the Treasury, at the requeSt of a faxPaYer with rFApPrt to whether a particular operation constitutes paniciparin. in or nnoperation with an -,-„t,-..-,rnational boycott. The LRS has published several sets of ffuideliries relating to the international boy-zott provisions.[79]

Lner

The Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1994, which sets forth rongressional policy on terminating the Arab League Boycott of Israel, directs the FTesinent, when determining whether to sell weapons to a country, to consider the partic.mpation uf the country in the piiiary - - - of Israel aud =-77....==dare and i-snary bayoqris of Aroe ruin firMS that h aVe eonmnereird with Israe1,[86] The act also directs the President to encourage U_S. .... =Ind tradiwg partners to tnact laws ptc!nbitin5' F..... ith the hewontt ..... hristres:::e:Fi that do foropiy_81

CHAPTER 3
Economic Effects of the Boycott on U.S. Businesses

Introduction

Based on questionnaire responses from a sample of U.S. firms doing business with Israel and boycotting countries, the Commission estimates that U.S. firms as a whole lost approximately $410 million in export sales to the boycotting countries and Israel in 1993 as a result of the Arab League boycott of Israel. In addition, the Commission estimates that the total cost to U.S. firms for compliance with U.S. antiboycott laws was approximately $160 million in 1993.[91] (For a detailed explanation of the methodology used to determine the estimates, see appendix C.)

The Commission sent questionnaires to a wide variety of U.S. companies drawn from three databases: (1) U.S. Department of Commerce, Bureau of Census file of exporters, (2) U.S. Department of Commerce, Office of Antiboycott Compliance (OAC) file of firms making inquiries to the OAC regarding antiboycott regulations, and (3) a file of large service providers purchased by the Commission from Dun & Bradstreet. Questionnaire recipients were selected from the three databases to ensure that the broadest possible coverage of U.S. firms that may be affected by the boycott were included in the aggregate questionnaire sampling group.

Firms were asked to provide data on the effect of the boycott on sales, costs (transportation, legal, and administrative), profits, and investment. In addition, respondents were asked to provide data on which prohibitions, inquiries, or other requirements boycotting countries may have imposed on the firm to force compliance with the boycott. Respondents were also asked to provide general information about their firm including the value of sales in the United States, export sales, and worldwide investments. Where appropriate, comments by individual questionnaire respondents are included in the summary of questionnaire results explained below.

Generally, questionnaire respondents from all three sampling groups indicated that the Arab League boycott of Israel affected them in two ways: through the direct effects of the boycott itself, and indirectly through the requirements of U.S. antiboycott compliance laws. Respondents further indicated that the effects of the boycott are both quantifiable and non-quantifiable. Some reporting firms were able to quantify the effect of the boycott on sales. However, respondents were better able to quantify the costs to their firm of U.S. antiboycott compliance laws rather than other costs associated with the Arab League's boycott. Most questionnaire respondents were unable to quantify the effect of the boycott on their profits, transportation costs, and investment decisions, or indicated a minimal effect of the boycott in these areas.

The following sections of this chapter present the Commission's estimates of the economic effects of the boycott, followed by a summary of aggregate questionnaire results. The estimated effects are presented for sales lost by U.S. firms because of the boycott and for the cost of compliance with U.S. antiboycott law. These estimates are based on a random sample of firms from the Census file that export to the boycotting countries and to Israel. Questionnaire responses provided insufficient data to estimate the economy-wide effect of the boycott on transportation costs, profits, and planned investment in the region. Therefore, the results for these factors are reported in the aggregate only. The summary of aggregate questionnaire results is based on

[91] Estimated lost sales in 1993 amounted to 2.4 percent of U.S. exports to the affected region (Israel and the boycotting countries), and 0.1 percent of total U.S. merchandise exports. Estimated compliance costs amounted to 0.5 percent of total two-way merchandise trade with the region.

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boycott itself and indirectly through the requirements of U.S. antiboycoU compliance laws.

[97] The F:arnpie data in the ren.sus sample were drawn on exports repotted by fimi. The die contained exp-ort darn for both exporters and irrirxirmrs. it is iikely that HI:- nt antmoycon compliance costs captured by Quesuorinake resp.:P_ses reflects cornoliancf cusis inuilac.d by sampled firms that export IC) andsur ..... boycnnira' counmes.

Table 2
Total U.S. and exdod ssies, investments, tip-a of shipments, and earninos re pm kw:1 for the nroviAinri cr vine 1 g 2 = 3

(1,000 dollars)

	1992	1993
United Sralee	567,088,476	
Expon sales	--',,,,u,---i-z.a	
Total sales		
Worldwi-de gross investments:		
Domestic		
Foreinn:		
in b-ovociting countries	46T8g7	768,456
in Israel	482,812	546,228
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Total shipments repofted by ruz--uvriderits:		
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Wnori anti paper, printed mailer	3,Firia,rn	fa.,R4.R,242
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Chemicals and related pmducts	0328,462	7,n24,71n
Nnematallie minerals and products	2,7139,056	_;,13C1
metals and meta:.products	1,129,48	1,104,5-49
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Ail other	4F0=4:71,4n7	
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Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 3
Primary business of reporting firms

Category	Number
Manufact=ing, agriculture, snrs	
Mar .2fact.2:...	186
Agriculture, fgFastry, and fishing	7
Mirin9	5
Services	
Wholesale trade	- -c:7-;
Retail trade	13
Construction	
Transnonation, communications, electric, gas, and bru.ii.-1.y	
Firalnue, insurance, real estate	
Other services	

source: flnmnilad frnm data alibi:nitlad tn questionnaires ct me international race Commi-ssinn.

Israel. For 1992, respondents reported gross domestic investment of $310.8 billion and foreign gross investment of $65.0 billion. In 1992, respondents reported relatively similar levels of total investment in boycotting countries and Israel, of $468.0 million and $483.0 million, respectively. In 1993, however, respondents reported total investment of $546.2 million, an increase of 13 percent. Total investment reported in boycotting countries was $768.5 million in 1993.

Respondents were asked to indicate the primary business of the reporting firm. (This information is summarized in table 3.) The majority of firms indicated that their primary business activity is manufacturing. In the service sector, wholesale trade and other services were the leading categories of respondent firms. Since some respondents indicated that their firm's primary business activity was in more than one of the indicated areas, the number of total responses to this question exceeds the number of questionnaire respondents.

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The following section summarizes questionnaire results about the effects of the boycott on sales, costs, profits, and investment. This section also summarizes the methods reported by respondents that boycotting countries use to force compliance with the boycott. Finally, questionnaire responses by U.S. firms about their blacklist status are reported.

Effect of the Boycott on Sales

Respondents were asked to provide data in several areas relating to sales in 1992 and 1993. First, respondents were asked if they lost sales to customers in boycotting countries because of the boycott. Second, in order to quantify the effects of implementation of the tertiary level of the boycott, firms were asked if they lost sales to any customer in the United States because of the boycott. Firms that

Four percent ot re:41...41,7.4s reported that thEy iust saleq because of the boycott, while 6C7 - i7eleent of - - - - reponed that they did lv =l: Thirty percent of respondents replied that they did not Ifootv whether thei r inst sates berfnIt... ff.=

..... Of the firraS Ter:.Oiling that they may have lost sales because of the boycott, could not qu-ef'4"7 the dolltn value of lost sales. For example, a maior nrOrtilcer oT glass ano onticai dircide.s sal° tii-it coiled ncli estimate its lost sales because it "could

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In - - - - to costs Im$_{K}$-Dsed by the boycott, two tInns reported **costs of** proviff7 g two passports for oniployees Izaveluig both to Israel -and noyoonine countries (one for travel to Israel 2.1td one tor travel to hoycottin2 counthes). hi its c===-7lits, a :semiconductor comufactarer rerieat-d the difficulties that It had repaned in its questionnaire response- It said that the eoinpmy expenenced "entrg refusal in Sandi Arabia, difficnity in ohtaintoFt eenifinaros of eustnims delays, ald .....hceilsin2 _retT:ifetnents.-

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Fonnornic viatiiiity of the project	12	173
.....rlsk uncenaini the. reolort		167
ArRh Lannon boycott of Israel	4:74	142
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in their ut.,=:=_=f.7aire resp-onses, respiniuulits indicated that antiboycott activities Edfeci their firil several ways. As mentioned earlier in tiais chanter, the most widely rep43ffed antiboycott activity was cumpliance with U.S. laws_ To de-term if the boycott or U.S. antiboycon laws iinr..bsed a deterient effect on sales effons, limas were asked if concerns ah-fint U.S. antiboycon laws prevented them from Porsuinz sales efforts in any boycotting country_ Regarding the effect of the antiboycoti activities on profits, fc-w f=us nrort;ts anictunt equal to costs ot compliance with U.S. law. Other milboycon activities reported by U-S- firms refriuniwt from seeking business in Arab taglie c_burirdes, using gubsidiaties or iiisiblitors to sell in the region_ seeking exemption truin buy requirements_ Other firms repciffed that business activities in the reg.ion were complicated by _mztiple U.S. antibpyrott laws.

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was not agaessively pursuing sales &ling the years nf 1992 and 1993," A semiconductor mannfaenaret scod tftat "atterupted to the effects of import reiurictinns related to the Arab boycott hy sethrtg tbrongit cnstributors who sold products to x!ii-1 h:= East cri ....

A producer of medical products said tliai "disrohutors of the ciompany's goods and :7-ietvw-es boycott4ig counthes have made application for :c1=l have generally received exemptions fur the sale of medical products in the boycotting countrie-s,"

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Thw - - Don E. Nh== rt
Chairman
U.S. Intarnational Trade .Commission
500 E Street, SW
WashihLu.h, DC

Dear Mr. Chairman:

The Arab •Leat7he toycott of Israel is a matter =f 7Cancerh ih our trade and c.oa'aial cial relations with cpuntriag pf= he MiddiP R===7 The boycott dirPmtly affects U.S. busih======P- =-hd is coniidered a barrier to U-S. expQrts. We are in need of a carefully - - a-,_-ment of the impact of the boyCott on -

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It is my ihtahtion to publinly release the Commission's report, with thP avcrihn of formation that directly affects u.E„

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parties may submit comments to [illegible]

83401, (208) 524–7500.

[illegible] November 29, 1993.

Lloyd H. Ferguson,

District Manager.

[FR Doc. 93–29903 Filed 12–7–93; 8:45 am]

[illegible]

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–346]

[illegible] ff= [illegible] League Boycott of Israel on U.S. businesses

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation, scheduling of hearin_an [illegible] for comments.

SUMMARY: Following receipt on [illegible] a [illegible] qon [illegible]

EFFECTIVE DATE: December 2, 1993.

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(b) Increased costs of sourcing and transportation resulting from the boycott as well as boycott compliance costs, [illegible] the degree of enforcement on a country [illegible] UT [illegible] businesses. [illegible] Co [illegible] to the USTR in November 1994. [illegible] -:!! [illegible] Con [illegible] 77 [illegible] =77 [illegible] [illegible] M-12= [illegible] [illegible] to be addressed al or financial [illegible] designs the [illegible] 17 [illegible] confidential [illegible] sheets of paper, each clearly marked [illegible] m=m" at [illegible] A!! [illegible] with [illegible] Comm [illegible] and PA [illegible] A [illegible] t A4-a n_ M. submissions, except fo business information, [illegible] available for inspectio [illegible] persons in the Office of the Secretary to [illegible] of [illegible] on. [illegible] Commission's [illegible] [illegible] date [illegible] ==d [illegible] han [illegible] would [illegible] U.S. [illegible] etaz== [illegible] ffeAl E Street, SW., W[illegible] F=0 [illegible] E.

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[illegible] 93–29905 Filed 12–7–93; 8:45 am]

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[3] The following iiuinber of fimis redlied to the questionnaire from each sample: Census, 33i ; Don and FirarIstrpRf; R9; nricii7rffice of Antiboycofi Compliance, 23.

[4] Firms reportind that the questionnaim was not applice-ble to their operations. These firma repofted no direct or indirect -sales during Jan. 1 ; 1992 throudh Dec. 31 ; 1993 to the Arab League countries or to Israel. (IndireM -sales are defined as: sales to U.S. customers of jooLib used of. inputs in products or services.)

responses based on the other two databases in its estimates for several reasons. First, the responses from firms sampled from the OAC database were not used because sampled firms from that database are not representative of the economy at large and may be biased in the direction of having been affected by the boycott. Second, the responses from firms sampled from the service providers database reported no sales lost because of the boycott. Costs of compliance reported by service firms were comparable to those reported for firms in the other two sample groups. Consequently, for these reasons and others noted below, only the sample drawn from the Census Bureau database on exporters to the boycott region was used to estimate the effects of the boycott on the economy. However, the aggregate data provided by all respondents sampled from the 3 databases are summarized in the chapter 3 section "Summary of Aggregate Questionnaire Responses". No projections of the effect of the boycott on the U.S. economy are made using this aggregate data.

To obtain estimates of effects of the boycott on U.S. businesses, the commodity exporting sector was evaluated, using only responses from firms doing business with the Middle East region selected from the Census Bureau exporters file. A sample of 137 firms was drawn from a data set consisting of 1,020 firms which had recorded exports to the affected region. This sample consisted of records on which valid firm name and address information were available. The sample was stratified into four groups based upon the level of the firm's exports to the Middle East in 1993. (See tabulation below.) The firms were selected such that the data would predict estimates of exports within a range of plus or minus 5 percent. The degree of confidence that should be placed in the estimates of parameters, other than exports (i.e, lost sales and cost of antiboycott compliace), depends on how good export data are as a proxy for the other information collected in the questionnaire.

Although several firms stated that transportation costs, profits, and/or the volume of investment to the region had been affected by the boycott, the Commission received too few responses on these items to warrant projection of total quantities for the U.S. economy.

The tabulation on the next page presents the characteristics of the stratified sample used in projecting economic effects of the boycott on U.S. businesses that reported exports to the region in 1993.

For the measures of interest, lost sales and cost of compliance, response rates ranged from 29 percent to 41 percent respectively. These relatively low response rates obviously raise serious concerns about possible bias and the confidence that should be placed in projections derived from the sample. Results should be viewed cautiously as rough estimates showing approximate magnitude, and not as precise values. Based on actual questionnaire

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Uni.A ----- Teternational Trade Commission
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ET July 29, 1994

The information nAild fnt in th[4] e *rmei-[4] =naire is for use in thi_ inv-er=eatinn only. The *U.S.* International Trade Commi.5rirn (Colmwhiem0 is ga:_,L.ring information in with its inventi=ear. ma_ S12 - 14S F Eff=== f Arab League Roycott of Tereel an u.E. under gentian 332(a) of the Tariff Act of 1930 (19 U,S.C. 1332(q)). Nntine of tha ine.mtiqAtinn was published in the Feel==g1 nrrmber 8, 1993. The information recreee ----- surri_l_e r data available from ----- aelurces and will be used ta determine the economic cost of the boycott en hetaia-----. The ,rmation 4e reffuired 1111.Har the authority nf AAnPAnn 33(q) nf the Tariff Act of 1930, THIN mNvuxT IS MANDATQRY AND FAILURE TO REPLY AS DIRECTED L.:AN NNbUWW IS THE ISSUANCE OF A EUBPDENA OR OTHER ORDER TO COMPEL TEE =E SN OF -RECORDS OR INFORMATION IN YOUR P055E:1- 11 UNDER TEE AuTH0RITT OF SECTION 333(a) of the Tee-iff Act of 1930 (19 U.S-C, 1333(a)). The information -:11 thin ,rnentleanaire is sub1.,L 7 eriirementr 5,t7t inn 3507, ; e 44, of the Utited Sii-n== Code (the PaPerwork ReA"fion Act of 1980, as awrepded).

The cemmay.-ini and financial data fUrniSben ramponaa to thi5 cri-=r1r-inrmaire that reveal the individual oneratione of your firm will ----- --fidential by the Commieeinn ---LL------ that such data are not otherwise available to the public and will not be A(ael:-...d -except as may be reffeired by law_ See further d[7] ----="--= '-n on commission tir.a,ment of nfidential business information on Daqa 2,

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It 7 firm sold gouge ur provided serei.-ee "errmers in any of the Fellowing • ---- or to U.S, augtemers that used your good or service as an input into goope 0 or serviceg gold in -----.umtrien. Nurino January 1, 1992 through December al, 1993:0 .F411 *1iA hinnkS tha ..-==rinrmaira and rerrrr ir tn the Commim.inn:

Algeria Libya Pater
Jordan _ania Audl Arabia -----
niibouti Kuwait ===: Suder
Irau Eyrie

If Your firm did not engage in did _, attempt to enaaae in, any such activ4;-4.. in 1SS2 Or 1993, 11.,k X here 11 in th. and addraam of your firm below, niem the n==- ifinmi In. and promptly return only this Page of tha q..tinnnaire to the Comminni en. The enrire-7.d rnv-=lrre may he used to return this Page or the cownl=t===

The na.- inhed cer;-ifge= that tha information herein al2nni4ed in ------- to this etentiontaire is comni.=it ----- =r17.-e:t-tn the bent of his/her kn--[1] -d- =hd[h.t=71if] and ni-i..Lah.is that the information subm[74]"=e[4 4] = e"hiect to audit and v==-1 -.-tinn by the

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NAME AND TITLE OF AUTHORIZED oFFICIAL

Hackdround --At the requeat nf the United SLetee Trade t.11 rhmmieeidn ig oondlitina thin etude incurred bv B_S_ --------- •with the secGndary and tertiary aempnte nf the Arab Leaaue boycott nf Th=4A=4 nf the boy=7htt fothid 'Arab bweineee teletinne with firms who nrovieJ --------,=:rviws=4 -Lhai„- gguL.ibute td Ierael*s ggungdio c,t • military devel==.'t, or with firms that do business with such firms. Costs --------- with the boycott may ---------- invegnmente, and an ------ in legal and admin4 =t—ti---e witL u-e=tliancE wit-1i U.S. antiboycott laws.

--hfidential business informatidn:

ThA comm=s-imi and financial data furnished in ---------- mlAattioanaire that reveal the individual onerationm of your firm ----------.7c-ufidential business information by the commi==ion and will net be muhiished in a manner that will .g.gal the individ*:al of your firm and will r477' ^4 " 1 77.7" ^. except as may he reffuired hy law_ sehtinn 332(a) nrovidea that (7c7..'==ih May not tele==-= information which mlelifiet- nr= confidential business information (under CommiTion Rule 201.6 (19 CFR 201.6)) unless the party submittina the confidential huAinAmm information had noti,. at the time of eubmieeion, that such rmation would be tel -Li -IL-f the Commission, or such narty Lu - - - - of the information- The r7nefielential husinama information that =p- - : ie for the use of the Commieeihn in this inveetioetion nnlv nrAnari 7' cr =he nffi-= f the U_S_ Trade Rei 7-!· aLive. The con-idential On-sine 5H information that vou furnish will not be used hv the Comm±seimn in neihst=ftlit=nt inveatidations on the same ---- matte= (althou-AL 4e44uu4.fideutial A.--7qqatidns of data derived frOm teSDOngem to thi. and nuhlished in tne ----- vl-1 this inveei=ioetien may be used in other invperi===ti-ma). The confidential nnAinAAA infn-rwArAnd whine yne fernieh will nnt he -1 the uo=i==ion to other Government -.ug. ---------

---- informatiOs.--If you have any oEneshih.no -ec;nc-ernina trite questinnnaire nr nther ---------- rn this irnree-tiqgtion you may contact the fhilowina relmmi==== .i_grf members. -------- Hamilton (202-205-5253) or ----F=ib:;hn (202-205-3270). Additional queEtionnaireE will tomntly 'upon ----- or phot iee nf this -reetittrunaire may be used. Addiaaa -all L.: cuuaLance Hamilton, united SL.L.. International Trade Commieeten. otfi= P.=nomicA. Room 602, Weahi4iwAL, D,C, 20455 or via FAX to 2o2-no9-2340,

Information for the hearing im----1 =A,Hesriva-im.i=-.A infomation reoardin inveatiqF-_tion via TDD terminal (202-20E-1610).

Business Confidential

INSTRUCTIONS

1. T.parinneairn for your firm*s U.S. and foreimn during January 1, 1992 throuah December 31, 1993= Include the activ4si.= of any anhaidi.-im= - - - 4n the Unir=e= ====== if VOU are the sole or majority owner_ no nbt incluA= data from , ventures in your unless AA i-=1.-ting for it in its en'ir__y

7. R=r--t fnr your U.S. film and any o.,...11..4-in-facn foraion s 1-e 4 A 4 =ry whose activity is wit" ' tha ---------- =un commerce of the United ----

3. RPT1nrt all vAl,,m dArm ?:?,911 .-- in U.S. An 11 -. =. If it is ---,-- converte use the ext;LA_Aw you 7=7==ved at the time of the transaction.

4. An-m- All mtr=atinna.--1.17 the answer to any QUeetiOn is 'zero,' BO indicate; im nnr indicate .nla. 1.mer' rhe c7s77-o- lask_ if the information 4. netr readily available --- your in exactly the form furnish carAfully estimates—designated aa such by the lattar 'E'—and exnlain the hARiR your estimates Any sper.:-.m.ry comments or explanations sh=171 --77 14 in the Roane nrovided or on sepa.;-= - - - -
Page of the ---"-nnaire_

S. Name enu - - - - -=sL.lishments covered by this T.'=s= 4,--nnaire (if - - - - - - - ficim that shown on page 1):

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- - - - - - - - - - burden for er.aal Anmnaire is estimated to aV===!= 20 hnurm nar - - - isf-luoisa the time for reviewisa instructions, - - - -Lino Axiating data BOUrcee, ,74,,,:_ rioc! the data and cosplArinc and reviewina the - - - - - - - - This- av=, . . . ," - - -.m,===t pf time firma have Laksa ,usiDiete similar Commisaion in rha nast, it has been our exn=i -nce that the time r=-.iirsd by an individual firm to coarir=pp may be considerably highar or 1-.ws shbn the abova estimate, This is due to such t=.-r=-=== s---s she nt=E s nf eAc-Anne that apply to the operations- of the firm,

A- To help us make futura - - - - ===ie ro - - - n1Para& mtInnly tha filowing information, Include only the tium your firm spent AoiAly to comr-lete this ousstionnaire.

- _____

Which part of the -ss-msinnaire took the most time, and why?

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c_ yo u may ----------comments f.dardina the above Luden estimate or any other ..n.Fti7 nf th4. of information, inciudina ==-.A=tine =or ---thia burden to: ------- Office of s,:wz4.mica, U.S. Int.osti_orial Trade c70mir--=inn, Washia31cia, Du 20:435f and off4 = Inform.ation and ------ Affairs , offiA nf Manacie.aat and Budaet, Attn: J.gt:,,..0a Hill, washi.r,r., DC 2.77U.

npATNTTIONS

1. Virm.--An individual or-7-i ---- oarraeraLip, =joint venture, --------- [i nr i u di nff Any m,:b.idi=,y rnrnnarinp), hIlminf=AA t=Bt, ===7==. 4vo, in bank=tcy, or receivers ----------=f any court, owning - - - - - „ - - - -Ldr-Llishments,

2. United ------ 50 Ak-A==w, the Distvdct nf Cniumhia, and P'I rn Rie0.

=arab ------ -vcott of Israel---A ====in=' -------- h1-= conzitr4 As of r=f.ing to engage in busiaea-=- 1sr..= 4 se with ------ and other forAiae businw.ww. LhaL bAliAved eiAtly or indiA--tly to improve Te-7= A7*- - mic or mil 4 tA=y AArity.

4, Bov.--tiTiff ,insetrv.--Memmers of the Arab ----- who mav na-t4.--i-ation in, -- with the boycott of israel, Member f-nuntriee ir.111A: Algeria, Aahraih, niihouti, irao Jndan, Kuwait, Lihya,•mitania, Oman, Oatar, q==d4 Arabia, Syria, Sudan, Tr=imia, Cn it eA .nd

Cen=r=1 Anwcntt Office.--The for tho ard: ----- boycott of Israel. The Ce.r.1 Boycott offi=0 loaLedi in Damascus, Syria, advises boyttina countiAw fi'rms or indiv"--1- =-

slack= 4 e.--Lists of firms, individuals, and organizations that are onnei.-Inrw,i L. ---matarially L. cui,umic or mil= 7-arY d=v-=1,p.e..r df IeLasl. The Ti5ts may be maintained bv either the 'Central Boyrt: nAfiee nr nation.: hnyrnrr nffinse in nnuntries, Perrinioatinq ,ir=w14nos with the en= == the hiaCKliet,

7, ILE, AntthnvnnPt c000lisoce laws.--The =WO nrin=7ip=1 H S Federal antiboycott laws are: ----- 999 of the internal Revenue Code (26 U.S.C. 999), and the antiboycott provisidE -------47=ort nf 1979 (50 U.S-C. App. 2407), as continued in ------=y ExAcive Order 12710..

p.nnfit --Net income ---------

9_ worldwid-- y your company of plant A'd Aouinme„ ====.4==1 with a =f 1 lif. nf more than on year anywhere in the world.

Rarninoa.--Total revenues minus total expsuemw.

Sources.--=77 14--- raw ma==-4 =le, cd.:„Id1.d1.ts, or semi-ished f uue in ------ -------

12, SeririrtAA,--inci leif-A the provlsion of all services related to export tra-1 4 es as well as travel and tourism, rovAltiAA and licensina, financial and tal nnomuni== '' =ns garViCRO, and bueiness, ---L.;L.ioal services.

Anaineaa Confidential

SECTiON I,-ORNFRAL INFORMATION AsOOT ynna FINK

-b P1 - -n= -11nwing information for your firm:

		1993
Total v=-in. ,f smls. in the United SL.L..		
Worldvide - - inveatments:		
Fneign		
in bov-[illegible] na count-[illegible]		

P1.7-775-7 indicate the total velus.and type of shipments e.,ydi,=n ny your firm:

		1993
Wood and r.r.=[illegible] printed matter		
Textile fiharo and texi 41.		
chaminin and - - - - - - -		
Wonm[illegible] - minerals and prodndIns		
Weapons and mili;=ny an=nment		

Pl=ss= ndioste the n.=1 value of your earnings for the provision of services, as defined on paae 4 (in 1,:-2'Z - - -

A, _____

II-A-1. Did your firm lone any direct palee nr - - - - - - ---t_. in any hoyttino country or in Israel in 1992 or 1993 =r-"== the Arab League boYCott of Israel?

_____ _____ _____

If yes, =atimate the dnIlAr value of such inAP =mi..:

_____ _____

Did your firm lose any diree't AA[1]. or follow-on salaa to any - - 7 in the Unitad 2-7-----== of the Arab. r=-A-41. . ,f T.r..1?

_____ _____ _____

If yea, pl-=-=== ===imate the dt-11 e value of such 1..17-7=t

_____ _____

Did i,aa .=L2B abput the Arab i7.7=yontt nt Terael preVent your firm from seekinq galA. - vision of services to any boyroptino country nr rn TA-eA:=17

_____ _____

_____ _____

If yes, niAAAA explain your firm's concerns:

_____

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II-A-4. Did - - - about complying with =5,.S antihoycott compliance laws prevent your firm from seekino ----- nf onnde nr Aervices to any boytting country?

_____ _____

1_993 _____ _____

If yes, pleAne explain your firm's concerns:

_____

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II-A-5 Has your firm ever bees informed by eL4wi_l4. =LS- firm or entity, or hy An authority in a boYntting country or elswhere, that it is on liAt of blacklie-e-1 fima as a r==== of the Arab 1paei2m hnyfOtt of Israel?

_____ _____

- - 1 1 --Continued

Has the Arab sycott of Israel - - - - - COBE. of delivering your produotq or gArvices to - - - onetnmers in Israel?

If yee, what was the av= =mc=t of (circle one) - ? $ - - - -men

II-B-2., Did the Arb Boycott of isre-=1 .27,71tvering your products or aem viuea to mark-'n ,"..,mers- in any hoyoottiha colittty?

In 1_99

If yes, what was the average amount of - - - inc-:==== -- der===? $ 02MiTV

Did ynur firm -=; _,=liEh an motihynt .-nmr===m-= r= -Eram - - - - to handle boytt-r- A -- to cn7aply witL U_S. Federal

If yes, in what year was LLc - - or o.. --
..L.L.lished?

Pl.... idi == which nf the fnlinw4nn nnhibiinn., ioffuliri,= A. or oth. mcicra that boynnl-!inn couni== mav have imnoar=c1 nn your firm tn nmpliance with the Arab T-==c= boycott of Israel!

Did your firm encounter foreinh - - . nt nhihirinns on expnting to boyTn; ng countrit=e or=oetln-A nf hiackiiihn of your firm, or of your ==Tni_.=rs, by any boycotting authority?

71mvmorr om=et=onnaires --Did yo- firm rm-bm-iya mit=stibrinAirss frnm the central snynnrt Ofrin:=7 nr nther authnritips in hoi oobntrimk 4 n111 1.ting about the nature and extent of your tirm's husin=55 1 -t-Miona with if=r11 or Ts-mr-li m=frE-ons or firms, or with 'firms?

--- ...iinns- --Wag your firm ank=A ,tontract etioulationa . 4fyino i=llen your firm cannot have or uildet-=ke oomm=ro4 = 1 A==lings with Israsl or with blackl=t= firms?

1_9'].J

----- °f ---A4 r---Was your fi=m asked to comply with terms and 4n 1 . 7-ire boycott compliance?

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ghinnins derrnmtm --!7=L firm as-ked rc* certifi,.,.. -.f ---- nnTnerCial inVni 7-=m, nf TAdincm insurance ------ ---, German r.u.r.Lions or airway hills phut m=m-=-ration that Tme_chundise being ------- uet of Israeli I-L2EEIPV44 =-44i-L-.. Or or -- nate from blackii=rm,A firms?

--d -u--.--- --Did your rirm receive invitatiOna to bid on bAni.s1 orbfw-t. -41at -mrifimation of comnliance with the Arab hyontt nf T=r=== that your firm's ----- ww=m- nor of T-am=== 4 d. -..t-..t.in Israeli :-...;bbo by blapkiiwt=d finse and that your firm and = 414==7 77T= not blackii=r-77m1?

A=-=5-±on 'TT --C-2ftt 1 = t ±

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R--: ⁴ -=ments thst ---¹A - - 'i---iminatinu -]= your fi rm iL:;L]
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bss 'Zionist" members on your noard of ni s====*.i.Y.T.

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PlAagA estimate tritAl and inditpoc, sss.,ist-,-A with your firm's compliance with U_S_ anti-boycott ccmoliance laws, Include any anntslisd _____ of the cost of sattion op s complian- - - - - (trainino, documentation, ,h=1iat, atc0:

_____ In 1993: $_____

4m44 7= with the Arab a71!s hoycott of Israel have an ov.=--nli ---------- your firm's ptcfits?

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If yea, pl=sse check hOW ynuy uynfita - - ff.= =.; in lgg2 and indicte the amount and the pei Lawe:

_____ In,,----- - - - _____
_____ ---------- =,---f4i= _____ _____ :]= f nt (1174
_____ - - - - - alo _____ _____ percent (115)

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If Yea, ===== heck how =Fos?' tlt fits - - - -in 1993 -
indimt the amou-h - - - - - - - - - -

_____ aim _____ _____ ====-.
_____ - - - rnfit _____ _____ -----.
_____ prnfit ---------- 020

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Did - - - about the Axab League boyF-ntt df TAral - - yOur firm's overall plans for investment in Taraal7

If yen, how did the boyn1-7H - ;ur firm - it2 invsstmwnr plwn1A? Please check all that anply and **the** dollar **amount** of - - -

	Amount of investment

Did -a=a=5 abbut the Axab Leaaue **boyootr** of TRFaal ------ your firm's **ovavall plans** for investment in any hoy---=-4 4-4 na - -

uwyw on your firm-7'r= ayestment plane? that apply and Dollar aT,our:t of invaat

	AMC
	ao
	(1-zU

Which of the flir=wium uuuu=.a are moat important to your firm's investment r.1.-iwinns in Israel or any hoysntA-Tina ccurltry? Rank in Drder of impi-waw - 1 to 5 (1 - most i t-4L; 5 least i.yrtant).

Oth. - - - your fire ean.,i.nA0 - of
-- the ar=;-. te=711m b.-.venrt of Tereal that are not
nnvArAd in thA Ahoy& ffuAntiona? Auhh diffthultieu mAy huh
are nnt limited tn, st^mn delaym, entry refusal, oonf4A.--m=-4.'o of
.== a= -4- =urt cf bank auarantaaz. any
such Y suttegints or diffir'ni.tieff your firm may have exneri d in
Axmortino to hoy ino countriem in 1392 nr 1933 and ant:in-:Ate the
cost tO your firm of each tyT1P nf - -

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III-A. Fl=m 777 hov your firm may bave tried to minimize the -ne Aa ab B-..ycott of Israel on your firm's operations.

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HaS the Arnh Leaffun _____ I Z =¹ __ YOUr firm im wayM not
Envnynd hy thin rinnarinnnAirg? plAmm.

pir=AAA URA thin fny additinnAl on any of thA
(An =&:ify 1===m4=4 m nitmhAr):

IXV, 1U17 (Pi 1 Alieraturn

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Square mi71:,;s l-·. .

understood as a state policy that occupies a middle ground between diplomacy and military action. "Trade and financial controls are a way to demonstrate resolve, to express outrage, and to seek to deter further abuses without risking dangerous confrontation or embarrassing humiliation." Their success is very subjective.

Sanctions were found to be "successful" in 36 percent of the cases in making a modest contribution to a goal that was at least partly realized. They are most successful when goals are modest. Sanctions are most likely to succeed if they (1) have a clearly defined and limited objective, (2) are imposed decisively rather than incrementally, and (3) do not cause a substantial cost on the imposing countries and its allies. Also, the probability of success is greater if the target is experiencing economic distress and political instability or if it is an erstwhile friend or close trading partner.

The Arab boycott of Israel was found to impose substantial costs on the Arabs as well as Israel with no achievement of the stated policy goals. The economic effect of the boycott has dissipated over time. The U.S. antiboycott effort has been symbolic rather than effective.

Hislawski, Howard. "Impact of the Arab Boycott of Israel on the United States and Canada," *The Utility of International Economic Sanctions*, ed. David Leyton-Brown, New York: St. Martin's Press, 1987.

The U.S. and Canada responded differently to the Arab League's boycott. The U.S. response to the boycott has been diplomatic and legal, including the Export Administration Act of 1965 and the Tax Reform Act of 1976. The latter denied tax benefits on international sales for firms that comply with the boycott. The Canadian response entailed "the most limited possible reaction to the problem." Canada wanted to reduce any public scrutiny of the issue and refrained from taking any steps that might adversely affect profit considerations.

Bergeuk, Peter A.G. "Success or Failure of Economic Sanctions," *Kyklos*, vol. 42, Fasc. 3.

This is an empirical test of the hypothesis and conventional wisdom that economic sanctions are ineffective. They are believed to be ineffective because of the difficulty in building political will to impose sanctions and of the ease of circumvention.

The author finds that sanctions are sometimes effective. Potential welfare losses enforce compliance with the sanctions. There is no positive relationship between the duration of a sanction and its success, but sanctions are more successful against a politically weak government. The greater the pre-sanction trade linkage between the imposing country and the target country, the greater the probability that sanctions will be successful.

E

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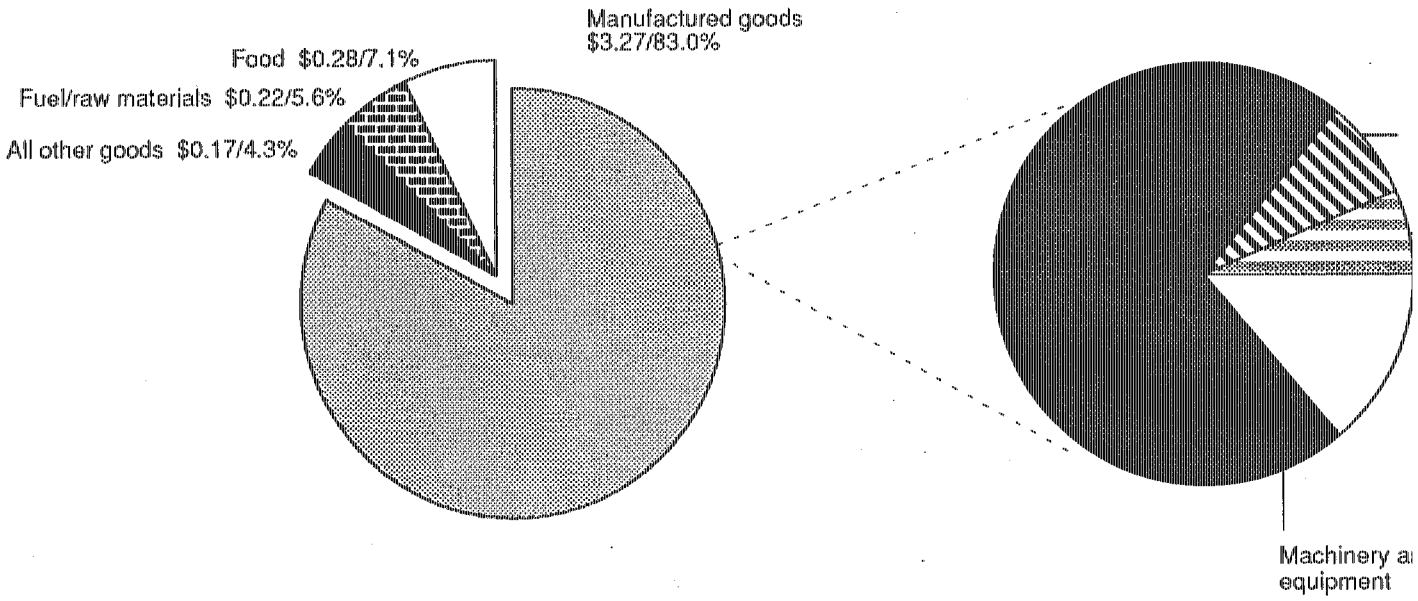
nonprimary boycotts increased by 13.2 percent, from $23.2 billion during 1989 to $26.3 billion during 1993. U.S. exports to this group of countries grew by 41.1 percent during 1989-93, from $9.5 billion to $13.4 billion, but U.S. imports from the group declined by 6.1 percent, from $13.8 billion to $12.9 billion. During 1993, the United States registered a surplus of $472.3 million in trade with these countries. Although manufactured goods make up the bulk of U.S. exports to the group, mineral fuels dominate U.S. imports from the group (figures E-3 and E-4). During 1993, the group accounted for over one-fourth of the total volume of U.S. crude petroleum imports (*Harmonized Tariff Schedule of the United States* (*HTS*) heading 2709).

Saudi Arabia is by far the largest U.S. trading partner among the Arab League countries. Based on 1993 data, Kuwait was the second largest partner, followed by the United Arab Emirates and Algeria. Tables E-1 and E-2 show U.S. exports to and U.S. imports from the selected Arab League countries, respectively. Particularly noteworthy is the drop in Saudi crude petroleum shipments (*HTS* heading 2709) to the United States and the parallel rise of those shipments from Kuwait. U.S. petroleum imports from Saudi Arabia declined from $9.4 billion (585 million barrels) during 1992 to $7.0 billion (476 million barrels) during 1993. Over the same period, U.S. imports of crude petroleum from Kuwait increased from $238 million (15 million barrels) to $1.7 billion (128 million barrels). The trend of declining shipments from Saudi Arabia and of increasing shipments from Kuwait continued during the first 6 months of 1994. This was due, in large part, because Saudi Arabia pledged to increase its own production to maintain Kuwait's market share to the United States during the Gulf Crisis and to continue that level of production until after Kuwait's liberation and recovery of its petroleum production facilities. Tables E-3 through E-6 provide

Γ . o o

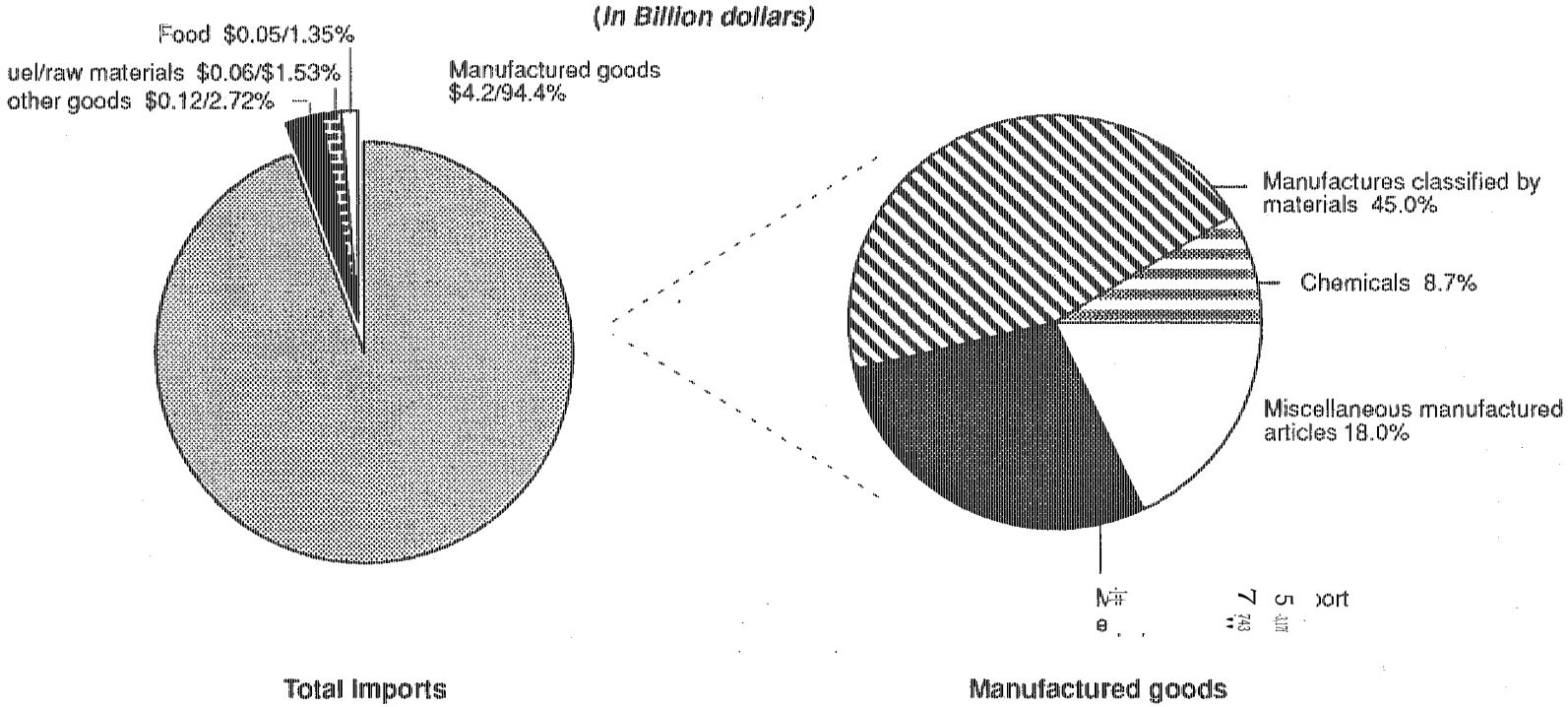
(In Billion dollars)

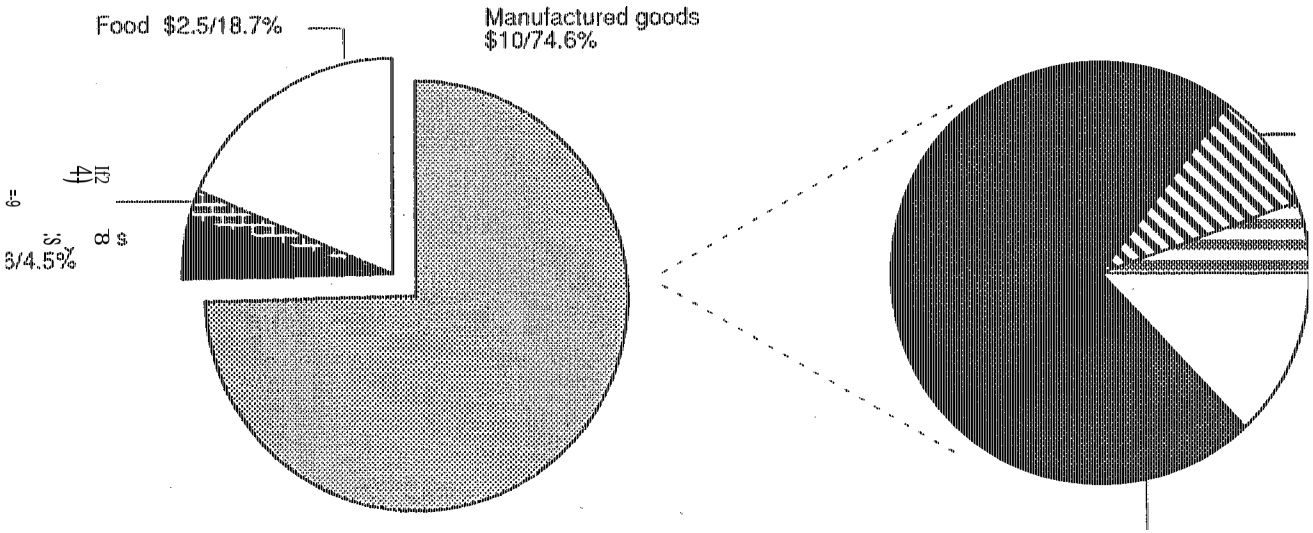


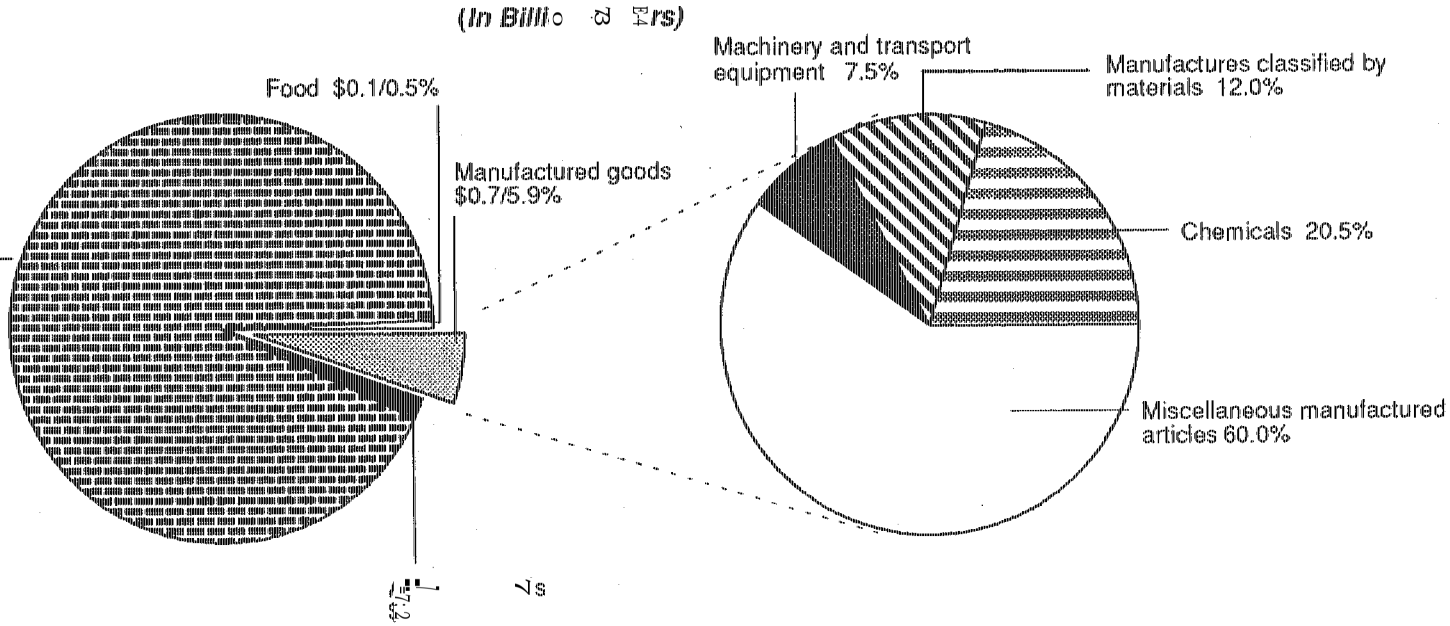
Total exports **Manufactured goods**

Imports

(In Billion dollars)




Food $2.5/18.7%
Manufactured goods
$10/74.6%
$
8
$
3/4.5%



Total Imports

Manufactured goods

Alperin	Twin	946,713			;397,118
B r n	4E 6,8 4 9	71E, off--:.)	493.517		84 1 0 8
		7 z77.:	9-7a		12,082
Iraq	- 1 1 4;5 - -		181	497	4,016
jerdan	=f47q, :74		218,941		381,484
Kuwait	843,841		1,187,940		ARF;,029
	P2,11RE		162,844	Liu 1,881	=370,149
ih		19	90		941
Maūritania		14,462	21,576	56.432	19.170
Mordee0	378,651	48-4.553	398,825	488,07-8	g!47,25:11
O'rar	168,272	151	197,653	71,288	248,847
t.4El ter			142,912	if-111, F47F.	'2,783
RRiiiii Arabin	3, 495,1 E-4		6.441,524	7,023,=3:7;	6,524.761
	79,615	4 1 ,86 7	92.1 sa	.:506	-0
Syria	gi .41A	150,055	5,039	I HE, n73	184,968
	159,847	17F; 111111	'.088	229,460	22!-1,HfiR
United Arab Emirate*		9E4,1 04			1 774,803
Yemen		110,429		f-19f1, Rel.P	

Alcierin			2,099,661	qq7	1,589.801
B.; niihnu il		80,476	86,677		qq, Pan
Iraq		118.115			
jerd---In		11,667		18,031	18,793
Kuwait		567,059	35.911	- .976	1,809,081
L.,-i ra:		26,405	26,818		27,919
Mauritar'l		.7.2fl, HRH	11 .419	8,539	E,4si
Moreeen		I OR, PF:1-1	I SP, FAA		185,17_145
Oman		291,705	114 ;399	1 fl-5,1m	
0 Atpr		:-..: 7.--,	',686	89,6-31	
5-4.1.1=1 Arphi.t		9,984,5.-57	10,960,525	10.293,6-45	7,E;14,815
Suelan		15,819	1.-5.=3Fn	-	7r,7
Syria		52,184	,768	37,533	140,746
-T:-.:=::_1		711 ,=4:111	-,387	48,522	-39,717
United Arab E.		900,584	71 =-1, R91	n, H3	731,890
YeMer		398,984	116,081		101 ,250

.eading U.S. exports to Israel, by Schedule B subheading, 1989-93

(1,000 dollars,

Schedule B subheading	Description	1992	1993
3802.30	Airplanes and other aircraft, of an unladen weight exceeding 2000 kg but not exceeding 15,000 kg	561,036	519,851
3802.30	Parts of airplanes or helicopters, nesoi	174,135	141,034
8529.90	Parts suitable for use solely or principally with the apparatus of headings 8525 to 8528, excluding antennas and antenna reflectors of all kinds	71,	[illegible]
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	108	0
3802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	0	110,563
9880.00	Estimated low value shipments	98,400	105,490
1201.00	Soybeans, whether or not broken	110,191	102,202
8803.00	Undercarriages and parts thereof of heading 8801 or 8802	102,731	101,242
1001.90	Wheat (other than durum wheat), and meslin	94,408	84,869
8473.30	Parts and accessories for adp machines and units	78,942	76,097
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	58,198	71,214
8517.90	Parts of telephonic or telegraphic apparatus	27,444	60,400
2402.20	Cigarettes containing tobacco	48,139	53,696
8542.11	Digital monolithic integrated circuits	40,027	52,183
8502.30	Generating sets, electric, nesoi	162	39,160
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	15,855	39,144
8528.12	Transmission apparatus incorporating reception apparatus	24,200	37,724
1001.00	Corn (maize), other than seed corn	48,197	37,310
9006.00	Cameras for underwater, aerial survey, medical, etc.	0	37,093
8411.91	Turbojet and turbopropeller parts	36,269	36,164
9880.00	Military equipment, not identified by kind	8,959	34,633
8710.00	Tanks and other armored vehicles, motorized, whether or not fitted with weapons, and parts of such vehicles	65,801	34,406
8548.00	Electrical parts of machinery nesoi	17,322	32,269
8411.82	Gas turbines of a power exceeding 5,000 kw	4,471	31,166
9030.90	Parts and accessories of oscilloscopes, spectrum analyzers and other instruments and apparatus for measuring or checking electrical quantities, excluding meters of heading 9028	5,531	30,478
2701.12	Bituminous coal, not agglomerated	32,235	29,546
9306.90	Bombs, grenades, torpedoes, mines, missiles and similar munitions of war and parts thereof nesoi	28,686	27,176
3818.00	Chemical elements doped for use in electronics, in the form of discs, wafers or similar forms	[illegible]	24,285
8402.90	Parts of steam- or other vapor-generating boilers	[illegible]	24,184

See footnote at end of table.

Table E-3—Continued
Leading U.S. exports to Israel, by Schedule B subheading, 1989-93

(1,000 dollars, f.a.s. value)

Schedule B subheading	Description	1989	1990	1991	1992	1993
4804.11	Kraftliner, uncoated, unbleached, in rolls or sheets	25,291	30,200	25,685	29,671	22,641
	Total of items shown	1,068,659	1,199,388	1,438,859	1,935,939	2,254,331
	Total all commodities	2,696,621	2,893,599	3,499,001	3,657,140	3,952,076

Note.—Because of rounding, figures may not add to the totals shown.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Schedule B subheading	Description	19	1992	1993
7102.39	Diamonds, nonindustrial, worked	1,2	1,286,837	1,603
7113.19	Jewelry and parts thereof, of other precious met	1	257,653	254
9801.00	Imports of articles exported & returned, no chan		70,182	100
8517.90	Parts of telephonic or telegraphic apparatus		97,290	99
8525.20	Transmission apparatus incorporating reception aratus		107,461	95
8473.30	Parts and accessories for adp machines and units		120,211	93
8542.11	Digital monolithic integrated circuits		150,530	91
8803.30	Parts of airplanes or helicopters, nesoi		84,474	78
8442.40	Parts of machines and equipment for making printing blocks, etc.		5,613	58
6110.20	Sweaters, pullovers, sweatshirts, waistcoats and similar articles nesoi of cotton		38,540	52
3004.90	Medicaments nesoi		12,867	51
8802.30	Airplanes and other aircraft, of an unladen weight exceeding 2,000 kg but not exceeding 15,000 kg		33,855	47
8471.92	Input or output units for adp machines		6,024	42
8411.91	Turbojet and turbopropeller parts		54,785	40
6104.62	Women's or girls' trousers, overalls, and shorts of cotton		35,537	37
8529.90	Parts suitable for use solely or principally with the apparatus of headings 8525 to 8528, excluding antennas and antenna reflectors of all kinds			
0.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included			
7.30	Telephonic or telegraphic switching apparatus			
8.19	Electro-diagnostic apparatus nesoi, and parts thereof			
3	Rubies, sapphires and emeralds, otherwise worked			
3 1	Electrical fixed resistors, other than heating resistors, for a power handling capacity not exceeding 20 W			
3104 0	Potassium chloride		19,490	
6109 0	T-shirts, singlets, tank tops, knitted or crocheted, of cotton		18,044	
9306 0	Bombs, grenades, torpedoes, mines, missiles and similar munitions of war and parts thereof		15,297	
8471.99	Units of automatic data processing machines, nesi			
1.91	New pneumatic tires of rubber nesoi, with herring-bone tread			
8.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts and accessories thereof, nesi			
8517.81	Telephonic apparatus nesoi			
.00	Plates, sticks, tips and the like for tools, unmounted, of sintered metal carbides or cermets			
2921.43	Toluidines (aminotoluenes) and their derivatives			
	Total of items shown	2,0		
	Total all commodities	3,2		

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

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

Table E-3

Leading U.S. exports to Arab League[1] countries, by Schedule B subheading, 1989-93

(1,000 dollars, f.a.s. value)

Schedule B subheading	Description	1989	1990	1991	1992	1993
8803.30	Parts of airplanes or helicopters, nesoi	322,064	287,949	324,090	499,485	616,116
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	530,391	526,534	790,963	795,833	606,499
1001.90	Wheat (other than durum wheat), and meslin	596,547	381,888	256,479	282,658	578,876
2402.20	Cigarettes containing tobacco	449,985	489,116	431,300	504,376	562,609
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, over 1,500 but n/o 3,000 cc	109,995	113,630	279,364	484,725	524,245
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15000 kg	644,849	613,708	542,273	404,775	469,013
8431.43	Parts for boring or sinking machinery, nesoi	260,281	290,891	448,819	544,262	456,437
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, G.V.W. not exceeding 5 metric tons	41,528	78,075	31[illegible]	318,936	451,223
1005.90	Corn (maize), other than seed corn	330,476	387,816	33[illegible]	259,360	339,671
8710.00	Tanks and other armored vehicles, motorized, whether or not fitted with weapons, and parts of such vehicles	62,003	43,286	8[illegible]	259,097	205,280
9880.00	Estimated low value shipments	95,458	145,397	1[illegible]	182,633	184,740
8411.99	Gas turbine parts nesoi	36,748	45,155	6[illegible]	98,723	180,134
9803.20	Military equipment, not identified by kind	83,959	127,622	[illegible]	208,831	169,360
9801.10	Value of repaired or altered articles previously imported	114,894	171,234	[illegible]	112,129	168,705
9306.90	Bombs, grenades, torpedoes, mines, missiles and similar munitions of war and parts thereof nesoi	50,817	80,394	[illegible]	123,825	165,116
2304.00	Soybean oilcake and other solid residue, whether or not ground	226,945	154,140	[illegible]	130,690	141,672
1006.30	Rice, semi- or wholly milled, whether or not polished or glazed	263,804	214,152	[illegible]	120,462	128,821
8431.39	Parts for lifting, handling, loading and unloading machines nesoi	73,270	48,552	[illegible]	101,985	125,769
1507.10	Crude soybean oil, whether or not degummed	64,970	35,514	79[illegible]	115,532	120,139
8704.32	Motor vehicles for the transport of goods, with spark-ignition internal-combustion piston engine, G.V.W. exceeding 5 metric tons	8,801	43,342	197,081	208,048	103,210
8415.90	Parts, nesoi, of air conditioning machines	47,489	60,982	85,593	80,633	94,901
5703.20	Carpets and other textile floor coverings tufted of nylon or polyamides	54,370	64,086	75,596	78,804	91,073
8415.82	Air conditioning machines, incorporating a refrigeration unit	48,729	56,621	62,730	86,061	85,730
8802.12	Helicopters of an unladen weight exceeding 2,000 kg	3,590	16,114	3,500	48,468	84,000
1001.10	Durum wheat	25,821	44,214	45,948	27,662	76,064
8414.30	Compressors used in refrigerating equipment	63,342	50,762	59,615	68,356	70,122
8708.99	Parts and accessories of motor vehicles, nesoi	65,430	60,552	94,064	72,811	68,926
8414.80	Air and gas pumps, compressors and fans, etc. nesoi	1,970	33,862	20,463	24,500	68,018
8705.90	Special purpose motor vehicles, nesoi	18,905	15,343	69,577	65,446	67,324
8471.91	Digital processing units which may contain in the same housing one or two storage units, input units or output units	26,638	38,549	77,393	49,139	66,472
	Total of items shown	4,724,071	4,719,479	5,706,860	6,358,242	7,070,267
	Total all commodities	9,492,673	9,370,074	12,048,771	13,295,660	13,392,681

[1] Data excludes Egypt and Somalia.

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

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

Table E-6
Leading U.S. Imports from Arab league[1] countries, by HTS subheading, 1989-93

(1,000 dollars, customs value)

HTS subheading	Description	1989	1990	1991	1992	1993
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	10,639,252	13,780,888	10,901,315	10,279,362	9,451,699
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included	2,294,490	3,418,874	2,722,856	2,312,908	1,999,267
9801.00	Imports of articles exported & returned, no change	84,973	89,645	71,402	88,542	169,326
2711.12	Propane, liquefied	45,653	132,065	67,850	72,346	160,980
2711.11	Natural gas, liquefied	59,295	137,040	92,849	78,516	143,509
6205.20	Men's or boys' shirts, of cotton	8,076	13,299	15,797	56,118	77,630
6204.62	Women's or girls' trousers overalls, and shorts, of cotton	24,830	57,227	50,601	84,956	76,115
2207.10	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 percent volume or higher	59,069	42,800	34,025	62,262	71,350
2711.13	Butanes, liquefied	28,105	40,453	34,917	23,902	70,886
6203.42	Men's or boys' trousers overalls, and shorts, of cotton	10,976	20,063	18,684	48,821	41,462
6206.30	Women's or girls' blouses, shirts and shirt blouses, of cotton	4,340	3,498	2,810	12,708	28,644
2510.10	Natural calcium phosphates, aluminum calcium phosphates and phosphatic chalk, unground	25,586	18,997	23,737	45,370	27,866
5209.12	Woven fabrics of cotton, three or four thread twill including cross twill	0	0	3,098	14,564	23,051
8534.00	Printed circuits	40	9	0	986	19,360
2909.19	cyclic ethers (excluding diethyl ether) nesoi	14,183	20,000	32,663	29,680	19,273
7113.19	Jewelry and parts thereof, of other precious metal	19,764	13,299	12,744	14,538	17,388
2814.10	Anhydrous ammonia	20,137	1,392	0	0	15,755
6110.20	Sweaters, pullovers, sweatshirts, waistcoats and similar articles nesoi	2,384	12,447	8,406	16,925	15,600
2530.90	Mineral substances nesoi	32	51	10	16	15,116
6211.43	Women's or girl's other garments of man-made fibers	856	485	3,565	11,943	14,789
6201.92	Men's or boy's anoraks, windbreakers and similar articles, of cotton	2,420	3,160	2,574	5,109	14,739
7606.12	Aluminum plates, sheets and strip, of aluminum alloys, thicknes > 0.2 mm	28,830	25,761	3,311	11,086	14,686
1604.16	Anchovies, prepared or preserved, not minced	3,504	5,311	11,178	11,194	14,593
9999.95	Estimated imports of low valued transactions	33,221	29,982	6,428	9,458	14,593
6109.10	T-shirts, singlets, tank tops, knitted or crocheted, of cotton	6,289	10,419	8,018	14,206	14,297
2905.11	Methanol (methyl alcohol)	10,929	8,162	13,329	16,801	11,772
6211.33	Men's or boys' other garments of manmade fibers	8	309	1,171	2,511	9,943
3102.10	Urea, whether or not in aqueous solution	23,708	3,223	3,361	0	9,611
8541.10	Diodes excluding photosensitive or light-emitting diodes	4,712	7,040	11,165	7,520	8,232
6108.31	Women's or girls' nightdresses and pajamas, of cotton	677	1,869	2,713	3,971	7,205
	Total of items shown	13,456,342	17,897,768	14,160,576	13,336,322	12,578,740
	Total all commodities	13,754,829	18,195,974	14,435,233	13,644,403	12,920,335

[1] Data excludes Egypt and Somalia.

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

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