

Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences

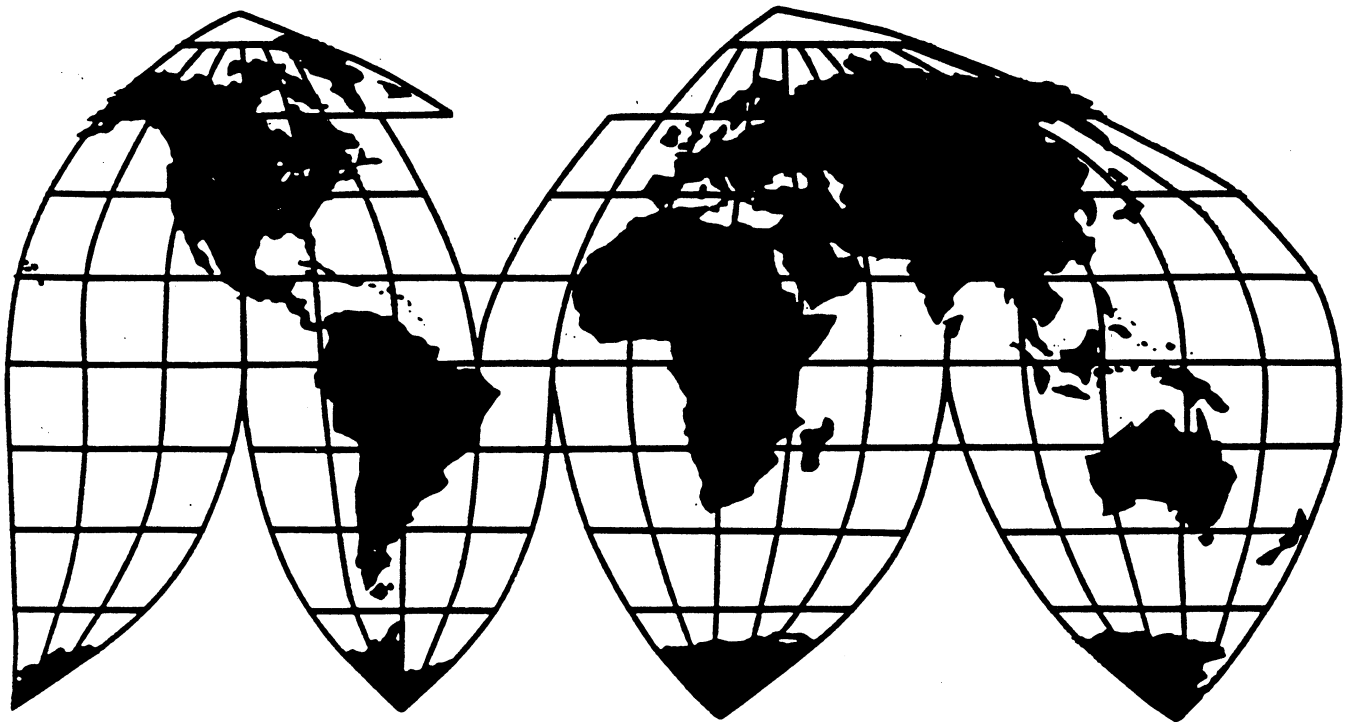
Report to the President on
Investigation No. 332-369

Note.—This report is a declassified version of the
confidential probable effect advice report submitted to
the President on December 2, 1996.

Publication 3008

December 1996

U.S. International Trade Commission



Washington, DC 20436

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Note.--This report is a declassified version of the confidential probable effect advice report submitted to the President on December 2, 1996. All probable effect advice has been removed and all business proprietary information has been replaced with "****."

INTRODUCTION

On August 23, 1996, the United States International Trade Commission (Commission) received a request from the United States Trade Representative (USTR) requesting certain Commission advice under section 332 of the Tariff Act of 1930. Following receipt of that request, the Commission instituted investigation No. 332-369 in order to provide as follows--

- (1) in accordance with sections 503(a)(1)(A), 503(e), and 131(a) of the Trade Act of 1974 (1974 Act), with respect to each article listed in part A of the annex to the USTR request (see appendix A), advice 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 Generalized System of Preferences (GSP);
- (2) in accordance with section 503(c)(2)(E) of the 1974 Act, which exempts from one of the competitive need limits in section 503(c)(2)(A) of the 1974 Act articles for which no like or directly competitive article was being produced in the United States on January 1, 1995, advice with respect to whether products like or directly competitive with the articles in part A of the annex to the USTR request were being produced in the United States on January 1, 1995.
- (3) with respect to the article listed in part B of the attached annex, advice as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of the removal of the article, provided for in HTS [Harmonize Tariff Schedule] subheading 9609.10.00 (listed in part B of the annex to the USTR request), from eligibility for duty-free treatment under the GSP;
- (4) with respect to the articles listed in part C of the attached annex, advice as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of the removal of the articles, provided for in HTS subheadings 2001.90.39(pt), 2005.90.55.10, 2820.10.00, and 7006.00.40, from countries specified (listed in part C of the annex to the USTR request), from eligibility for duty-free treatment under the GSP;
- (5) in accordance with section 503(d)(1)(A) of the 1974 Act, advice as to whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for the country specified with respect to the articles listed in part D of the annex to the USTR request and for Cote d'Ivoire with respect to the article provided for in HTS subheading 0802.90.9090(pt).

In providing its advice under (1), the Commission assumed, as requested by USTR, that the 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 503(c)(2)(A) of the 1974 Act (except for Cote d'Ivoire included under HTS subheading 0802.90.9090(pt)). With respect to the competitive need limit in section 503(c)(2)(A)(i)(I) of the 1974 Act, the Commission, as requested, used the dollar value limit of \$122,141,016.

The Commission instituted the investigation on September 9, 1996. The Commission indicated that it would seek to provide its advice not later than December 2, 1996, as requested by USTR.

The Commission notice of investigation and hearing is reproduced in appendix B.¹ A public hearing in connection with the investigation was held in the Commission hearing room, 500 E Street SW., Washington, DC, on October 9, 1996, as required. All parties expressing a desire to appear at the hearing were afforded an opportunity to appear either by counsel or in person, to present information, and to be heard.²

¹ The following Federal Register notices were issued by the Commission and the USTR related to investigation No. 332-369:

<u>Date</u>	<u>Notice</u>	<u>Subject</u>
July 28, 1995	60 F.R. 38856	USTR notice of annual GSP review
September 17, 1996	61 F.R. 48969	Notice of Commission investigation and hearing
October 4, 1996	61 F.R. 52078	USTR notice of hearing

² A list of witnesses who appeared at the Commission hearing is contained in app. C.

PRESENTATION OF PROBABLE ECONOMIC EFFECT ADVICE

In response to the USTR request for probable economic effect advice, the Commission determined that an appropriate format for such an analysis would be commodity digests, each digest dealing with the effect of tariff modifications on a specific HTS subheading or on a group of several closely related HTS subheadings. In the latter case, advice is given both for the group as a whole and for each individual subheading.

Each digest contains the following sections:

- I. Introduction
- II. U.S. market profile
- III. GSP import situation, 1995
- IV. Competitiveness profiles, GSP suppliers
- V. Position of interested parties
- VI. Summary of probable economic effect advice

U.S. import/export tables

I. Introduction.--This section provides basic information on the item, including description and uses, rate of duty, and an indication of whether there was a like or directly competitive article produced in the United States on January 1, 1995.

II. U.S. market profile.--This section provides information on U.S. producers, employment, shipments, exports, imports, consumption, import market share, and capacity utilization. When exact information is not available, the best available estimates are provided.

III. GSP import situation, 1995.--This section provides 1995 U.S. import data, including the world total and certain GSP country-specific data. Individual GSP country data are provided for the top four GSP suppliers during 1995 as well as for any additional GSP country proposed for a "waiver."

IV. Competitiveness profiles.--This section provides background information on GSP supplier countries that are (1) the most significant sources, (2) likely to emerge as significant suppliers as a result of the GSP modification, and/or (3) affected by changes in eligibility as a result of the modification. Information is provided on the level and significance of the country as a supplier, the elasticities of supply and demand for imports from the country,³ and the price and quality of imports compared with U.S. and other foreign products.

V. Position of interested parties.--This section provides brief summaries of written submissions and testimony from interested parties.

³Price elasticity is a measure of the changes in quantity supplied or demanded that are brought about as a result of changes in price. The guidelines used for both supply and demand are as follows: The elasticity is low when the percentage change in quantity is less than the percentage change in price, moderate when it is between 1 and 2 times the percentage change in price, and high when it is greater than 2 times the percentage change in price. It should be noted that the elasticity levels ("low, moderate, and high") are estimates based on staff analysis of industry conditions, not on empirical research.

VI. Summary of probable economic effects --This section provides advice on the short-to-near-term (1 to 5 years, 1997-2001) impact of the proposed GSP-eligibility modifications in three areas: (1) U.S. imports, (2) U.S. industry, and (3) U.S. consumers. The probable economic effect advice, to a degree, integrates and summarizes the data provided in sections I-V of the digests with particular emphasis on the price sensitivity of import supply and demand. Thus, for example, if the price elasticity of demand in the United States and the price elasticity of supply in the exporting beneficiary country are both relatively high, the elimination of even a moderate-level tariff suggests the possibility of large import increases from the beneficiary country. Appendix D provides a brief textual and graphic presentation on the model used for evaluating the probable economic effects of changes in the GSP. For the products in this report, however, it is not possible to measure such trade shifts precisely.

It should be noted that the probable economic effect advice with respect to changes in import levels is presented in terms of the degree to which GSP modifications will affect U.S. trade levels with the world. Consequently, if GSP beneficiaries supply a very small share of the total U.S. imports of a particular product or if imports from beneficiaries readily substitute for imports from developed countries, the overall effect on U.S. imports could be minimal.

The digests contain a coded summary of the probable economic effect advice. The coding scheme is shown below:

FOR "ADDITION" AND "WAIVER" DIGESTS:

Level of total U.S. imports:

- Code A: Little or no increase.
- Code B: Moderate increase.
- Code C: Significant increase.
- Code N: No impact

Impact on the U.S. industry and employment:

- Code A: Little or negligible adverse impact.
- Code B: Significant adverse impact (significant proportion of workers unemployed, declines in output and profit levels, and departure of firms; effects on some segments of the industry may be substantial even though they are not industrywide).
- Code C: Substantial adverse impact (substantial unemployment, widespread idling of productive facilities, and substantial declines in profit levels; effects felt by the entire industry).
- Code N: No impact.

Benefit derived by the U.S. consumer:⁴

- Code A: The bulk of duty savings is expected to be absorbed by the foreign suppliers. The price U.S. consumers pay is not expected to fall significantly.
- Code B: Duty savings are expected to benefit both the foreign suppliers and the domestic consumer.
- Code C: The bulk of duty savings is expected to benefit the U.S. consumer.
- Code N: No impact.

⁴The "U.S. consumer" may be a firm or a person receiving an intermediate good for further processing or an end user receiving a final good.

FOR "REMOVAL" DIGESTS:

Level of total U.S. imports:

- Code X: Little or no decrease.
- Code Y: Moderate decrease.
- Code Z: Significant decrease.
- Code N: No impact.

Impact on the U.S. industry and employment:

- Code X: Little or negligible beneficial impact.
- Code Y: Significant beneficial impact (significant number of additional workers employed; increases in output; increases in profit levels; new firms; but beneficial impact not industrywide).
- Code Z: Substantial beneficial impact (substantial increase in employment; widespread increased production; substantial increases in profit levels; beneficial impact on the industry as a whole).
- Code N: No impact.

Impact on the U.S. consumer:⁵

- Code X: The bulk of the duty increase is expected to be absorbed by the foreign suppliers.
- Code Y: The duty increase is expected to increase costs to both the foreign suppliers and the domestic consumer.
- Code Z: The bulk of the duty increase is expected to be passed on to the U.S. consumer.
- Code N: None.

Further, confidence in available data and data estimated often varies by product and by type of information. To give the report user some indication of the degree of confidence in data provided in the digests, the Commission uses the following coding system.

- No code = Response based on complete or almost complete information/data adequate for a high degree of confidence.
- * = Based on partial information/data adequate for estimation with a moderately high degree of confidence (e.g., *5, *X).
- ** = Based on limited information/data adequate for estimation with a moderate degree of confidence (e.g., **5).
- (¹) = Not available.

The probable economic effect advice for U.S. imports and the domestic industry is based on estimates of what is expected in the future with the proposed change in GSP eligibility compared with what is expected without it. That is, the estimated effects are independent of and in addition to any changes that will otherwise occur. Although other factors, such as exchange rate changes, relative inflation rates, and relative rates of economic growth, could have a significant effect on imports, these other factors are not within the scope of the USTR request.

⁵The "U.S. consumer" may be a firm or a person receiving an intermediate good for further processing or an end user receiving a final good.

PROBABLE ECONOMIC EFFECT DIGEST LOCATOR AND OVERVIEW

Note.--Report digests are listed on pages 8-13 in sequential order by Harmonized Tariff Schedule of the United States (HTS) subheading. This listing provides the following information on the individual digests: a digest title, the proposed action, probable economic effect codes (deleted), col. 1 rate of duty on January 1, 1996, existence of U.S. production on January 1, 1995, and the name of the assigned Commission trade analyst.

HTS subheadings requiring probable economic effect advice and listing of digests

HTS sub-headings ¹	Short title	Proposed action	Petitioners	Probable effects	Col. 1 rate of duty or AVE	U.S. production of like or directly competitive articles, Jan. 1, 1995?	Analyst
<u>0802.90.9090(pt)</u>	Shelled kola nuts	Addition ²	McCormick & Company, Inc. Sparks, MD	***	2.6% (AVE)	No	Burket
<u>1604.16.10</u> <u>1604.16.30</u>	Canned anchovies	Waiver (Morocco)	Government of Morocco	***	1.8% 3.6%	No No	Corey
<u>2001.90.39(pt)</u>	Processed sweet bell-type peppers in vinegar	Removal ³ (Chile)	Cherokee Products Company, Haddock, GA; Del Mar Food Products Corp., Watsonville, CA; Dunbar Foods Corp., Dunn, NC; Moody Dunbar, Inc., Limestone, TN; Furman Foods, Inc., Northumberland, PA; Monticello Canning Co., Inc., Crossville, TN; Saticoy Foods Corp., Saticoy, CA; The Mancini Packing Co., Zolfo Springs, FL	***	11.2%	Yes	McCarty
<u>2005.90.55.10</u>	Processed sweet bell-type peppers other than in vinegar	Removal ³ (Chile)	Cherokee Products Company, Haddock, GA; Del Mar Food Products Corp., Watsonville, CA; Dunbar Foods Corp., Dunn, NC; Moody Dunbar, Inc., Limestone, TN; Furman Foods, Inc., Northumberland, PA; Monticello Canning Co., Inc., Crossville, TN; Saticoy Foods Corp., Saticoy, CA; The Mancini Packing Co., Zolfo Springs, FL	***	16.6%	Yes	McCarty

See footnotes at end of table.

HTS subheadings requiring probable economic effect advice and listing of digests

HTS sub-headings ¹	Short title	Proposed action	Petitioners	Probable effects	Col. 1 rate of duty or AVE	U.S. production of like or directly competitive articles, Jan. 1, 1995?	Analyst
<u>2820.10.00</u>	Manganese dioxide	Removal ³ (South Africa)	Ferroalloy Association, Washington, DC	***	4.7%	Yes	Greenblatt
<u>2901.29.50</u>	Alpha-olefins	Addition	Sasol Alpha Olefins, South Africa	***	2.2%	Yes	Cantrell
<u>2905.11.20</u>	Methanol	Waiver (Venezuela)	Petroquimica de Venezuela, S.A., Venezuela	***	15.5%	Yes	Jonnard
<u>2909.19.1010</u>	Methyl tertiary-butyl ether (MTBE)	Waiver (Venezuela)	Ecofuel, S.p.A., Italy	***	5.6%	Yes	Jonnard
<u>2917.37.00</u>	Dimethyl terephthalate	Waiver (Romania)	Government of Romania	***	14% (AVE)	Yes	Matusik
<u>2921.51.50(pt)</u>	N-(1,3-Dimethylbutyl)- N'-phenyl-1,4- diaminobenzene	Addition	Government of Slovakia; Duslo a.s. Sala, Slovakia; Petrinex a.s. Bratislava, Slovakia; Prochimie International, Inc., New York, NY	***	17% (AVE)	Yes	Matusik
<u>2933.39.25</u>	Certain herbicides	Waiver (Brazil)	American Cyanamid Company, Wayne, NJ	***	12.1%	Yes	Wanser
<u>2933.40.30</u>	Certain pesticides	Waiver (Brazil)	American Cyanamid Company, Wayne, NJ	***	10.2%	Yes	Wanser

See footnotes at end of table.

HTS subheadings requiring probable economic effect advice and listing of digests

HTS sub-headings ¹	Short title	Proposed action	Petitioners	Probable effects	Col. 1 rate of duty or AVE	U.S. production of like or directly competitive articles, Jan. 1, 1995?	Analyst
<u>2934.20.80(pt)</u>	Benzothiazyl-2-cyclohexylsulfenamide	Addition	Government of Slovakia; Istrochem, Slovakia; Prochimie International, Inc., New York, NY	***	15% (AVE)	Yes	Matusik
<u>4104.39.20</u>	Buffalo leather, other than full grains and grain splits	Waiver (Thailand)	Lackawanna Leather Company, Conover, NC	***	3.2%	Yes	Steller
<u>4107.90.60</u>	Fancy leather, nesoi	Waiver (South Africa)	Government of South Africa	***	2.1%	Yes	Steller
<u>4203.21.20</u>	Leather batting gloves	Waiver (Indonesia)	Government of Indonesia	***	3%	Yes	Jones
<u>5701.10.40(pt)</u>	Handmade wool pile rugs	Addition	Government of Nepal; Kuber Handicrafts, Nepal	***	4.1%	Yes	Jones
<u>6901.00.00</u>	Bricks, blocks and tiles of siliceous fossil earths	Addition	Government of Venezuela; Ceramica Carabobo, S.A.C.A., Venezuela	***	2.9%	Yes	Desapio
<u>6905.10.00</u>	Ceramic roofing tiles	Waiver (Venezuela)	Alfarenia El Volcan, C.A., Venezuela; Interclay Corp., Miami, FL	***	13.5%	Yes	White
<u>7006.00.40</u>	Worked flat glass	Removal ³ (Indonesia)	Glasscraft, Memphis, TN	***	4.9%	Yes	Lukes

See footnotes at end of table.

HTS subheadings requiring probable economic effect advice and listing of digests

HTS sub-headings ¹	Short title	Proposed action	Petitioners	Probable effects	Col. 1 rate of duty or AVE	U.S. production of like or directly competitive articles, Jan. 1, 1995?	Analyst
<u>7614.90.20</u>	Stranded aluminum electrical conductors	Waiver (Venezuela)	Government of Venezuela; Conal, C.A., Venezuela; Sural, C.A., Venezuela	***	4.9%	Yes	Yost
<u>8414.30.40</u>	Refrigeration compressors under 1/4 horsepower	Waiver (Brazil)	Whirlpool Corporation, Benton Harbor, MI	***	2%	Yes	Bello
<u>8469.12.00</u>	Automatic typewriters	Waiver (Indonesia)	Government of Indonesia	***	1.3%	Yes	Baker
<u>8471.49.26</u>	Computer display units entered with systems	Waiver (Thailand)	Government of Thailand; Apple Computer, Inc., Cupertino, CA	***	2.2%	Yes	Ki
<u>8471.60.35</u>	Computer display units not entered with systems	Waiver (Thailand)	Government of Thailand; Apple Computer, Inc., Cupertino, CA	***	2.2%	Yes	Ki
<u>8517.19.40</u>	Videophones	Waiver (Thailand)	Government of Thailand	***	8.5%	No	Davitt
<u>8517.19.80</u>	Telephone sets other than cordless	Waiver (Thailand)	Government of Thailand	***	8.5%	Yes	Davitt
<u>8517.21.00</u>	Facsimile machines	Waiver (Thailand)	Cal-Comp Electronic (Thailand) Company Limited, Thailand; Canon U.S.A., Inc., Lake Success, NY; Sharp Appliances (Thailand) Limited, Thailand; Sharp Electronics Corporation, Mahwah, NJ	***	4.7%	Yes	Davitt

See footnotes at end of table.

HTS subheadings requiring probable economic effect advice and listing of digests

HTS sub-headings ¹	Short title	Proposed action	Petitioners	Probable effects	Col. 1 rate of duty or AVE	U.S. production of like or directly competitive articles, Jan. 1, 1995?	Analyst
<u>8521.10.60</u>	Videocassette recorders	Waiver (Thailand)	Government of Thailand; Orion Sales, Inc., Olney, IL; World Electric (Thailand) Ltd., Thailand	***	2.3%	Yes	Kitzmilller
<u>8527.21.10</u>	Automobile radio/tape players	Waiver (Brazil)	Ford Motor Company, Dearborn, MI	***	3%	Yes	Kitzmilller
<u>8527.29.80</u>	AM automobile radios	Addition	Ford Motor Company, Dearborn, MI	***	6.6%	No	Kitzmilller
<u>8527.31.40</u>	AC-powered radio/tape players	Waiver (Indonesia)	Government of Indonesia	***	2.6%	No	Kitzmilller
<u>8527.90.90</u>	Radio receivers other than radiobroadcast	Waiver (Philippines)	Government of the Philippines; Uniden America Corporation, Fort Worth, TX; Uniden Philippines, Inc., Philippines	***	6%	Yes	Kitzmilller
<u>8544.30.00</u>	Ignition wiring harnesses	Waiver (Thailand)	Government of Thailand; American Yazaki Corp., Canton, MI	***	5%	Yes	Cutchin
<u>8607.19.03</u>	Axles for locomotives or rolling stock	Addition	Swasap Works, South Africa	***	0.5%	Yes	Lahey

See footnotes at end of table.

HTS subheadings requiring probable economic effect advice and listing of digests

HTS sub-headings ¹	Short title	Proposed action	Petitioners	Probable effects	Col. 1 rate of duty or AVE	U.S. production of like or directly competitive articles, Jan. 1, 1995?	Analyst
<u>9009.12.00</u>	Electrostatic photocopier machines	Waiver (Thailand)	Canon U.S.A., Inc., Lake Success, NY; Canon Hi-Tech (Thailand), Ltd., Thailand	***	3.7%	Yes	Baker
<u>9032.89.60</u>	Automatic regulating or controlling instruments	Waiver (Philippines)	Telefunken Microelectronic (Phil.) Inc., Philippines	***	3.6%	Yes	Brandon
<u>9609.10.00</u>	Pencils and crayons with leads encased in a rigid sheath	Removal ³	Writing Instrument Manufacturers Association, Moorestown, NJ	***	6.2% (AVE)	Yes	Seastrum

¹The first HTS subheading (underlined) is the Digest number.

²Waiver of competitive-need limit for Cote d'Ivoire on kola nuts provided for in subheading 0802.90.9090 is also requested.

³Advice is requested on the removal of duty-free status of this product from the designated country. While the Trade Policy Staff Committee (TPSC) review will focus on the designated country, the TPSC reserves the right to address removal of GSP status for countries other than those specified as well as the removal of GSP status for the entire article.

COMMODITY DIGESTS

DIGEST NO. 0802.90.9090(pt)

SHELLED KOLA NUTS

Shelled Kola Nuts

I. Introduction

Addition to GSP

Competitive-need-limit waiver Côte d'Ivoire

HTS subheading	Short description	Col. 1 rate of duty (1/1/96)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
0802.90.9090(pt) ¹	Shelled kola nuts	9¢/kilogram	No

¹Based on 1995 trade data, Côte d'Ivoire exceeds the competitive-need limits for articles included under HTS subheading 0802.90.9090 and could be non-eligible for GSP treatment for such articles.

Description and uses.--Kola nuts are the fruit of sterculiaceous trees indigenous to tropical regions in West Africa, the West Indies, and Brazil. Kola nut pods are brownish in color, chestnut sized, and contain nuts with caffeine and theobromine alkaloids. The kola nuts are harvested, split, depodded, deskinning, fermented, and dried. The shelled kola nuts are further processed to extract the essential flavors. The extracted flavors are sold as bases in the manufacture of cola beverages. Kola nuts may be used as masticants and in the production of medicines.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>) ¹					
Employment (<i>1,000 employees</i>) ¹					
Shipments (<i>1,000 dollars</i>) ¹					
Exports (<i>1,000 dollars</i>)	0	0	0	0	0
Imports (<i>1,000 dollars</i>)	(²)	(²)	(²)	5,210	2,659
Consumption (<i>1,000 dollars</i>)	0	0	0	5,210	2,659
Import-to-consumption ratio (<i>percent</i>)	(³)	(³)	(³)	100	100
Capacity utilization (<i>percent</i>) ¹					

¹Not available. There is no known commercial domestic production of kola nuts.

²Prior to 1994, kola nuts were imported as inshell nuts under HTS subheading 0802.90.80, which are GSP-eligible articles.

³Not meaningful.

Comment.--The United States does not commercially produce kola nuts. U.S. imports of shelled kola nuts are further processed in the United States to produce cola extract that is used as a flavoring in the manufacture of cola drinks.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	2,659	100	(¹)	100
Imports from GSP countries:				
GSP total	2,659	100	100	100
Côte d'Ivoire	2,659	100	100	100

¹Not applicable.

Comment.--Domestic consumption of kola nuts is supplied entirely by imports. Côte d'Ivoire and Jamaica are reported to be the only countries that have commercially exportable quantities of shelled kola nuts.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Côte d'Ivoire for all digest products

Ranking as a U.S. import supplier, 1995. 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. demand? High Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes No

Does the country have significant export markets besides the
United States? Yes No

Could exports from the country be readily redistributed among
its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

 U.S. products¹ Above Equivalent Below

 Other foreign products Above Equivalent Below

Quality compared with--

 U.S. products¹ Above Equivalent Below

 Other foreign products Above Equivalent Below

¹There is no commercial shelled kola nuts production in the United States.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Jamaica digest products

Ranking as a U.S. import supplier, 1995¹ NA

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes ___ No X

What is the price elasticity of U.S. import demand? High ___ Moderate ___ Low X

Can production in the country be easily expanded or contracted
in the short term? Yes ___ No X

Does the country have significant export markets besides the
United States? Yes ___ No X

Could exports from the country be readily redistributed among
its foreign export markets? Yes ___ No X

What is the price elasticity of import supply? High ___ Moderate X Low ___

Price level compared with--

U.S. products² Above ___ Equivalent ___ Below ___

Other foreign products Above ___ Equivalent X Below ___

Quality compared with--

U.S. products² Above ___ Equivalent ___ Below ___

Other foreign products Above ___ Equivalent X Below ___

¹Jamaica has an established kola nut industry that is capable of supplying U.S. import demands; however, there were no imports of shelled kola nuts from Jamaica in 1995. In 1994, imports from Jamaica totaled \$61 thousand.

²There is no known commercial production on shelled kola nuts in the United States.

V. Position of interested parties

Petitioner.--Counsel in a written submission on behalf of the petitioner, McCormick & Company, Incorporated, (McCormick) stated that GSP treatment should be granted to kola nuts classified under HTS subheading 0802.90.9090(pt) and that Côte d'Ivoire should be granted a waiver of the competitive need limit. McCormick stated that (1) no U.S. industries would be adversely affected by the designation of kola nuts to GSP eligibility or the waiver of competitive need limits on kola nuts from Côte d'Ivoire, (2) U.S. industries and consumers would benefit from reduced costs to U.S. producers of cola extract made from imported kola nuts, and (3) U.S. processors of kola nuts would be better able to compete with imported cola nut extract.

VI. Summary of probable economic advice--Addition

* * * * *

VI. Summary of probable economic advice--Competitive-need-limit waiver Côte d'Ivoire

* * * * *

Table 1
 Digest title: Shelled kola nuts
 U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June--	
						1995	1996
Value (1,000 dollars)							
Cote d'Ivoire	0	0	0	5,149	2,659	2	0
Jamaica	0	0	0	61	0	0	0
Total	0	0	0	5,210	2,659	2	0
GSP Total	0	0	0	5,210	2,659	2	0
Percent							
Cote d'Ivoire . . . . .	.0	.0	.0	98.8	100.0	100.0	.0
Jamaica . . . . .	.0	.0	.0	1.2	.0	.0	.0
Total . . . . .	.0	.0	.0	100.0	100.0	100.0	.0
GSP Total . . . . .	.0	.0	.0	100.0	100.0	100.0	.0

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

Source: Estimated from official statistics of the U.S. Department of commerce.

DIGEST NO. 1604.16.10

CANNED ANCHOVIES

Canned Anchovies ¹

I. Introduction

Competitive-need-limit waiver Morocco

HTS subheadings	Short description	Col. 1 rate of duty (1/1/96) <i>Percent ad valorem</i>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
1604.16.10 ¹	Canned anchovies, in oil, under quota	1.8%	No
1604.16.30 ¹	Canned anchovies, in oil, over quota	3.6%	No

¹ Morocco has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheadings 1604.16.10 and 1604.16.30.

Description and uses.--Canned anchovies are a seafood intended for human consumption, prepared from small fish similar to sardines. They are usually consumed in preparations with other food items, such as in pizza or salads.

II. U.S. market profile ¹

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)					
Employment (<i>1,000 employees</i>)					
Shipments (<i>1,000 dollars</i>)					
Exports (<i>1,000 dollars</i>)	434	231	248	190	353
Imports (<i>1,000 dollars</i>)	22,831	18,491	21,365	19,991	19,951
Consumption (<i>1,000 dollars</i>)	22,397	18,260	21,117	19,801	19,598
Import-to-consumption ratio (<i>percent</i>)	100	100	100	100	100
Capacity utilization (<i>percent</i>)					

Comment.--There are no U.S. producers of the subject products. Industry sources suggest that the reported exports of the subject products are misclassified canned sardines or other similar products.

¹ This digest includes the following HTS subheadings: 1604.16.10 and 1604.16.30.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	19,951	100	(1)	100
Imports from GSP countries:				
GSP total	12,847	64	100	64
Morocco	11,434	57	89	58
Argentina	662	3	5	3
Thailand	300	2	2	2
Chile	296	2	2	2

¹ Not applicable.
² Not applicable.

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

Comment.--Morocco's largest export markets are the European Union and the United States.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Morocco for all digest products

Ranking as a U.S. import supplier, 1995. 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes ___ No X

What is the price elasticity of U.S. import demand? High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted
in the short term? Yes ___ No X

Does the country have significant export markets besides the
United States? Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No ___

What is the price elasticity of import supply? High ___ Moderate X Low ___

Price level compared with--

 U.S. products¹ Above ___ Equivalent ___ Below ___

 Other foreign products Above ___ Equivalent X Below ___

Quality compared with--

 U.S. products¹ Above ___ Equivalent ___ Below ___

 Other foreign products Above ___ Equivalent X Below ___

¹ There is no U.S. production of these products.

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

VI. Summary of probable economic advice--Waiver (Morocco)

* * * * *

Table 1
Digest title: Canned anchovies
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1995
Value (1,000 dollars)							
Morocco.....	10,518	10,917	14,593	13,136	11,434	5,582	5,854
Spain.....	6,199	3,834	3,195	3,443	5,257	2,432	2,347
Italy.....	563	511	848	894	957	687	899
Argentina.....	2,006	818	1,129	630	662	377	651
Portugal.....	2,487	1,358	902	799	595	286	329
Thailand.....	7	1	0	332	300	122	186
Chile.....	485	424	499	398	296	235	691
Belgium.....	0	0	0	0	119	0	28
Greece.....	215	154	34	17	100	57	0
Macao.....	128	0	2	0	86	86	0
Turkey.....	0	0	0	4	68	42	74
France.....	126	261	6	24	41	28	0
United Kingdom...	0	0	1	0	28	28	0
China.....	52	24	89	69	9	9	5
Canada.....	2	0	0	0	0	0	0
All other.....	44	189	66	244	0	0	126
Total.....	22,831	18,491	21,365	19,991	19,951	9,970	11,190
GSP Total.....	13,171	12,162	16,274	14,642	12,847	6,444	7,575
Percent							
Morocco.....	46.1	59.0	68.3	65.7	57.3	56.0	52.3
Spain.....	27.2	20.7	15.0	17.2	26.3	24.4	21.0
Italy.....	2.5	2.8	4.0	4.5	4.8	6.9	8.0
Argentina.....	8.8	4.4	5.3	3.2	3.3	3.8	5.8
Portugal.....	10.9	7.3	4.2	4.0	3.0	2.7	2.9
Thailand.....	1/	1/	.0	1.7	1.5	1.2	1.7
Chile.....	2.1	2.3	2.3	2.0	1.5	2.4	6.2
Belgium.....	.0	.0	.0	.0	.6	.0	.3
Greece.....	.9	.8	.2	.1	.5	.6	.0
Macao.....	.6	.0	1/	.0	.4	.9	.0
Turkey.....	.0	.0	.0	1/	.3	.4	.7
France.....	.6	1.4	1/	.1	.2	.3	.0
United Kingdom...	.0	.0	1/	.0	.1	.3	.0
China.....	.2	.1	.4	.3	1/	.1	1/
Canada.....	1/	.0	.0	.0	.0	.0	.0
All other.....	.2	1.0	.3	1.2	.0	.0	1.1
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	57.7	65.8	76.2	73.2	64.4	64.6	67.7

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 1.
Digest title: Canned anchovies
U.S. imports for consumption, principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Morocco.....	10,137	9,430	6,844	4,356	7,409	2,305	4,998
Spain.....	6,032	3,804	3,191	3,380	4,856	2,159	2,328
Italy.....	552	508	824	805	862	635	897
Argentina.....	1,918	818	1,129	414	662	377	651
Portugal.....	2,487	1,320	822	761	595	286	329
Chile.....	485	424	381	0	296	235	691
Thailand.....	2	0	0	141	213	43	186
Belgium.....	0	0	0	0	119	0	28
Macao.....	128	0	2	0	86	86	0
Greece.....	215	98	12	17	86	42	0
Turkey.....	0	0	0	4	68	42	74
United Kingdom...	0	0	0	0	28	28	0
France.....	121	261	6	15	11	11	0
China.....	42	24	29	12	9	9	0
Mexico.....	0	175	0	0	0	0	0
All other.....	33	13	54	111	0	0	122
Total.....	22,151	16,876	13,293	10,017	15,299	6,258	10,304
GSP Total.....	12,696	10,674	8,405	4,932	8,735	3,089	6,718
Percent							
Morocco.....	45.8	55.9	51.5	43.5	48.4	36.8	48.5
Spain.....	27.2	22.5	24.0	33.7	31.7	34.5	22.6
Italy.....	2.5	3.0	6.2	8.0	5.6	10.1	8.7
Argentina.....	8.7	4.8	8.5	4.1	4.3	6.0	6.3
Portugal.....	11.2	7.8	6.2	7.6	3.9	4.6	3.2
Chile.....	2.2	2.5	2.9	.0	1.9	3.8	6.7
Thailand.....	1/	.0	.0	1.4	1.4	.7	1.8
Belgium.....	.0	.0	.0	.0	.8	.0	.3
Macao.....	.6	.0	1/	.0	.6	1.4	.0
Greece.....	1.0	.6	.1	.2	.6	.7	.0
Turkey.....	.0	.0	.0	1/	.4	.7	.7
United Kingdom...	.0	.0	.0	.0	.2	.4	.0
France.....	.5	1.5	1/	.2	.1	.2	.0
China.....	.2	.1	.2	.1	.1	.1	.0
Mexico.....	.0	1.0	.0	.0	.0	.0	.0
All other.....	.2	.1	.4	1.1	.0	.0	1.2
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	57.3	63.2	63.2	49.2	57.1	49.4	65.2

1/ Less than \$500 or less than 0.05 percent.

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

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

Digest No.
16041610
HTS no.
1604163000

Table 1.
Digest title: Canned anchovies
U.S. imports for consumption, principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Morocco.....	381	1,487	7,750	8,780	4,025	3,277	856
Spain.....	168	30	4	62	401	273	19
Italy.....	11	3	24	89	95	52	2
Thailand.....	5	1	0	191	87	78	0
France.....	5	0	0	9	30	18	0
Greece.....	0	56	21	0	14	14	0
Canada.....	2	0	0	0	0	0	0
Chile.....	0	0	118	398	0	0	0
Argentina.....	88	0	0	217	0	0	0
United Kingdom...	0	0	1	0	0	0	0
Portugal.....	0	38	80	38	0	0	0
Malaysia.....	1	0	0	125	0	0	0
Singapore.....	0	0	2	0	0	0	0
Philippines.....	0	0	0	0	0	0	2
China.....	9	0	60	57	0	0	5
All other.....	9	0	10	8	0	0	2
Total.....	680	1,615	8,072	9,973	4,652	3,712	886
GSP Total.....	475	1,489	7,868	9,709	4,112	3,355	858
Percent							
Morocco.....	56.0	92.1	96.0	88.0	86.5	88.3	96.6
Spain.....	24.7	1.9	.1	.6	8.6	7.4	2.2
Italy.....	1.6	.2	.3	.9	2.0	1.4	.2
Thailand.....	.7	.1	.0	1.9	1.9	2.1	.0
France.....	.8	.0	.0	.1	.6	.5	.0
Greece.....	.0	3.4	.3	.0	.3	.4	.0
Canada.....	.3	.0	.0	.0	.0	.0	.0
Chile.....	.0	.0	1.5	4.0	.0	.0	.0
Argentina.....	12.9	.0	.0	2.2	.0	.0	.0
United Kingdom...	.0	.0	1/	.0	.0	.0	.0
Portugal.....	.0	2.4	1.0	.4	.0	.0	.0
Malaysia.....	.2	.0	.0	1.3	.0	.0	.0
Singapore.....	.0	.0	1/	.0	.0	.0	.0
Philippines.....	.0	.0	.0	.0	.0	.0	.2
China.....	1.4	.0	.7	.6	.0	.0	.5
All other.....	1.4	.0	.1	.1	.0	.0	.3
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	69.8	92.2	97.5	97.4	88.4	90.4	96.8

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Canned anchovies
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Turkey.....	0	0	0	34	201	0	56
Canada.....	126	89	22	125	76	59	98
Israel.....	0	0	0	0	35	0	0
Mexico.....	0	0	138	0	14	3	9
Paraguay.....	0	0	0	0	10	10	0
Morocco.....	0	0	0	0	8	8	0
Australia.....	0	0	0	0	4	0	15
Taiwan.....	0	3	0	11	3	0	0
Dominican Rep....	9	7	2	6	3	0	3
El Salvador.....	0	0	0	4	0	0	0
Venezuela.....	0	4	0	0	0	0	0
Argentina.....	0	0	0	0	0	0	5
Belgium.....	0	0	86	0	0	0	6
Spain.....	111	52	0	0	0	0	0
Italy.....	3	0	0	0	0	0	0
All other.....	185	76	0	10	0	0	11
Total.....	434	231	248	190	353	79	204
GSP Total.....	20	11	2	44	221	17	68
Percent							
Turkey.....	.0	.0	.0	17.9	56.8	.0	27.4
Canada.....	29.0	38.6	8.7	65.9	21.4	74.8	48.2
Israel.....	.0	.0	.0	.0	9.9	.0	.0
Mexico.....	.0	.0	55.9	.0	3.9	3.2	4.5
Paraguay.....	.0	.0	.0	.0	2.8	12.4	.0
Morocco.....	.0	.0	.0	.0	2.1	9.5	.0
Australia.....	.0	.0	.0	.0	1.2	.0	7.6
Taiwan.....	.0	1.3	.0	5.7	.9	.0	.0
Dominican Rep....	2.1	2.9	.9	3.3	.9	.0	1.3
El Salvador.....	.0	.0	.0	2.0	.0	.0	.0
Venezuela.....	.0	1.7	.0	.0	.0	.0	.0
Argentina.....	.0	.0	.0	.0	.0	.0	2.6
Belgium.....	.0	.0	34.5	.0	.0	.0	3.1
Spain.....	25.5	22.7	.0	.0	.0	.0	.0
Italy.....	.7	.0	.0	.0	.0	.0	.0
All other.....	42.7	32.8	.0	5.1	.0	.0	5.4
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	4.5	4.6	.9	23.3	62.7	22.0	33.3

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

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

DIGEST NO. 2001.90.39(pt)
PROCESSED SWEET BELL-TYPE PEPPERS IN VINEGAR

Processed Sweet Bell-type Peppers in Vinegar

I. IntroductionRemoval from GSP Chile

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2001.90.39(pt)	Processed sweet bell-type peppers in vinegar	11.2%	Yes

Description and uses.--The products covered here are processed red or green sweet bell-type peppers (pickled peppers), prepared or preserved by vinegar or acetic acid and whether or not reduced in size. Pickled peppers are used primarily as an individual food product, much the same as other pickled vegetables (e.g., pickled artichoke hearts or pickled mushrooms). They are believed to be sold primarily at the retail level, with some pickled peppers packed in institutional size containers as well.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	(1)	(1)	(1)	(1)	(1)
Employment (<i>1,000 employees</i>)	(1)	(1)	(1)	(1)	(1)
Shipments (<i>1,000 dollars</i>)	(1)	(1)	(1)	(1)	(1)
Exports (<i>1,000 dollars</i>)	2,639	3,270	3,093	3,157	2,678
Imports (<i>1,000 dollars</i>)	37,775	40,553	36,563	41,929	46,447
Consumption (<i>1,000 dollars</i>)	(1)	(1)	(1)	(1)	(1)
Import-to-consumption ratio (<i>percent</i>)	(1)	(1)	(1)	(1)	(1)
Capacity utilization (<i>percent</i>)	(1)	(1)	(1)	(1)	(1)

¹ Not available.

Comment.--Little is known about, and limited public information is available on, the domestic industry producing pickled peppers. The types of firms producing pickled peppers are believed to consist of all sizes of processors, including some small, limited-line regional processors as well as some U.S. multinationals.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total.	46,447	100	(1)	(2)
Imports from GSP countries:				
GSP total	2,416	5	100	(2)
Thailand.	795	2	33	(2)
Hungary	460	1	19	(2)
Poland.	330	1	14	(2)
Bulgaria.	224	1	9	(2)
Chile	28	(3)	(3)	(2)

¹ Not applicable.

² Not available.

³ Less than 0.5 percent.

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

Comment.--Under NAFTA, the duty on pickled peppers from Mexico already has been reduced significantly (4.8 percent). Mexico is the largest supplier of digest imports by far, accounting for 75 percent of the total value in 1995.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Chile for all digest products

Ranking as a U.S. import supplier, 1995. 28

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. import demand? High Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes No

Does the country have significant export markets besides the
United States? Yes No

Could exports from the country be readily redistributed among
its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above Equivalent Below

Quality compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above Equivalent Below

Comment.--GSP-eligible imports of processed sweet bell-type peppers from Chile have been insignificant since 1991.

IV. Competitiveness profiles, GSP suppliers--continued

Competitiveness indicators for all GSP countries for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No
 What is the price elasticity of U.S. import demand? High Moderate Low
 Can production in the country be easily expanded or contracted
 in the short term? Yes No
 Does the country have significant export markets besides the
 United States? Yes No
 Could exports from the country be readily redistributed among
 its foreign export markets? Yes No
 What is the price elasticity of import supply? High Moderate Low
 Price level compared with--
 U.S. products. Above Equivalent Below
 Other foreign products Above Equivalent Below
 Quality compared with--
 U.S. products. Above Equivalent Below
 Other foreign products Above Equivalent Below

Comment.--GSP-eligible imports of processed sweet bell-type peppers increased marginally from \$2.2 million in 1991 to \$2.4 million in 1995, and as a share of total imports fell from 6 to 5 percent.

V. Position of interested parties

Petitioner.--The petitioner, a group of U.S. canned pepper packers, including Cherokee Products Co., Del Mar Food Products Corp., Dunbar Foods Corp., Moody Dunbar, Inc., Furman Foods, Inc., Monticello Canning Co., Inc., Saticoy Foods Corp., and The Mancini Packing Co., supports the withdrawal of GSP treatment on processed sweet bell-type peppers from Chile. The petitioner stated in a written submission to the Commission that Chile was the largest GSP supplier in recent years.

VI. Summary of probable economic advice--Removal (Chile)

* * * * *

Table 1
Digest title: Processed sweet bell-type peppers in vinegar
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Mexico.....	27,307	29,968	26,512	32,015	34,745	17,275	18,549
Greece.....	4,194	3,293	3,517	3,330	4,087	1,341	1,650
Spain.....	1,124	1,558	1,586	1,521	2,312	1,178	1,290
Thailand.....	1,364	1,535	1,270	1,367	795	473	294
Italy.....	176	194	143	271	636	286	214
Japan.....	997	1,000	682	665	512	211	206
Canada.....	455	398	442	457	491	280	339
Hungary.....	166	165	226	146	460	348	125
Poland.....	37	83	127	205	330	115	212
Germany.....	176	202	132	220	317	113	148
Korea.....	279	353	369	391	311	129	240
Bulgaria.....	0	13	161	78	224	153	55
China.....	97	90	242	101	191	70	132
Guatemala.....	15	2	10	45	83	53	126
France.....	70	95	141	62	76	42	24
All other.....	1,316	1,604	1,004	1,055	879	496	414
Total.....	37,775	40,553	36,563	41,929	46,447	22,562	24,017
GSP Total.....	2,211	2,480	2,447	2,619	2,416	1,484	1,036
Percent							
Mexico.....	72.3	73.9	72.5	76.4	74.8	76.6	77.2
Greece.....	11.1	8.1	9.6	7.9	8.8	5.9	6.9
Spain.....	3.0	3.8	4.3	3.6	5.0	5.2	5.4
Thailand.....	3.6	3.8	3.5	3.3	1.7	2.1	1.2
Italy.....	.5	.5	.4	.6	1.4	1.3	.9
Japan.....	2.6	2.5	1.9	1.6	1.1	.9	.9
Canada.....	1.2	1.0	1.2	1.1	1.1	1.2	1.4
Hungary.....	.4	.4	.6	.3	1.0	1.5	.5
Poland.....	.1	.2	.3	.5	.7	.5	.9
Germany.....	.5	.5	.4	.5	.7	.5	.6
Korea.....	.7	.9	1.0	.9	.7	.6	1.0
Bulgaria.....	.0	1/	.4	.2	.5	.7	.2
China.....	.3	.2	.7	.2	.4	.3	.6
Guatemala.....	1/	1/	1/	.1	.2	.2	.5
France.....	.2	.2	.4	.1	.2	.2	.1
All other.....	3.5	4.0	2.7	2.5	1.9	2.2	1.7
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	5.9	6.1	6.7	6.2	5.2	6.6	4.3

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Processed sweet bell-type peppers in vinegar
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Canada.....	2,193	2,622	2,438	2,505	2,056	945	1,383
Japan.....	38	15	51	16	125	70	35
United Kingdom...	21	59	11	51	64	10	40
Germany.....	0	14	10	11	49	30	36
Australia.....	12	25	19	32	47	23	8
Korea.....	14	68	153	63	45	5	7
Belgium.....	0	0	1	43	41	41	0
Sweden.....	35	0	61	144	34	15	72
Hong Kong.....	10	13	6	20	30	7	3
Malaysia.....	0	1	1	7	29	21	0
Singapore.....	4	26	29	15	23	0	12
Dominican Rep....	1	6	5	6	21	18	1
Mexico.....	70	186	61	45	20	11	7
Russia.....	0	0	1	32	14	3	38
Bahamas.....	0	0	0	0	9	0	9
All other.....	243	235	246	168	70	32	89
Total.....	2,639	3,270	3,093	3,157	2,678	1,231	1,741
GSP Total.....	129	80	48	112	100	54	82
Percent							
Canada.....	83.1	80.2	78.8	79.4	76.8	76.7	79.5
Japan.....	1.4	.5	1.6	.5	4.7	5.7	2.0
United Kingdom...	.8	1.8	.4	1.6	2.4	.8	2.3
Germany.....	.0	.4	.3	.3	1.8	2.5	2.1
Australia.....	.4	.8	.6	1.0	1.7	1.9	.4
Korea.....	.5	2.1	4.9	2.0	1.7	.4	.4
Belgium.....	.0	.0	1/	1.3	1.5	3.4	.0
Sweden.....	1.3	.0	2.0	4.6	1.3	1.2	4.1
Hong Kong.....	.4	.4	.2	.6	1.1	.6	.2
Malaysia.....	.0	1/	1/	.2	1.1	1.7	.0
Singapore.....	.1	.8	.9	.5	.9	.0	.7
Dominican Rep....	1/	.2	.2	.2	.8	1.5	.1
Mexico.....	2.6	5.7	2.0	1.4	.8	.9	.4
Russia.....	.0	.0	1/	1.0	.5	.2	2.2
Bahamas.....	.0	.0	.0	.0	.3	.0	.5
All other.....	9.2	7.2	8.0	5.3	2.6	2.6	5.1
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	4.9	2.5	1.6	3.6	3.7	4.4	4.7

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 2005.90.5510

PROCESSED SWEET BELL-TYPE PEPPERS OTHER THAN IN VINEGAR

Processed Sweet Bell-type Peppers Other Than in Vinegar

I. Introduction

Removal from GSP Chile

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) <i>Percent ad valorem</i>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2005.90.5510	Processed sweet bell-type peppers other than in vinegar	16.6%	Yes

Description and uses.--The products included here are processed red or green sweet bell-type peppers, prepared or preserved other than by vinegar or acetic acid, and whether or not reduced in size. These peppers are principally used by institutional buyers, including meat packers, cheese processors, restaurants, and other food service businesses, as an ingredient to add flavor and color to meat spreads and meat loaves, processed cheese products, pickle relishes, salad dressings, and in salads.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	*9	*9	*9	*9	*9
Employment (<i>1,000 employees</i>)	**4	**4	**4	**4	**4
Shipments (<i>1,000 dollars</i>)	**14,000	**14,000	**14,000	**14,000	**14,000
Exports (<i>1,000 dollars</i>)	1,043	1,278	1,573	1,857	2,409
Imports (<i>1,000 dollars</i>)	302	264	378	298	796
Consumption (<i>1,000 dollars</i>)	**13,259	**12,986	**12,805	**12,441	**12,387
Import-to-consumption ratio (<i>percent</i>)	**2	**2	**3	**3	**6
Capacity utilization (<i>percent</i>)	80	80	80	80	80

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

Comment.--The domestic industry producing processed sweet bell-type peppers other than in vinegar consists principally of relatively small-volume processors of a limited number of other vegetables. Most of these firms report that peppers are their most important product processed. Nearly all of these firms are located in rural areas, principally in the Southeastern United States and Central Pennsylvania. None of these firms is known to be operating on a multinational level.

Processed sweet bell-type peppers other than in vinegar are packed in several different styles of pack (e.g., diced, strips, and halves), but virtually all styles of pack are in institutional-size containers. There is no known retail market for the subject processed sweet bell-type peppers. According to industry sources, institutional users are not brand loyal and their purchase considerations are based on quality and price. Industry sources report that imported processed sweet bell-type peppers are believed to be like and directly competitive with domestically-produced products. Thus, institutional users are able to shift easily among suppliers both of domestically-produced and imported sweet bell-type peppers. Also, processor-sponsored buying incentives for consumers, such as targeted advertising, coupons, and in-store promotions, are not practical since consumption of sweet bell-type peppers is more a function of changes in the demand for those foods in which the subject processed peppers are used.

III. GSP import situation, 1995U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	796	100	(²)	**6
Imports from GSP countries:				
GSP total	388	49	100	**3
Chile	205	26	53	**2
Turkey	181	23	47	**1
Thailand	2	(³)	(³)	**(³)

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ Less than 0.5 percent.

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

Comment.--Chile has become an important supplier of the digest products since 1992, accounting for 26 percent of total import value in 1995. Unlike processed sweet bell-type peppers in vinegar, these digest products are used in very small amounts by institutional users that tend to shift readily among domestic and import suppliers depending upon price and availability.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Chile for all digest products

Ranking as a U.S. import supplier, 1995. 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. import demand? High Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes No

Does the country have significant export markets besides the
United States? Yes No

Could exports from the country be readily redistributed among
its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Competitiveness indicators for all GSP countries for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. import demand? High Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes No

Does the country have significant export markets besides the
United States? Yes No

Could exports from the country be readily redistributed among
its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Comment.--GSP-eligible imports of pickled peppers increased from \$7,000 in 1991 to \$388,000 in 1995, or as a share of total imports from 2 percent to 49 percent.

V. Position of interested parties

Petitioner.--The petitioner, a group of U.S. canned pepper packers, including Cherokee Products Co., Del Mar Food Products Corp., Dunbar Foods Corp., Moody Dunbar, Inc., Furman Foods, Inc., Monticello Canning Co., Inc., Saticoy Foods Corp., and The Mancini Packing Co., supports the withdrawal of GSP treatment on processed sweet bell-type peppers from Chile. They stated, in a written submission to the Commission, that GSP-eligible imports currently account for nearly half of total imports and Chile alone accounts for over half of GSP imports. They further state that canned sweet bell-typed peppers are especially import sensitive because they are sold only to institutional and food-service customers only, and that such users have no loyalty to certain brands.

VI. Summary of probable economic advice--Removal (Chile)

* * * * *

Table 1.
Digest title: Processed sweet bell-type peppers other than in vinegar
U.S. imports for consumption, principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Chile.....	0	0	88	104	205	80	28
Greece.....	138	1	54	167	204	161	124
Turkey.....	0	13	9	9	181	83	59
Mexico.....	141	115	98	0	168	88	107
Italy.....	2	19	5	8	34	32	2
Thailand.....	0	2	0	0	2	2	2
Korea.....	0	0	0	0	1	0	0
Guatemala.....	0	0	0	4	0	0	0
El Salvador.....	0	0	0	1	0	0	0
Dominican Rep....	0	0	0	5	0	0	0
Czech Republic...	0	0	12	0	0	0	0
Hungary.....	7	0	43	0	0	0	0
Spain.....	0	0	5	0	0	0	0
Israel.....	14	114	62	0	0	0	0
India.....	0	0	0	0	0	0	19
Total.....	302	264	378	298	796	446	341
GSP Total.....	7	15	141	123	388	165	108
Percent							
Chile.....	.0	.0	23.4	34.8	25.8	17.9	8.2
Greece.....	45.8	.5	14.3	56.1	25.6	36.0	36.5
Turkey.....	.0	4.8	2.5	2.9	22.8	18.6	17.2
Mexico.....	46.6	43.5	26.0	.0	21.1	19.7	31.3
Italy.....	.6	7.0	1.4	2.7	4.3	7.3	.5
Thailand.....	.0	.8	.0	.0	.3	.5	.6
Korea.....	.0	.0	.0	.0	.2	.0	.0
Guatemala.....	.0	.0	.0	1.3	.0	.0	.0
El Salvador.....	.0	.0	.0	.5	.0	.0	.0
Dominican Rep....	.0	.0	.0	1.7	.0	.0	.0
Czech Republic...	.0	.0	3.3	.0	.0	.0	.0
Hungary.....	2.4	.0	11.4	.0	.0	.0	.0
Spain.....	.0	.0	1.3	.0	.0	.0	.0
Israel.....	4.6	43.4	16.3	.0	.0	.0	.0
India.....	.0	.0	.0	.0	.0	.0	5.7
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	2.4	5.6	37.3	41.2	48.8	36.9	31.7

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

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

Table 2.
Digest title: Processed sweet bell-type peppers other than in vinegar
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Canada.....	335	529	584	792	1,109	504	0
Japan.....	38	29	30	57	351	116	0
Korea.....	34	7	11	12	176	54	0
Taiwan.....	4	6	12	22	157	89	0
Mexico.....	107	197	272	314	118	52	0
Bahamas.....	132	148	217	173	47	18	0
United Arab Em...	11	29	23	28	35	25	0
Suriname.....	1	5	3	2	30	6	0
France.....	14	2	0	0	28	28	0
Lebanon.....	1/	3	9	48	28	18	0
Saudi Arabia.....	44	15	21	19	28	13	0
Panama.....	14	18	32	27	26	12	0
United Kingdom...	12	6	9	18	24	13	0
Hong Kong.....	11	30	56	24	24	7	0
Kuwait.....	9	9	10	13	18	12	0
All other.....	277	246	285	307	212	95	0
Total.....	1,043	1,278	1,573	1,857	2,409	1,063	0
GSP Total.....	227	202	246	269	207	93	0
Percent							
Canada.....	32.2	41.4	37.1	42.7	46.0	47.4	.0
Japan.....	3.6	2.3	1.9	3.1	14.6	11.0	.0
Korea.....	3.3	.5	.7	.6	7.3	5.1	.0
Taiwan.....	.4	.4	.7	1.2	6.5	8.4	.0
Mexico.....	10.2	15.4	17.3	16.9	4.9	4.9	.0
Bahamas.....	12.6	11.6	13.8	9.3	1.9	1.7	.0
United Arab Em...	1.1	2.3	1.5	1.5	1.5	2.3	.0
Suriname.....	.1	.4	.2	.1	1.3	.5	.0
France.....	1.4	.1	.0	.0	1.2	2.6	.0
Lebanon.....	1/	.2	.6	2.6	1.2	1.7	.0
Saudi Arabia.....	4.3	1.2	1.3	1.0	1.1	1.2	.0
Panama.....	1.4	1.4	2.0	1.4	1.1	1.1	.0
United Kingdom...	1.2	.5	.6	1.0	1.0	1.3	.0
Hong Kong.....	1.0	2.3	3.5	1.3	1.0	.6	.0
Kuwait.....	.8	.7	.7	.7	.7	1.1	.0
All other.....	26.5	19.3	18.1	16.5	8.8	8.9	.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	.0
GSP Total.....	21.8	15.8	15.6	14.5	8.6	8.8	.0

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 2820.10.00

MANGANESE DIOXIDE

Manganese Dioxide

I. IntroductionRemoval from GSP Republic of South Africa

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 3, 1985?
2820.10.00 ¹	Manganese dioxide	4.7%	Yes

¹India has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 2820.10.00.

Description and uses.--Manganese dioxide is produced from ore, economical sources of which are in Gabon, Australia, Brazil, Republic of South Africa, the former Soviet Union, India, China, and other countries. More than half of the manganese output is used in the production of electrolytic manganese dioxide (EMD) for dry-cell batteries, and most of the remainder is for chemicals.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
EMD producers (number)	3	3	3	3	3
Employment (1,000 employees)	(¹)	(¹)	(¹)	(¹)	(¹)
Shipments (1,000 dollars) ²	89,446	89,495	80,155	80,234	101,167
Exports (1,000 dollars) ²	4,901	4,341	3,145	3,598	4,125
Imports (1,000 dollars) ²	29,652	31,528	35,999	44,401	38,787
Consumption (1,000 dollars)	114,197	116,682	113,009	121,037	135,829
Import-to-consumption ratio (percent)	26	27	32	37	29
Capacity utilization (percent)	(³)	(³)	(³)	(³)	(³)

¹ ***.

² Compiled from official statistics of the U.S. Department of Commerce.

³ Not available.

Comment.--U.S. producers' shipments include both EMD and other forms of manganese dioxide. EMD is a high-purity form of manganese dioxide that is principally used in alkaline and zinc chloride dry-cell battery production. Two U.S. producers produce for the merchant market whereas one U.S. producer consumes its production captively to produce such batteries.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total.	38,787	100	(¹)	29
Imports from GSP countries:				
GSP total	1,530	4	100	1
Brazil.	1,114	3	73	1
Republic of South Africa.	416	1	27	(²)

¹ Not applicable.

² Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for the Republic of South Africa for digest products

Ranking as a U.S. import supplier, 1995. 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No X

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes No X

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes No X

What is the price elasticity of import supply? High Moderate Low X

Price level compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Comment.--Although EMD is a specialty rather than a commodity product, according to some industry sources, the world EMD industry is experiencing overcapacity, estimated at about 10 percent. Perhaps because of this overcapacity, the price sensitivity of EMD is higher than one expects from a specialty product. The North American market is reportedly tighter than the world market and some industry sources believe that the market has tightened further. According to industry sources, the Republic of South Africa exports EMD to other battery producers in the United States, Europe and Asia. These exports cannot be readily shifted to new consumers because of the lengthy qualification process required by battery producers to ensure quality. (There are two principal grades for EMD, alkaline and zinc chloride. Within these principal grades, the quality varies in terms of such criteria as shelf-life and discharge rate.) During 1991-95, according to Census figures, the average unit value of manganese dioxide from the Republic of South Africa was 5.5 percent less than the average unit value of imports from the dominant foreign suppliers, Australia and Ireland. Given the uncertainty in converting unit values to prices, this unit value difference appears to indicate that ***. During January-June 1996, however, the average unit value of EMD imports from the Republic of South Africa exceeded that of imports from Australia and Ireland by 12 percent in part, reportedly, because of a tightening of the market and in part because the ***. ***. According to the petitioner (June 12, 1995), the South African producer has pursued a price discounting policy which has reduced U.S. prices by over 7 cents per pound since late 1993.

***. During 1991-95, the United States imported manganese dioxide from other GSP suppliers, including Bulgaria, Morocco, and Russia; however, these imports were relatively small, amounting to less than \$100,000 per country.

V. Position of interested parties

Petitioner.--The Ferroalloys Association, the petitioner, represents Chemetals Co. and Kerr-McGee Chemical Corp., domestic producers of EMD. In a submission to the USITC dated October 16, 1996, the association states that EMD exports from the Republic of South Africa to the United States declined sharply during 1994-1995 despite increased U.S. demand. They state in the submission that a primary consideration of GSP eligibility is whether the granting of GSP furthers the economic development of the developing country through export growth. However, the Ferroalloys Association contends that the decline in South African exports of EMD to the United States demonstrates that production of EMD is not critical in developing the South African economy nor is it used as an export product to generate additional capital for development of the country's industrial infrastructure. The Ferroalloys Association contends that GSP treatment for EMD has an impact on price and competitiveness that is disproportionate to other GSP products because the world market for EMD is determined almost exclusively by U.S. demand. The association asserts that duty-free treatment of EMD from the Republic of South Africa should be discontinued because GSP treatment for EMD drives prices down in the overall market and the impact is not limited to the GSP supplier. (This subject is discussed in more detail in the original petition of the Ferroalloys Association to the USTR.) When not confronted with depressed pricing that distorts market share in favor of imports, the Ferroalloys Association asserts that domestic producers can successfully compete with foreign producers. According to the association, U.S. EMD production rose over the past 12 months in response to increased demand, while imports declined slightly.

Opposition.--In a submission to the USITC dated October 18, 1996, Delta Ltd., the South African EMD producer, indicated that it is opposed to the following statements made by the Ferroalloys Association in its petition to the USTR dated June 12, 1995 requesting removal of GSP for South Africa for the digest products: (1) With regard to the statement in the petition that no industries exist within South Africa that use EMD, Delta indicates that Eveready Battery Co. operates a facility in South Africa; (2) with regard to the statement in the petition that other than the United States and the secondary market of the European Union, there are no other major markets for South African exports, Delta asserts that in addition to its home market, Asia is another major market for its exports. (Delta also takes issue with statements in the petition indicating that South African exports of EMD enter the European Union duty free and that imports of manganese dioxide into South Africa are dutiable); (3) with regard to the statement in the petition that the EMD market is cyclical, Delta contends that production and consumption of EMD both globally and in the United States have grown steadily at a significant rate; (4) with regard to the statement in the petition that the world-wide EMD industry suffers from structural overcapacity, Delta acknowledges that the EMD industry is suffering from overcapacity, but, given that the overcapacity is spread over ten global manufacturers, the company contends that the overcapacity is not structural; and (5) with regard to the allegation in the petition that the South African producer has employed a pricing strategy since late 1993 which drove down U.S. EMD prices by over 7 cents per pound, Delta contends that its pricing could not have affected the total market. Although Delta acknowledges in its submission that its prices declined from 1993 to 1994, the company indicates its prices rose in 1995 and 1996, in contrast to those of other importers, which did not change by the same margin as Delta's. Delta contends that it is dedicated to improving the living standards of all South Africans, a task that would be made more difficult were South Africa's eligibility for GSP withdrawn for EMD.

VI. Summary of probable economic advice--Removal of the Republic of South Africa

* * * * *

Table 1
Digest title: Manganese dioxide
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Australia.....	12,255	14,655	18,321	28,136	22,856	11,207	16,588
Ireland.....	8,727	10,497	11,516	8,699	11,291	5,550	3,895
Belgium.....	2,238	1,502	1,982	2,096	1,778	1,011	1,082
Brazil.....	2,242	1,554	1,773	1,185	1,114	172	349
Mexico.....	407	213	432	0	617	415	6
Rep So Africa....	2,700	1,947	347	1,894	416	285	240
United Kingdom...	288	289	944	1,894	360	162	504
Germany.....	410	497	229	244	195	77	152
Netherlands.....	0	0	0	0	62	31	0
Japan.....	313	98	331	227	61	33	16
China.....	0	23	0	0	37	0	20
Canada.....	19	0	5	16	0	0	8
Sweden.....	0	0	28	0	0	0	0
Norway.....	53	52	0	11	0	0	0
Austria.....	0	0	0	0	0	0	4
All other.....	0	201	91	0	0	0	0
Total.....	29,652	31,528	35,999	44,401	38,787	18,942	22,865
GSP Total.....	4,942	3,501	2,211	3,079	1,530	457	589
Percent							
Australia.....	41.3	46.5	50.9	63.4	58.9	59.2	72.5
Ireland.....	29.4	33.3	32.0	19.6	29.1	29.3	17.0
Belgium.....	7.5	4.8	5.5	4.7	4.6	5.3	4.7
Brazil.....	7.6	4.9	4.9	2.7	2.9	.9	1.5
Mexico.....	1.4	.7	1.2	.0	1.6	2.2	1/
Rep So Africa....	9.1	6.2	1.0	4.3	1.1	1.5	1.0
United Kingdom...	1.0	.9	2.6	4.3	.9	.8	2.2
Germany.....	1.4	1.6	.6	.5	.5	.4	.7
Netherlands.....	.0	.0	.0	.0	.2	.2	.0
Japan.....	1.1	.3	.9	.5	.2	.2	.1
China.....	.0	.1	.0	.0	.1	.0	.1
Canada.....	.1	.0	1/	1/	.0	.0	1/
Sweden.....	.0	.0	.1	.0	.0	.0	.0
Norway.....	.2	.2	.0	1/	.0	.0	.0
Austria.....	.0	.0	.0	.0	.0	.0	1/
All other.....	.0	.6	.3	.0	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	16.7	11.1	6.1	6.9	3.9	2.4	2.6

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Manganese dioxide
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
	1995	1996	Value (1,000 dollars)				
Germany.....	671	1,072	1,010	1,313	1,285	794	475
Mexico.....	735	220	268	716	978	494	406
Brazil.....	484	20	0	98	841	345	0
Canada.....	1,782	1,931	1,374	483	561	253	404
Colombia.....	0	0	0	121	159	155	0
Korea.....	101	83	95	260	87	24	19
Venezuela.....	30	52	29	36	83	26	91
Israel.....	351	5	19	124	52	27	108
Netherlands.....	183	0	0	0	30	0	37
Australia.....	0	11	0	0	19	19	28
Ecuador.....	0	0	0	0	10	0	0
Ireland.....	14	33	52	40	6	4	11
United Kingdom...	25	134	127	70	5	5	0
Rep So Africa....	0	17	4	0	4	0	16
Guatemala.....	0	0	0	0	3	0	0
All other.....	525	763	166	336	0	0	172
Total.....	4,901	4,341	3,145	3,598	4,125	2,146	1,766
GSP Total.....	575	432	131	289	1,099	525	217
	Percent						
Germany.....	13.7	24.7	32.1	36.5	31.2	37.0	26.9
Mexico.....	15.0	5.1	8.5	19.9	23.7	23.0	23.0
Brazil.....	9.9	.5	.0	2.7	20.4	16.1	.0
Canada.....	36.4	44.5	43.7	13.4	13.6	11.8	22.9
Colombia.....	.0	.0	.0	3.4	3.8	7.2	.0
Korea.....	2.1	1.9	3.0	7.2	2.1	1.1	1.1
Venezuela.....	.6	1.2	.9	1.0	2.0	1.2	5.1
Israel.....	7.2	.1	.6	3.4	1.3	1.3	6.1
Netherlands.....	3.7	.0	.0	.0	.7	.0	2.1
Australia.....	.0	.3	.0	.0	.5	.9	1.6
Ecuador.....	.0	.0	.0	.0	.2	.0	.0
Ireland.....	.3	.8	1.7	1.1	.2	.2	.6
United Kingdom...	.5	3.1	4.0	1.9	.1	.2	.0
Rep So Africa....	.0	.4	.1	.0	.1	.0	.9
Guatemala.....	.0	.0	.0	.0	.1	.0	.0
All other.....	10.7	17.6	5.3	9.3	.0	.0	9.8
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	11.7	9.9	4.2	8.0	26.7	24.5	12.3

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

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

DIGEST NO. 2901.29.50

ALPHA-OLEFINS

Alpha-olefins

I. Introduction

Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2901.29.50	Alpha-olefins	2.2%	Yes

Description and uses.--Olefins are unsaturated hydrocarbons. An unsaturated hydrocarbon contains one location which is more conducive to chemical reactions than other locations in the molecule. With olefins, the type of reactive site is called a double bond. When this double bond exists between the first two carbon atoms of olefins, they are designated alpha-olefins (AO). The largest use of AO is as a comonomer with ethylene in the production of polyethylene resins. The production of alcohols for detergents and plasticizers is the next major end use. Over 70 percent of AO production is consumed by these applications.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (number)	5	5	5	5	5
Employment (1,000 employees)	1	1	1	1	1
Production (1,000 dollars)	382,400	345,800	295,700	425,100	408,096
Exports (1,000 dollars)	159,818	117,137	89,792	111,010	162,242
Imports (1,000 dollars)	992	1,824	810	3,440	9,728
Consumption (1,000 dollars)	223,574	230,487	206,718	317,530	255,582
Import-to-consumption ratio (percent)	(¹)	1	(¹)	1	4
Capacity utilization (percent)	80	78	73	85	83

¹ Less than 0.5 percent.

Comment.--Forecasters predict a 3.5 percent annual increase in U.S. AO production over the next 5 years. Global demand has been growing and U.S. exports are a substantial part of domestic output. However, new European capacity has weakened prices and may hurt U.S. exports. Although global demand has been growing over the last five years, capacity has grown faster.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	9,728	100	(¹)	4
Imports from GSP countries:				
GSP total	8,529	88	100	3
South Africa	8,527	88	100	3
Hungary	2	(²)	(²)	(²)

¹ Not applicable.

² Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for South Africa for all digest products

Ranking as a U.S. import supplier, 1995. 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Comment.--Sasol Chemical Industries of South Africa has produced AO since mid-1994. To the extent that the global market is already oversupplied, Sasol's entry may contribute to a period of lower prices. The value of South Africa's AO exports to the United States increased 275 percent from 1994 to 1995.

Competitiveness indicators for all GSP countries for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products Above Equivalent X Below

 Other foreign products Above Equivalent X Below

V. Position of interested parties

Petitioner.--In the public hearing held on October 9, 1996, Mr. C. Eric Spore, Vice President of Sales and Marketing for Sasol Alpha Olefins North America, Incorporated, testified before the Commission on the petition by the parent company, Sasol Alpha Olefins of South Africa, to add hexene-1 and pentene-1 to the list of articles eligible for duty-free entry under the GSP. In this testimony and pre-hearing submissions, representatives of Sasol indicated that no significant damage to the United States alpha olefins industry should result from the granting of duty-free status to these chemicals, citing limited U.S. availability of high-purity hexene-1 essential to the production of growth-oriented speciality polyethylene co-polymers employing leading edge technologies. Any duty savings would be for continuing research and development as well as to maintain the prices at global market levels.

VI. Summary of probable economic advice--Addition

* * * * *

Table 1.
Digest title: Alpha-olefins
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Rep So Africa....	0	0	4	2,275	8,527	3,859	5,093
Japan.....	384	609	455	436	723	286	480
Germany.....	349	173	55	119	194	128	1,027
Switzerland.....	2	272	1	22	126	118	89
Canada.....	6	0	25	61	63	11	0
United Kingdom...	82	24	8	8	47	34	22
Spain.....	22	7	10	88	17	7	0
Israel.....	35	6	56	0	16	10	14
Netherlands.....	9	534	18	23	12	12	65
Hungary.....	0	0	0	11	2	2	0
France.....	37	176	120	141	2	2	6
Norway.....	29	0	0	3	0	0	0
Belgium.....	0	23	0	0	0	0	0
Korea.....	37	0	0	0	0	0	0
New Zealand.....	0	0	57	205	0	0	0
Total.....	992	1,824	810	3,440	9,728	4,468	6,796
GSP Total.....	0	0	4	2,286	8,529	3,861	5,093
Percent							
Rep So Africa....	.0	.0	.5	66.1	87.7	86.4	74.9
Japan.....	38.7	33.4	56.2	14.1	7.4	6.4	7.1
Germany.....	35.2	9.5	6.8	3.4	2.0	2.9	15.1
Switzerland.....	.2	14.9	.2	.6	1.3	2.6	1.3
Canada.....	.7	.0	3.1	1.8	.7	.3	.0
United Kingdom...	8.2	1.3	1.0	.2	.5	.8	.3
Spain.....	2.2	.4	1.2	2.5	.2	.2	.0
Israel.....	3.5	.3	6.9	.0	.2	.2	.2
Netherlands.....	.9	29.3	2.3	.7	.1	.3	1.0
Hungary.....	.0	.0	.0	.3	1/	1/	.0
France.....	3.7	9.7	14.8	4.1	1/	1/	.1
Norway.....	2.9	.0	.0	.1	.0	.0	.0
Belgium.....	.0	1.3	.0	.0	.0	.0	.0
Korea.....	3.8	.0	.0	.0	.0	.0	.0
New Zealand.....	.0	.0	7.0	6.0	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	.0	.0	.5	66.5	87.7	86.4	74.9

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Alpha-olefins
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Canada.....	27,518	22,975	27,860	35,159	57,483	31,226	25,359
France.....	21,752	24,759	30,062	39,872	48,584	22,963	11,482
Belgium.....	20,524	23,725	10,062	12,305	17,219	10,236	3,507
Indonesia.....	0	0	0	2,786	11,251	4,287	2,802
Brazil.....	771	1,335	1,825	3,624	5,021	2,124	2,260
Netherlands.....	49,747	19,504	10,504	4,821	4,672	3,761	3,551
United Kingdom...	16,415	6,605	497	294	3,267	1,442	906
Korea.....	0	955	12	3,301	3,192	1,230	1,242
Taiwan.....	4,051	2,104	34	18	3,146	1,855	1,325
Mexico.....	181	96	114	980	1,898	983	0
India.....	3,308	0	276	1,929	1,715	656	2,423
Argentina.....	0	324	54	272	1,256	1,256	0
Saudi Arabia.....	7,758	6,697	2,705	845	1,031	0	1,209
Venezuela.....	0	0	3	643	675	0	0
Japan.....	1,265	15	2,073	3,471	633	46	0
All other.....	6,528	8,043	3,711	689	1,200	1,020	133
Total.....	159,818	117,137	89,792	111,010	162,242	83,085	56,199
GSP Total.....	4,424	3,065	2,912	9,309	20,076	8,437	7,524
Percent							
Canada.....	17.2	19.6	31.0	31.7	35.4	37.6	45.1
France.....	13.6	21.1	33.5	35.9	29.9	27.6	20.4
Belgium.....	12.8	20.3	11.2	11.1	10.6	12.3	6.2
Indonesia.....	.0	.0	.0	2.5	6.9	5.2	5.0
Brazil.....	.5	1.1	2.0	3.3	3.1	2.6	4.0
Netherlands.....	31.1	16.7	11.7	4.3	2.9	4.5	6.3
United Kingdom...	10.3	5.6	.6	.3	2.0	1.7	1.6
Korea.....	.0	.8	1/	3.0	2.0	1.5	2.2
Taiwan.....	2.5	1.8	1/	1/	1.9	2.2	2.4
Mexico.....	.1	.1	.1	.9	1.2	1.2	.0
India.....	2.1	.0	.3	1.7	1.1	.8	4.3
Argentina.....	.0	.3	.1	.2	.8	1.5	.0
Saudi Arabia.....	4.9	5.7	3.0	.8	.6	.0	2.2
Venezuela.....	.0	.0	1/	.6	.4	.0	.0
Japan.....	.8	1/	2.3	3.1	.4	.1	.0
All other.....	4.1	6.9	4.1	.6	.7	1.2	.2
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	2.8	2.6	3.2	8.4	12.4	10.2	13.4

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 2905.11.20

METHANOL

Methanol

I. Introduction

Competitive-need-limit waiver Venezuela

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2905.11.20 ¹	Methanol, not for production of synthetic fuel or used as fuel.	15.5%	Yes

¹India, and Trinidad and Tobago, have been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 2905.11.20. Trinidad and Tobago remained eligible for duty-free treatment under the Caribbean Basin Initiative.

Description and uses.---Methanol (methyl alcohol) is produced from natural gas. Its major uses are as a raw material for methyl tertiary-butyl ether (MTBE), a gasoline additive; for formaldehyde, a raw material for plastics and resins; and for acetic acid, a raw material for many chemical products. About half of its production is captively consumed by its producers for the above-named and other derivatives.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (number)	9	14	15	16	16
Employment (1,000 employees)	1	1	1	1	1
Shipments (1,000 dollars)	590,000	467,000	735,000	1,338,000	1,180,000
Exports (1,000 dollars)	50,108	25,293	33,053	27,981	49,240
Imports (1,000 dollars)	146,458	129,367	134,386	482,206	365,449
Consumption (1,000 dollars)	686,350	571,074	836,333	1,791,925	1,494,985
Import-to-consumption ratio (percent)	21	23	16	27	24
Capacity utilization (percent)	92	86	90	95	88

Comment.---The fast growth of MTBE consumption, more than 18 percent per year from 1991 to 1996, led to the construction of new plants for its raw material--methanol--and not merely in this country. In 1994, there was a shortage of methanol which led to rapidly rising prices which peaked at \$1.55 to \$1.70 per gallon. However, with reduced environmental regulations in several localities, MTBE growth then abruptly (and temporarily) dropped to only 3 percent per year, and the price of methanol in 1995 dropped to about a fifth of what it had been at the end of 1994. By October 1995, its contract price (about 35 cents per gallon) was only a few cents above its production cost. Several plants came close to being shut down. In 1996, news of a fire in one of the larger plants briefly spurred the price above 50 cents per gallon. Although the price fell briefly to about 45 cents per gallon, it had recovered by August 1996 to 52 cents per gallon. Fears of a world glut are tempered by expectation that not all the announced new plants will be built.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	365,449	100	(¹)	24
Imports from GSP countries:				
GSP total	154,595	42	100	10
Trinidad & Tobago ²	70,819	19	46	5
Venezuela	52,061	14	34	3
Bahrain	20,194	6	13	1
Russia	6,740	2	04	(³)

¹ Not applicable.

² Trinidad and Tobago became ineligible for duty-free GSP treatment for this digest product on July 1, 1995 (but remained eligible for duty-free treatment under the Caribbean Basin Initiative).

³ Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Venezuela for all digest products

Ranking as a U.S. import supplier, 1995. 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent Below X

 Other foreign products Above Equivalent Below X

Quality compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

V. Position of interested parties

Petitioner--In a post-hearing statement, the petitioner, Petroquímica de Venezuela (Pequiven), a subsidiary of the country's state-owned petroleum company, requests that the GSP competitive-need limits for methanol be waived because: 1) it is crucial to the competitiveness of an industry important to Venezuela's economic development; and 2) the waiver would "avoid a significant cost increase for U.S. consuming industries." The company states that if Venezuela loses GSP status, "the country would become the only significant foreign supplier to the U.S. methanol market forced to pay the high (currently 15.5 percent *ad valorem*) most-favored-nation rate of duty." Other suppliers are said to all be eligible for duty-free access to the United States market either through the North American Free Trade Agreement or through the Caribbean Basin Initiative. According to the statement, the waiver is not expected to adversely affect U.S. producers because U.S. demand for the methanol currently exceeds U.S. production.

VI. Summary of probable economic advice--Competitive-need-limit waiver (Venezuela)

* * * * *

Table 1
Digest title: Methanol
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Canada.....	85,252	82,342	77,203	188,934	209,818	154,125	50,403
Trin & Tobago....	22,526	14,092	15,286	120,976	70,819	60,297	30,116
Venezuela.....	0	0	0	71,449	52,061	39,364	15,325
Bahrain.....	12,743	13,141	10,623	28,396	20,194	15,922	3,209
Russia.....	0	0	0	18,776	6,740	6,740	0
Chile.....	15,134	13,620	24,770	31,399	4,764	0	3,479
Saudi Arabia.....	247	3,660	1,150	2,447	793	0	707
Japan.....	421	414	406	505	228	90	6
India.....	0	0	0	0	16	2	0
United Kingdom...	11	8	0	4	12	0	33
Mexico.....	0	0	2	1,921	2	0	0
France.....	12	4	4	7	2	2	0
Bahamas.....	2,257	0	0	0	0	0	0
Haiti.....	0	0	3,012	0	0	0	0
Brazil.....	0	0	0	1,486	0	0	0
All other.....	7,854	2,085	1,931	15,908	0	0	3
Total.....	146,458	129,367	134,386	482,206	365,449	276,540	103,283
GSP Total.....	53,636	42,937	55,127	283,096	154,595	122,324	52,131
Percent							
Canada.....	58.2	63.7	57.4	39.2	57.4	55.7	48.8
Trin & Tobago....	15.4	10.9	11.4	25.1	19.4	21.8	29.2
Venezuela.....	.0	.0	.0	14.8	14.2	14.0	14.8
Bahrain.....	8.7	10.2	7.9	5.9	5.5	5.8	3.1
Russia.....	.0	.0	.0	3.9	1.8	2.4	.0
Chile.....	10.3	10.5	18.4	6.5	1.3	.0	3.4
Saudi Arabia.....	.2	2.8	.9	.5	.2	.0	.7
Japan.....	.3	.3	.3	.1	.1	1/	1/
India.....	.0	.0	.0	.0	1/	1/	.0
United Kingdom...	1/	1/	.0	1/	1/	.0	1/
Mexico.....	.0	.0	1/	.4	1/	.0	.0
France.....	1/	1/	1/	1/	1/	1/	.0
Bahamas.....	1.5	.0	.0	.0	.0	.0	.0
Haiti.....	.0	.0	2.2	.0	.0	.0	.0
Brazil.....	.0	.0	.0	.3	.0	.0	.0
All other.....	5.4	1.6	1.4	3.3	.0	.0	1/
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	36.6	33.2	41.0	58.7	42.3	44.2	50.5

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.

Digest title: Methanol

U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Mexico.....	7,543	5,518	10,209	13,845	12,271	7,801	3,614
United Arab Em...	103	123	0	3	6,711	6,711	0
Korea.....	133	692	717	266	4,375	4,073	1,356
Netherlands.....	8,141	4	0	2,618	4,099	17	2,041
Indonesia.....	18	17	909	20	3,510	1,949	6
Taiwan.....	85	1,135	592	176	2,852	2,817	66
China.....	0	0	0	0	2,456	2,456	0
Malaysia.....	197	12	359	276	1,858	1,644	52
Ecuador.....	1,658	978	873	1,137	1,626	1,204	450
Japan.....	930	482	73	302	1,575	1,210	285
Canada.....	394	559	980	1,161	1,571	571	600
United Kingdom...	52	335	207	88	1,416	108	4
Brazil.....	17,795	6,286	6,128	3,418	576	534	165
Rep So Africa....	1,774	999	1,287	39	547	462	47
Peru.....	317	115	139	358	543	448	100
All other.....	10,968	8,037	10,580	4,273	3,254	1,586	1,338
Total.....	50,108	25,293	33,053	27,981	49,240	33,590	10,125
GSP Total.....	27,445	13,039	18,500	7,060	9,887	7,038	1,449
Percent							
Mexico.....	15.1	21.8	30.9	49.5	24.9	23.2	35.7
United Arab Em...	.2	.5	.0	1/	13.6	20.0	.0
Korea.....	.3	2.7	2.2	1.0	8.9	12.1	13.4
Netherlands.....	16.2	1/	.0	9.4	8.3	.1	20.2
Indonesia.....	1/	.1	2.8	.1	7.1	5.8	.1
Taiwan.....	.2	4.5	1.8	.6	5.8	8.4	.6
China.....	.0	.0	.0	.0	5.0	7.3	.0
Malaysia.....	.4	1/	1.1	1.0	3.8	4.9	.5
Ecuador.....	3.3	3.9	2.6	4.1	3.3	3.6	4.4
Japan.....	1.9	1.9	.2	1.1	3.2	3.6	2.8
Canada.....	.8	2.2	3.0	4.1	3.2	1.7	5.9
United Kingdom...	.1	1.3	.6	.3	2.9	.3	1/
Brazil.....	35.5	24.9	18.5	12.2	1.2	1.6	1.6
Rep So Africa....	3.5	4.0	3.9	.1	1.1	1.4	.5
Peru.....	.6	.5	.4	1.3	1.1	1.3	1.0
All other.....	21.9	31.8	32.0	15.3	6.6	4.7	13.2
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	54.8	51.6	56.0	25.2	20.1	21.0	14.3

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 2909.19.1010
METHYL TERTIARY-BUTYL ETHER (MTBE)

Methyl tertiary-butyl ether (MTBE)

I. Introduction

Competitive-need-limit waiver Venezuela

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2909.19.1010 ¹	Methyl tertiary-butyl ether (MTBE)	5.6%	Yes

¹India has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 2909.19.1010.

Description and uses.--MTBE is a synthetic organic chemical (an oxygenate) produced from methanol and isobutylene. It is added to gasoline to increase its octane rating and also to reduce environmentally undesirable emissions (carbon monoxide, nitrogen oxides, volatile organic chemicals, and others) from motor vehicles.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (number)	21	22	28	30	29
Employment (1,000 employees)	1	1	1	1	1
Shipments (1,000 dollars)	1,250,000	1,375,000	2,400,000	1,610,000	1,385,000
Exports (1,000 dollars) ¹	-	-	-	128,821	67,284
Imports (1,000 dollars) ¹	-	-	301,662	531,854	793,783
Consumption (1,000 dollars)	-	-	-	2,013,033	2,111,499
Import-to-consumption ratio (percent)	-	-	-	26	38
Capacity utilization (percent)	78	79	81	70	71

¹Import and export data unavailable in some years because MTBE was in a basket category and was not separately identified.

Comment.--The U.S. MTBE industry is well-developed and highly competitive, though the fast growth of consumption has been accompanied by greatly increased import penetration in recent years. Most of the firms that produce MTBE domestically are also gasoline refiners or blenders. The technology used to produce this chemical in the United States is the most advanced in the world, and is widely licensed to foreign producers. Domestic MTBE is sold on the open market and also is used captively by some producers.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	793,783	100	(¹)	38
Imports from GSP countries:				
GSP total	157,072	20	100	8
Venezuela	129,724	16	83	6
Malaysia ²	26,530	3	17	1

¹ Not applicable.

² Malaysia is being graduated from GSP eligibility as of January 1, 1997.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Venezuela for all digest products

Ranking as a U.S. import supplier, 1995. 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above Equivalent Below X

Quality compared with--

U.S. products. Above Equivalent X Below

Other foreign products Above Equivalent X Below

Comment.--MTBE is a commodity chemical; that is, it is produced in large quantities of comparable quality by numerous producers and purchased principally on the basis of price. Therefore, price elasticity of demand is considered to be high.

V. Position of interested parties

Petitioner.--The petitioner, Ecofuel S.p.A., a subsidiary of ENI, an Italian energy and petrochemical producer, stated that they are the sole U.S. importer of MTBE from Venezuela. They state that they import MTBE from the sole Venezuelan exporter, Super Octanos, a joint venture between Ecofuel and Pequiven, a Venezuela petrochemical company. The petitioner stated in its prehearing statement that a waiver of the GSP competitive-need limits for imports of MTBE from Venezuela is needed for the following reasons: 1) these imports are needed to supplement insufficient U.S. production, particularly in view of increased demand under the requirements of the Clean Air Amendments Act of 1990 and similar requirements imposed at a local or state level (e.g., California); 2) the "limited but essential" role the imports play in the attainment of clean air standards; and 3) the perceived beneficial impact of continued GSP entry of these imports from Venezuela on U.S. gasoline refineries, blenders, and consumers of reformulated and/or oxygenated gasoline. In support of the latter reason, the petitioner states in the prehearing statement that, should the competitive-need limit not be waived, scenarios that could evolve would include either: 1) the "ultimate consumer" paying a higher price for reformulated and/or oxygenated fuel, reflecting the duty being passed on by the distributor(s); 2) increased imports of formulated gasoline rather than MTBE because it would be perceived to be more economically feasible for formulators to blend MTBE into products offshore and then export the finished product(s) to the United States; and 3) diversion of MTBE originally intended for the U.S. market to other countries. Moreover, the petitioner states that other suppliers to the U.S. market are either eligible for GSP or receive discounts on their raw materials.

VI. Summary of probable economic advice--Competitive-need-limit waiver (Venezuela)

* * * * *

Table 1
Digest title: Methyl tertiary-butyl ether (MTBE)
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June--						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Saudi Arabia	1/	1/	19,273	165,355	249,208	120,502	132,268
Canada	1/	1/	176,189	180,968	214,214	115,865	48,694
Venezuela	1/	1/	85,302	103,475	129,724	61,183	57,600
Netherlands	1/	1/	3,838	24,458	71,981	54,183	21,767
United Arab Em	1/	1/	0	0	57,884	12,057	56,594
France	1/	1/	1,320	22,119	26,741	14,667	20,713
Malaysia	1/	1/	3,908	25,454	26,530	14,810	38,552
Singapore	1/	1/	1,289	2,043	8,797	2,075	3,924
Switzerland	1/	1/	4	7,048	2,572	2,572	0
Korea	1/	1/	0	0	2,060	0	2,420
United Kingdom	1/	1/	2,575	2	1,013	1,013	2,250
Spain	1/	1/	0	0	817	0	1,400
Brazil	1/	1/	7,811	0	771	771	0
Israel	1/	1/	0	0	769	769	0
Finland	1/	1/	0	185	274	274	0
All other	1/	1/	155	748	427	249	217
Total	1/	1/	301,662	531,854	793,783	400,990	386,399
GSP total	1/	1/	97,020	128,930	157,072	76,797	96,248
Percent							
Saudi Arabia	1/	1/	6.4	31.1	31.1	30.1	34.2
Canada	1/	1/	58.4	34.0	27.0	28.9	12.6
Venezuela	1/	1/	28.3	19.5	16.3	15.3	14.9
Netherlands	1/	1/	1.3	4.6	9.1	13.5	5.6
United Arab Em	1/	1/	.0	.0	7.3	3.0	14.6
France	1/	1/	.4	4.2	3.4	3.7	5.4
Malaysia	1/	1/	1.3	4.8	3.3	3.7	10.0
Singapore	1/	1/	.4	.4	1.1	.5	1.0
Switzerland	1/	1/	2/	1.3	.3	.6	.0
Korea	1/	1/	.0	.0	.3	.0	.6
United Kingdom	1/	1/	.9	2/	.1	.3	.6
Spain	1/	1/	.0	.0	.1	.0	.4
Brazil	1/	1/	2.6	.0	.1	.2	.0
Israel	1/	1/	.0	.0	.1	.2	.0
Finland	1/	1/	.0	2/	2/	.1	.0
All other	1/	1/	.1	.1	.1	.1	.1
Total	1/	1/	100.0	100.0	100.0	100.0	100.0
GSP total	1/	1/	32.2	24.2	19.8	19.2	24.9

1/ This product was classified in a residual, or "basket," category (HTS 2909.19100) during 1991-92 and, as such, import data are unavailable for those years.

2/ Less than \$500 or less than 0.05 percent.

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

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

Table 2
Digest title: Methyl tertiary-butyl ether (MTBE)
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	January-June--						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Mexico	1/	1/	1/	74,217	40,104	21,550	13,186
Venezuela	1/	1/	1/	9,964	20,504	11,689	9,103
Brazil	1/	1/	1/	0	3,262	51	13,424
Canada	1/	1/	1/	39,779	1,657	792	1,195
Costa Rica	1/	1/	1/	0	747	0	0
Japan	1/	1/	1/	216	472	180	205
Jamaica	1/	1/	1/	830	391	0	482
Netherlands	1/	1/	1/	0	94	43	0
Belgium	1/	1/	1/	0	44	44	87
United Kingdom	1/	1/	1/	4	10	10	72
Netherlands Ant	1/	1/	1/	0	0	0	4,345
Peru	1/	1/	1/	1,522	0	0	0
Argentina	1/	1/	1/	1,300	0	0	7,741
Switzerland	1/	1/	1/	0	0	0	38
Italy	1/	1/	1/	0	0	0	9
All other	1/	1/	1/	989	0	0	0
Total	1/	1/	1/	128,821	67,284	34,359	49,887
GSP total	1/	1/	1/	13,615	24,903	11,741	35,095
Percent							
Mexico	1/	1/	1/	57.6	59.6	62.7	26.4
Venezuela	1/	1/	1/	7.7	30.5	34.0	18.2
Brazil	1/	1/	1/	.0	4.8	.1	26.9
Canada	1/	1/	1/	30.9	2.5	2.3	2.4
Costa Rica	1/	1/	1/	.0	1.1	.0	.0
Japan	1/	1/	1/	.2	.7	.5	.4
Jamaica	1/	1/	1/	.6	.6	.0	1.0
Netherlands	1/	1/	1/	.0	.1	.1	.0
Belgium	1/	1/	1/	.0	.1	.1	.2
United Kingdom	1/	1/	1/	2/	2/	2/	.1
Netherlands Ant	1/	1/	1/	.0	.0	.0	8.7
Peru	1/	1/	1/	1.2	.0	.0	.0
Argentina	1/	1/	1/	1.0	.0	.0	15.5
Switzerland	1/	1/	1/	.0	.0	.0	.1
Italy	1/	1/	1/	.0	.0	.0	2/
All other	1/	1/	1/	.8	.0	.0	.0
Total	1/	1/	1/	100.0	100.0	100.0	100.0
GSP total	1/	1/	1/	10.6	37.0	34.2	70.3

1/ This product was classified in a residual, or "basket," category (HTS 2909.19100) during 1991-93 and, as such, export data are unavailable for those years.

2/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 2917.37.00

DIMETHYL TEREPHTHALATE

Dimethyl Terephthalate

I. IntroductionCompetitive-need-limit waiver Romania

HTS subheading	Short description	Col. 1 rate of duty (1/1/96)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2917.37.00 ¹	Dimethyl terephthalate	2.3¢/kg + 11.8%	Yes

¹India and Romania have been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 2917.37.00.

Description and uses.--Dimethyl terephthalate (DMT) is a synthetic organic chemical produced from the oxidation of paraxylene followed by esterification with methanol. DMT is used principally to produce polyethylene terephthalate (PET), a polyester resin from which films, fibers, and plastic bottles are produced. DMT is assigned the Chemical Abstracts Service (CAS) registry number 120-61-6.

II. U.S. market profileProfile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (number)	3	3	3	3	3
Employment (1,000 employees)	(²)	(²)	(²)	(²)	(²)
Production (1,000 dollars)	***	***	***	***	***
Exports (1,000 dollars)	22,335	5,326	318	680	205
Imports (1,000 dollars)	385	723	4,149	3,652	32,969
Consumption (1,000 dollars)	***	***	***	***	***
Import-to-consumption ratio (percent)	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not available.

³ ***.

Comment.--The U.S. DMT industry experienced a *** in production over 1991-95, due mostly to changes in capacity and a general strengthening of the domestic economy. Overall, the U.S. industry remains strong with an anticipated average annual growth rate of 7-8 percent over the next 5 years. DMT is a fungible commodity chemical product which sells principally based on price, although reliability of supply and service are also important customer considerations. DMT is characterized by a high price sensitivity of demand. The substantial growth in imports is a result of the need to augment U.S. supply of this chemical because of limited domestic production capacity.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	32,969	100	(²)	***
Imports from GSP countries:				
GSP total	9,872	30	100	***
Romania	9,872	30	100	***

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Romania for all digest products

Ranking as a U.S. import supplier, 1995. 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

V. Position of interested parties

No statements have been received in support of or in opposition to the modification to the GSP covered in this digest.

VI. Summary of probable economic advice--Competitive-need-limit waiver Romania

* * * * *

Table 1 .
Digest title: Dimethyl terephthalate
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Spain.....	0	0	0	0	12,907	4,952	6,476
Romania.....	0	0	0	2,254	9,872	5,832	0
Mexico.....	385	723	4,149	810	9,132	3,030	15,931
Germany.....	0	0	0	562	1,059	817	0
France.....	0	0	0	27	0	0	0
Total.....	385	723	4,149	3,652	32,969	14,630	22,407
GSP Total.....	0	0	0	2,254	9,872	5,832	0
Percent							
Spain.....	.0	.0	.0	.0	39.1	33.8	28.9
Romania.....	.0	.0	.0	61.7	29.9	39.9	.0
Mexico.....	100.0	100.0	100.0	22.2	27.7	20.7	71.1
Germany.....	.0	.0	.0	15.4	3.2	5.6	.0
France.....	.0	.0	.0	.7	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	.0	.0	.0	61.7	29.9	39.9	.0

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

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

Table 2.
Digest title: Dimethyl terephthalate
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Belgium.....	1,501	1,057	220	43	108	0	0
Israel.....	0	0	0	0	22	0	0
Guatemala.....	0	0	0	0	21	0	0
Canada.....	1	0	0	0	16	0	0
Korea.....	1,553	14	10	0	14	0	56
Bahamas.....	56	0	0	0	13	13	0
Japan.....	151	16	0	0	10	10	0
Mexico.....	5	0	87	79	0	0	0
Colombia.....	1,005	0	0	0	0	0	0
Venezuela.....	0	0	0	8	0	0	0
Chile.....	0	20	0	0	0	0	0
Brazil.....	4	0	0	0	0	0	0
Netherlands.....	0	117	0	0	0	0	0
Germany.....	4,887	225	0	0	0	0	25
Italy.....	1,172	0	0	0	0	0	0
All other.....	12,001	3,877	0	549	0	0	73
Total.....	22,335	5,326	318	680	205	23	155
GSP Total.....	11,109	3,780	0	558	21	0	73
Percent							
Belgium.....	6.7	19.8	69.2	6.4	53.0	.0	.0
Israel.....	.0	.0	.0	.0	11.0	.0	.0
Guatemala.....	.0	.0	.0	.0	10.1	.0	.0
Canada.....	1/	.0	.0	.0	8.0	.0	.0
Korea.....	7.0	.3	3.3	.0	6.7	.0	36.4
Bahamas.....	.3	.0	.0	.0	6.2	54.9	.0
Japan.....	.7	.3	.0	.0	5.1	45.1	.0
Mexico.....	1/	.0	27.5	11.7	.0	.0	.0
Colombia.....	4.5	.0	.0	.0	.0	.0	.0
Venezuela.....	.0	.0	.0	1.2	.0	.0	.0
Chile.....	.0	.4	.0	.0	.0	.0	.0
Brazil.....	1/	.0	.0	.0	.0	.0	.0
Netherlands.....	.0	2.2	.0	.0	.0	.0	.0
Germany.....	21.9	4.2	.0	.0	.0	.0	16.4
Italy.....	5.2	.0	.0	.0	.0	.0	.0
All other.....	53.7	72.8	.0	80.8	.0	.0	47.2
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	49.7	71.0	.0	82.0	10.1	.0	47.2

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 2921.51.50(pt)

N-(1,3-DIMETHYLBUTYL)-N'-PHENYL-1,4-DIAMINO BENZENE

N-(1,3-Dimethylbutyl)-N¹-phenyl-1,4-diaminobenzeneI. Introduction

Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/96)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2921.51.50(pt.)	N-(1,3-Dimethylbutyl)-N ¹ -phenyl-1,4-diaminobenzene	1.9¢/kg + 16.3%	Yes

Description and uses.--The chemical N-(1,3-dimethylbutyl)-N¹-phenyl-1,4-diaminobenzene is a synthetic organic chemical used as an antioxidant/antiozonant in the compounding of rubber used principally for automobile tires. The chemical has a Chemical Abstracts Service (CAS) registry number of 793-24-8.

II. U.S. market profileProfile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (number)	3	3	3	3	3
Employment (1,000 employees)	(²)	(²)	(²)	(²)	(²)
Production (1,000 dollars)	***	***	***	***	***
Exports (1,000 dollars)	(³)	(³)	(³)	(³)	(³)
Imports (1,000 dollars)	60	98	100	149	177
Consumption (1,000 dollars)	***	***	***	***	***
Import-to-consumption ratio (percent)	***	***	***	***	***
Capacity utilization (percent)	(²)	(²)	(²)	(²)	(²)

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not available.

³ ***.

⁴ ***.

Comment.--Over 1991-95, production and consumption of the subject chemical ***. U.S. imports of this chemical increased from \$60,000 in 1991, to \$177,000 in 1995, however, the import-to-consumption ratio was *** during this period. The U.S. rubber chemicals industry is well-developed and highly competitive. The subject chemical has a *** because quality and service as well as price are important considerations to consumers of this product.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total.	177	100	(²)	***
Imports from GSP countries:				
GSP total	6	3	100	***
India	3	2	50	***
Slovakia.	3	2	50	***

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ ***.

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

Comment.--Total imports of the subject chemical increased from \$60,000 in 1991 to \$177,000 in 1995. The principal sources for such imports by value during 1995 were Canada (61 percent), Germany (20 percent), and the United Kingdom (8 percent). Imports from GSP-eligible countries decreased from \$8,000 in 1991 to \$6,000 in 1995. The principal sources for GSP imports by value during 1995 were India (\$3,000) and Slovakia (\$3,000). The import-to-consumption ratios for both total and GSP imports were ***.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for India for all digest products

Ranking as a U.S. import supplier, 1995. 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No ___

What is the price elasticity of U.S. import demand? High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted
in the short term? Yes X No ___

Does the country have significant export markets besides the
United States? Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No ___

What is the price elasticity of import supply? High X Moderate ___ Low ___

Price level compared with--

 U.S. products. Above ___ Equivalent X Below ___

 Other foreign products Above ___ Equivalent X Below ___

Quality compared with--

 U.S. products. Above ___ Equivalent X Below ___

 Other foreign products Above ___ Equivalent X Below ___

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Slovakia for all digest products

Ranking as a U.S. import supplier, 1995. 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No ___

What is the price elasticity of U.S. import demand? High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted
in the short term? Yes X No ___

Does the country have significant export markets besides the
United States? Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No ___

What is the price elasticity of import supply? High X Moderate ___ Low ___

Price level compared with--

U.S. products. Above ___ Equivalent X Below ___

Other foreign products Above ___ Equivalent X Below ___

Quality compared with--

U.S. products. Above ___ Equivalent X Below ___

Other foreign products Above ___ Equivalent X Below ___

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No ___

What is the price elasticity of U.S. demand? High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted
in the short term? Yes X No ___

Does the country have significant export markets besides the
United States? Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No ___

What is the price elasticity of import supply? High X Moderate ___ Low ___

Price level compared with--

U.S. products. Above ___ Equivalent X Below ___

Other foreign products Above ___ Equivalent X Below ___

Quality compared with--

U.S. products. Above ___ Equivalent X Below ___

Other foreign products Above ___ Equivalent X Below ___

V. Position of interested parties

Petitioner.--In a letter to the Commission dated October 8, 1996, the Government of the Slovak Republic, one of the petitioner, stated that adding the subject chemical to the list of articles eligible for duty-free entry under the GSP will assist the Slovak Republic in achieving its long-term goal of economic prosperity. Duty-free status will enable the Slovakian producer to compete more equitably with other world producers of this chemical and the duty savings would be partly shared by U.S. consumers of this product.

Opposition.--In written submissions to the Commission, and in the public hearing held on October 9, 1996, representatives of the three U.S. producers of the subject chemical, namely, Mr. Peter Welch, Worldwide Director of Rubber Chemicals, Uniroyal Chemical Company, Mr. William Woodward, Commercial Director, Flexsys America, L.P., and Mr. Carl L. Clay, Director of Marketing, Bayer Corporation, stated that the petition to add this product to the list of articles eligible for duty-free entry under the GSP should be rejected. These U.S. producers argued that the Slovak manufacturer operates one of the world's largest and most modern plants for producing this chemical. They added that the plant was built with state funds and is still substantially a state-owned enterprise. The U.S. producers stated that the Slovak facility, brought on-stream in 1995, is currently operating at only 60 percent of its rated capacity of 10,000 metric tons per year. U.S. manufacturers argue that the Slovakian producers are selling imported chemical in the United States at 10 percent below the price for domestically produced material. They stated that the quality is identical to the chemical produced in the United States.

In a letter received by the Commission, Mr. John B. Ball, President of Local Union 12610, United Steelworkers of America, representing the union employees of Flexsys America, L.P., voiced strong opposition to the addition of the subject chemical to the list of articles eligible for duty-free treatment under the GSP. Mr. Ball stated that Flexsys workers have already made many sacrifices to make the company's plant facilities at Nitro, WV, more efficient and globally competitive. He added that granting GSP eligibility for this chemical would be, in the union's opinion, "a subsidy by the United States targeted against the Nitro plant and all of our employees."

VI. Summary of probable economic advice--Addition

* * * * *

Table 1.
Digest title: N-(1,3-Dimethylbutyl)-N'-phenyl-1,4-diaminobenzene
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Canada.....	31	51	63	68	108	51	39
Germany.....	13	3	6	22	36	18	18
United Kingdom...	4	14	20	25	14	5	8
Belgium.....	1/	15	0	11	6	6	3
Spain.....	1	1	3	5	4	2	2
India.....	8	10	4	2	3	2	1
Slovakia.....	0	0	0	0	3	1/	1
China.....	0	1	2	7	2	1	2
Japan.....	2	1	1	6	1	1/	1/
Switzerland.....	1/	0	1/	1/	1/	1/	1/
Mexico.....	0	0	0	0	1/	0	0
Italy.....	0	0	0	0	1/	1/	0
Austria.....	0	1/	0	1/	1/	1/	1/
Brazil.....	0	0	0	2	0	0	0
Ireland.....	1/	0	0	0	0	0	0
All other.....	0	1/	1	1	0	0	0
Total.....	60	98	100	149	177	86	74
GSP Total.....	8	10	4	4	6	2	1
Percent							
Canada.....	52.2	52.5	63.6	45.7	61.0	60.0	52.0
Germany.....	21.4	3.1	6.5	14.9	20.5	20.8	23.8
United Kingdom...	6.4	14.3	19.7	17.1	8.1	5.8	11.2
Belgium.....	1/	15.5	.0	7.4	3.3	6.7	4.6
Spain.....	1.6	1.5	2.8	3.2	2.0	2.8	3.2
India.....	13.6	10.7	3.8	1.4	1.7	2.2	.8
Slovakia.....	.0	.0	.0	.0	1.5	1/	1.1
China.....	.0	.6	1.8	4.6	.9	.9	2.6
Japan.....	3.9	1.2	1.1	3.7	.6	1/	1/
Switzerland.....	1/	.0	1/	1/	1/	1/	1/
Mexico.....	.0	.0	.0	.0	1/	.0	.0
Italy.....	.0	.0	.0	.0	1/	1/	.0
Austria.....	.0	1/	.0	1/	1/	1/	1/
Brazil.....	.0	.0	.0	1.0	.0	.0	.0
Ireland.....	1/	.0	.0	.0	.0	.0	.0
All other.....	.0	1/	.8	.7	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	13.6	10.7	3.8	2.6	3.2	2.6	1.9

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 2933.39.25
CERTAIN HERBICIDES

Certain Herbicides

I. Introduction

Competitive-need-limit waiver Brazil

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) <i>Percent ad valorem</i>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2933.39.25 ¹	Certain herbicides	12.1%	Yes

¹ Brazil and India have been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 2933.39.25.

Description and uses.--The products covered in this digest are synthetic organic herbicides (based on the class of chemicals known as imidazolinones) used to control broadleaf weeds, particularly in soybean agriculture. The pesticides industry is divided into a number of sectors based on biological activity (fungicides control fungus, insecticides control insects, herbicides control weeds, etc). Within the herbicides sector of the industry, products are further subdivided by the nature of application (e.g. preemergence vs. postemergence) and by the type of agricultural product on which they are used (e.g. grains vs. vegetables). The herbicide sector accounts for approximately 50 percent of U.S. pesticide consumption; within the herbicides sector, the products covered in this digest account for probably less than 5 percent of U.S. herbicide consumption. There are a number of products in this digest. Brazil produces only one of them and it is under U.S. patent.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	15	15	15	15	15
Employment (<i>1,000 employees</i>)	2	2	2	2	2
Shipments (<i>1,000 dollars</i>)	(¹)	(¹)	(¹)	(¹)	(¹)
Exports (<i>1,000 dollars</i>)	(¹)	(¹)	(¹)	(¹)	(¹)
Imports (<i>1,000 dollars</i>)	583	13,703	17,217	32,501	2,742
Consumption (<i>1,000 dollars</i>)	(¹)	(¹)	(¹)	(¹)	(¹)
Import-to-consumption ratio (<i>percent</i>)	(²)	(²)	(²)	(²)	(²)
Capacity utilization (<i>percent</i>)	85	85	85	85	85

¹ Not available.

² Less than 0.5 percent.

Note. -Total U.S. herbicide imports in 1995 were approximately \$650 million, while total U.S. herbicide exports in 1995 were approximately \$1 billion.

Comment.--The U.S. pesticide industry has approximately 15 companies that manufacture herbicide active ingredients, with many of the companies being foreign-based multinationals. The active ingredients in question are produced both in the United States and in Brazil. There are, in addition to active ingredient producers, hundreds of companies that are involved in the formulation and distribution of finished pesticide products. Of the some 15 active herbicide ingredient producers in the domestic pesticide industry, there may be less than 5 companies that are likely to be directly affected by GSP-eligibility for the products in this digest.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total.	2,742	100	(¹)	(²)
Imports from GSP countries:				
GSP total	305	11	100	(²)
Comoros.	305	11	100	(²)

¹ Not applicable.

² Less than 0.5 percent.

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

Comment.--Although the import data show that Comoros was the only GSP supplier of digest products in 1995, the product discussed in this digest is produced under patent only in Brazil by a U.S. company. However, the United Kingdom is a supplier of chemically related herbicides.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1995.	(¹)
Price elasticity:	
Can the U.S. purchaser easily shift among this and other suppliers?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
What is the price elasticity of U.S. import demand?	High <input checked="" type="checkbox"/> Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Does the country have significant export markets besides the United States?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
What is the price elasticity of import supply?	High <input checked="" type="checkbox"/> Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Price level compared with--	
U.S. products.	Above <input type="checkbox"/> Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products	Above <input type="checkbox"/> Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Quality compared with--	
U.S. products.	Above <input type="checkbox"/> Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products	Above <input type="checkbox"/> Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>

¹ Imports from Brazil were nil in 1995.

Comment.--The products discussed in this digest have been produced by the same domestic company both in the United States and in Brazil. Although there were no imports from Brazil in 1994 and 1995, there were imports in 1992, 1993, and January-June 1996. The decision to export from Brazil or to produce in the United States is made by a U.S.-company; and its recent construction of a U.S herbicide production facility in the United States gives that company significant latitude. However, the existence of competitive products gives U.S. purchasers the ability to easily shift between the product in question and other competitive products.

V. Position of interested parties

No statements were received in support of or in opposition to the proposed modifications to the GSP considered in this digest.

VI. Summary of probable economic advice--Competitive-need-limit waiver -- Brazil

* * * * *

Table 1 .
Digest title: Certain herbicides
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
United Kingdom...	581	12,298	15,870	31,321	2,437	1,896	3,163
Comoros.....	0	0	0	0	305	305	0
Canada.....	0	35	0	0	0	0	0
Colombia.....	0	0	701	316	0	0	0
Brazil.....	0	1,371	628	0	0	0	540
France.....	0	0	10	0	0	0	0
Germany.....	0	0	6	0	0	0	0
Austria.....	0	0	3	218	0	0	0
Japan.....	1	0	0	0	0	0	0
Australia.....	0	0	0	645	0	0	0
Total.....	583	13,703	17,217	32,501	2,742	2,201	3,703
GSP Total.....	0	1,371	1,328	316	305	305	540
Percent							
United Kingdom...	99.7	89.7	92.2	96.4	88.9	86.1	85.4
Comoros.....	.0	.0	.0	.0	11.1	13.9	.0
Canada.....	.0	.3	.0	.0	.0	.0	.0
Colombia.....	.0	.0	4.1	1.0	.0	.0	.0
Brazil.....	.0	10.0	3.6	.0	.0	.0	14.6
France.....	.0	.0	.1	.0	.0	.0	.0
Germany.....	.0	.0	1/	.0	.0	.0	.0
Austria.....	.0	.0	1/	.7	.0	.0	.0
Japan.....	.3	.0	.0	.0	.0	.0	.0
Australia.....	.0	.0	.0	2.0	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	.0	10.0	7.7	1.0	11.1	13.9	14.6

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 2933.40.30

CERTAIN PESTICIDES

Certain Pesticides

I. Introduction

Competitive-need-limit waiver Brazil

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2933.40.30 ¹	Certain pesticides	10.2%	Yes

¹ Brazil and India have been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 2933.40.33.

Description and uses.--The pesticides industry is divided into a number of sectors based on biological activity (fungicides control fungus, insecticides control insects, herbicides control weeds, etc.). The product discussed in this digest is a synthetic organic herbicide (based on the class of chemicals known as imidazolinones) used to control a wide spectrum of weeds (including both broadleaf and narrowleaf), primarily in soybean agriculture. Within the herbicide sector of the industry, products are further subdivided by the nature of application (e.g., preemergence vs. postemergence) and by the type of agricultural product on which they are used (e.g., grains vs. vegetables). The herbicide sector accounts for approximately 50 percent of US pesticide consumption; within the herbicide sector, the product covered in this digest accounts for probably less than 5 percent of U.S. herbicide consumption. Because HTS 2933.40.30 is a basket subheading, there are several products in this digest that may not compete directly. Brazil manufactures only one of them, and it is under U.S. patent.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	15	15	15	15	15
Employment (<i>1,000 employees</i>)	2	2	2	2	2
Shipments (<i>1,000 dollars</i>)	(¹)	(¹)	(¹)	(¹)	(¹)
Exports (<i>1,000 dollars</i>)	(¹)	(¹)	(¹)	(¹)	(¹)
Imports (<i>1,000 dollars</i>)	28	675	10,719	3,299	16,539
Consumption (<i>1,000 dollars</i>)	(¹)	(¹)	(¹)	(¹)	(¹)
Import-to-consumption ratio (<i>percent</i>)	(²)	(²)	(²)	(²)	(²)
Capacity utilization (<i>percent</i>)	85	85	85	85	85

¹ Not available.

² Less than 0.5 percent.

Note.--Total U.S. herbicide imports are approximately \$650 million, while total herbicides exports were approximately \$1.0 billion in 1995.

Comment.--The U.S. pesticide industry has approximately 15 companies that manufacture herbicide active ingredients, with many of the companies being foreign-based multinationals. The active ingredients in question are produced both in the United States and in Brazil. There are, in addition to active ingredient producers, hundreds of companies that are involved in the formulation and distribution of finished pesticide products. Of the some 15 active herbicide ingredient producers in the domestic pesticide industry, there may be less than five companies that are likely to be directly affected by GSP-eligibility for the products in this digest.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total.	16,539	100	(¹)	(²)
Imports from GSP countries:				
GSP total	4,086	25	100	(²)
Brazil.	2,496	15	61	(²)

¹ Not applicable.
² Less than 0.05 percent.

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

Comment.--Although there were no imports from Brazil in 1994, there were significant Brazilian imports in 1992, 1993, and 1995. In addition, the products in question are produced under patent by a U.S. company only in the United States and Brazil. HTS subheading 2933.40.30 allows for imports of selected pesticides other than herbicides; and the remaining import data are most likely related to other imported products.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1995. 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes x No

What is the price elasticity of U.S. import demand? High x Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes x No

Does the country have significant export markets besides the
United States? Yes x No

Could exports from the country be readily redistributed among
its foreign export markets? Yes x No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent x Below

 Other foreign products Above Equivalent x Below

Quality compared with--

 U.S. products. Above Equivalent x Below

 Other foreign products Above Equivalent x Below

Comment.--***. However, the existence of competitive products gives U.S. purchasers the ability to easily shift between the product in question and other competitive products.

V. Position of interested parties

No statements were received in support of or in opposition to the proposed modifications to the GSP considered in this digest.

VI. Summary of probable economic advice--competitive-need-limit waiver--Brazil

* * * * *

Table 1 .
Digest title: Certain pesticides
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Korea.....	0	0	0	2,808	6,511	2,978	0
Germany.....	0	0	0	0	5,455	1,038	1,821
Brazil.....	0	457	9,944	0	2,496	2,496	5,037
Argentina.....	0	0	0	0	1,590	1,590	0
Japan.....	28	30	114	270	248	236	137
France.....	0	188	661	221	239	0	0
Total.....	28	675	10,719	3,299	16,539	8,338	6,995
GSP Total.....	0	457	9,944	0	4,086	4,086	5,037
Percent							
Korea.....	.0	.0	.0	85.1	39.4	35.7	.0
Germany.....	.0	.0	.0	.0	33.0	12.4	26.0
Brazil.....	.0	67.7	92.8	.0	15.1	29.9	72.0
Argentina.....	.0	.0	.0	.0	9.6	19.1	.0
Japan.....	100.0	4.4	1.1	8.2	1.5	2.8	2.0
France.....	.0	27.9	6.2	6.7	1.4	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	.0	67.7	92.8	.0	24.7	49.0	72.0

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

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

CONFIDENTIAL BUSINESS INFORMATION

DIGEST NO. 2934.20.80(pt)

BENZOTHIAZYL-2-CYCLOHEXYLSULFENAMIDE

Benzothiazyl-2-cyclohexylsulfenamide

I. Introduction

Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/96)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2934.20.80(pt)	Benzothiazyl-2-cyclohexylsulfenamide	3¢/kg + 14.3%	Yes

Description and uses.--Benzothiazyl-2-cyclohexylsulfenamide is a synthetic organic chemical assigned the Chemical Abstracts Service (CAS) registry number of 95-33-0. The chemical is produced from the oxidation of the chemicals 2-mercaptobenzothiazole and cyclohexamine. Benzothiazyl-2-cyclohexylsulfenamide is used principally to increase the rate of the vulcanization reaction of certain rubbers. This chemical is one of a class of rubber processing chemicals called delayed-action accelerators.

II. U.S. market profileProfile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	3	3	3	3	3
Employment (<i>1,000 employees</i>)	(²)	(²)	(²)	(²)	(²)
Production (<i>1,000 dollars</i>)	***	***	***	***	***
Exports (<i>1,000 dollars</i>)	216	290	366	284	297
Imports (<i>1,000 dollars</i>)	198	228	275	286	301
Consumption (<i>1,000 dollars</i>)	***	***	***	***	***
Import-to-consumption ratio (<i>percent</i>)	***	***	***	***	***
Capacity utilization (<i>percent</i>)	(²)	(²)	(²)	(²)	(²)

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not available.

Comment.--Benzothiazyl-2-cyclohexylsulfenamide is a specialty intermediate chemical with a ***. The U.S. market for this chemical is well developed and producers compete with other firms producing similar products. Imports are believed to represent *** of U.S. demand for digest products.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	301	100	(²)	***
Imports from GSP countries:				
GSP total	36	12	100	***
Slovakia	35	11	92	***

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ ***.

Comment.--Slovakia, the only GSP supplier of any significance, emerged as a source of digest products in 1994.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Slovakia for all digest products

Ranking as a U.S. import supplier, 1995. 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High Moderate X Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Competitiveness indicators for all GSP countries for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. demand? High Moderate X Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

V. Position of interested parties

Petitioner.--In a letter to the Commission dated October 8, 1996, the Government of the Slovak Republic, one of the petitioners, stated that adding the subject chemical to the list of articles eligible for duty-free entry under the GSP will assist the Slovak Republic in achieving its long-term goal of economic prosperity. Duty-free status will enable the Slovakian producer to compete more equitably with other world producers of this chemical and the duty savings would be partly shared by U.S. consumers of this product.

In a brief filed with the Commission, Arthur J. Lafave III and Douglas N. Jacobson, of the firm of Dickstein Shapiro Morin & Oshinsky L.L.P., counsel for the Slovakian chemical producers Prochimie International, Inc. and Istrochem A.S., petitioners, stated that while U.S. demand for benzothiazyl-2-cyclohexyl-sulfenamide has increased, U.S. producers have not increased domestic production of this chemical. The brief states that U.S. producers have partially provided for increased U.S. consumption by importing product from their plants abroad. Hence, it is argued, that GSP addition of this chemical will not adversely affect U.S. producers, but will ensure U.S. consumers of an alternate source of supply. Duty savings will enable U.S. tire manufacturers to remain competitive in world markets.

Opposition.--In written submissions to the Commission, and in the public hearing held on October 9, 1996, representatives of the three U.S. producers of the subject chemical, namely, Mr. Peter Welch, Worldwide Director of Rubber Chemicals, Uniroyal Chemical Company, Mr. William Woodward, Commercial Director, Flexsys America, L.P., and Mr. Carl L. Clay, Director of Marketing, Bayer Corporation, stated that the petition to add this product to the list of articles eligible for duty-free entry under the GSP should be rejected. These U.S. producers argued that the Slovak manufacturer operates one of the world's largest and most modern plants for producing this chemical. They added that the plant was built with state funds and is still substantially a state-owned enterprise. The U.S. producers stated that the Slovak facility, brought on-stream in 1995, is currently operating at only 60 percent of its rated capacity of 10,000 metric tons per year. U.S. manufacturers argue that the Slovakian producers are selling imported chemical in the United States at 10 percent below the price for domestically produced material. They stated that the quality is identical to the chemical produced in the United States. Mr. Clay, representing Bayer Corp., emphasized that his firm recently invested *** in a new plant dedicated to the production of benzothiazyl-2-cyclohexylsulfenamide (CBS) and its sister product DCBS. Construction was completed in 1995 and production began in January 1996. Bayer made the commitment to build this plant based on the company's estimates of increased U.S. demand for CBS, and has now become the largest producer of this chemical. Bayer added that granting GSP-eligibility for this chemical will severely inhibit the firm's rate of recovery of its capital investment and hence put this domestic producer at a significant competitive disadvantage vis-a-vis the Slovakian producer.

In a letter received by the Commission, Mr. John B. Ball, President of Local Union 12610, United Steelworkers of America, representing the union employees of Flexsys America, L.P., voiced opposition to the addition of the subject chemical to the list of articles eligible for duty-free treatment under the GSP. Mr. Ball stated that Flexsys workers have already made many sacrifices to make the company's plant facilities at Nitro, WV, more efficient and globally competitive. He added that granting GSP eligibility for this chemical would be, in the union's opinion, "a subsidy by the United States targeted against the Nitro plant and all of our employees."

VI. Summary of probable economic advice--Addition

* * * * *

Table 1 .
Digest title: Benzothiazyl-2-cyclohexylsulfenamide
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Belgium.....	73	101	144	138	129	57	50
Germany.....	23	70	70	72	78	41	28
Slovakia.....	0	0	0	16	35	18	15
Italy.....	14	27	29	18	24	15	16
United Kingdom...	3	1/	6	14	13	10	0
Japan.....	20	16	16	16	11	6	6
Netherlands.....	4	12	8	3	2	1	1/
China.....	1/	1/	1	3	2	1/	2
Denmark.....	0	0	0	0	2	2	0
Spain.....	0	0	1/	5	2	1/	2
Rep So Africa....	0	0	0	1/	1	1	1
France.....	1/	1	2	1	1	1	1/
Luxembourg.....	0	0	0	0	1	0	0
India.....	0	0	0	0	1/	1/	0
Switzerland.....	1/	0	0	0	1/	1/	0
Total.....	198	228	275	286	301	154	121
GSP Total.....	0	0	0	16	36	20	16
Percent							
Belgium.....	36.9	44.2	52.4	48.0	42.7	37.1	41.0
Germany.....	42.0	30.6	25.3	25.0	25.9	26.5	23.4
Slovakia.....	.0	.0	.0	5.6	11.5	12.0	12.6
Italy.....	6.9	12.0	10.4	6.4	8.1	9.8	13.1
United Kingdom...	1.5	1/	2.1	4.8	4.2	6.4	.0
Japan.....	10.0	7.0	5.9	5.7	3.7	4.2	4.7
Netherlands.....	2.2	5.3	3.0	.9	.6	.6	1/
China.....	1/	1/	.2	1.1	.6	1/	1.9
Denmark.....	.0	.0	.0	.0	.6	1.2	.0
Spain.....	.0	.0	1/	1.7	.5	1/	1.6
Rep So Africa....	.0	.0	.0	1/	.5	.9	.9
France.....	1/	.5	.5	.4	.4	.7	1/
Luxembourg.....	.0	.0	.0	.0	.3	.0	.0
India.....	.0	.0	.0	.0	1/	1/	.0
Switzerland.....	1/	.0	.0	.0	1/	1/	.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	.0	.0	.0	5.7	12.1	13.1	13.6

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Benzothiazyl-2-cyclohexylsulfenamide
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	January-June						
	1991	1992	1993	1994	1995	1996	
Value (1,000 dollars)							
Canada.....	42	59	64	74	71	44	37
Mexico.....	28	57	110	49	39	21	26
Hong Kong.....	19	26	37	41	37	19	6
Japan.....	3	12	23	19	31	10	12
Belgium.....	24	32	7	12	19	11	13
Korea.....	11	18	20	9	16	7	8
Thailand.....	1	1	1	3	11	4	11
Colombia.....	10	14	11	13	10	6	4
Venezuela.....	11	13	13	12	10	6	3
Malaysia.....	2	6	8	6	8	3	3
Indonesia.....	5	5	5	4	7	3	1
Taiwan.....	4	2	8	4	6	4	1
Singapore.....	3	2	1	7	5	3	13
Australia.....	6	2	6	4	5	1	4
Costa Rica.....	3	3	3	3	4	2	1
All other.....	46	39	49	24	17	10	14
Total.....	216	290	366	284	297	153	157
GSP Total.....	53	58	66	61	65	30	35
Percent							
Canada.....	19.4	20.3	17.5	26.2	23.8	28.9	23.4
Mexico.....	12.7	19.8	30.0	17.2	13.3	13.5	16.7
Hong Kong.....	8.6	9.1	10.1	14.5	12.4	12.5	3.7
Japan.....	1.5	4.0	6.2	6.6	10.3	6.7	7.8
Belgium.....	10.9	10.9	2.0	4.3	6.4	7.5	8.5
Korea.....	4.9	6.2	5.5	3.3	5.3	4.5	5.2
Thailand.....	.6	.2	.3	1.1	3.8	2.9	7.0
Colombia.....	4.6	4.7	3.1	4.5	3.5	3.6	2.3
Venezuela.....	5.1	4.5	3.5	4.2	3.5	3.9	2.2
Malaysia.....	1.0	2.0	2.1	2.0	2.6	1.8	1.8
Indonesia.....	2.5	1.6	1.4	1.3	2.5	1.7	.8
Taiwan.....	1.8	.9	2.1	1.5	1.9	2.6	.5
Singapore.....	1.2	.6	.2	2.3	1.8	2.0	8.3
Australia.....	2.8	.7	1.6	1.4	1.7	.6	2.4
Costa Rica.....	1.2	1.1	.9	1.0	1.4	1.1	.5
All other.....	21.1	13.5	13.5	8.6	5.8	6.2	9.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	24.3	20.1	18.1	21.4	21.7	19.5	22.1

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

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

DIGEST NO. 4104.39.20

BUFFALO LEATHER, OTHER THAN FULL GRAINS AND GRAIN SPLITS

Buffalo Leather, Other Than Full Grains And Grain Splits

I. Introduction

Competitive-need-limit waiver Thailand

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
4104.39.20 ¹	Buffalo leather, other than full grains and grain splits	3.2%	Yes

¹Thailand has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 4104.39.20.

Description and uses.--The leather included in this digest is derived from the hides and skins of water buffalo as well as from the American bison. There is no commercial production of water buffalo leather in the United States; however, there is U.S. production of buffalo leather derived from the American bison.¹ Water buffalo leather is the principal product believed to be imported under this grouping and has been subject to the tanning process. In the tanning process, hides and skins are treated with chemicals in order to preserve them and convert them into a marketable form (e.g., furniture upholstery, automotive upholstery, footwear, garments, belts, etc.). In the United States, the imported water buffalo leather is used as upholstery primarily for moderately priced furniture. Reportedly, the use of imported buffalo leather by domestic furniture manufacturers enables them to compete with imported furniture made with cattlehide leather.² Domestic production of buffalo (bison) leather is used primarily in the manufacture of footwear and handbags, however, some upholstery leather is produced.³

II. U.S. market profile

Profile of U.S. industry and market, 1991-95^{1 2}

Item	1991	1992	1993	1994	1995
Producers (number)	(³)	(³)	(³)	(³)	(³)
Employment (1,000 employees)	(³)	(³)	(³)	(³)	(³)
Shipments (1,000 dollars) ⁴	**2,600	**2,900	**3,200	**3,600	**4,000
Exports (1,000 dollars)	0	135	288	289	416
Imports (1,000 dollars)	4,346	1,052	1,410	5,782	13,275
Consumption (1,000 dollars)	**6,946	**3,817	**4,322	**9,093	**16,859
Import-to-consumption ratio (percent)	**63	**28	**33	**64	**79
Capacity utilization (percent)	(³)	(³)	(³)	(³)	(³)

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Data associated with this analysis are only that for water buffalo leather and American bison leather. It does not include production and consumption data for cattlehide leather, which, by some accounts, is a like or directly competitive product.

³ Not available.

⁴ Estimated by USITC staff from phone conversation with Bud Flocchini, president, American Bison Assn., Oct. 28, 1996.

Comment.--There is believed to be no domestic production of water buffalo leather; however, there is production of American bison leather in the United States. According to an industry

¹ Telephone conversation with Bud Flocchini, president, American Bison Assn., Oct. 28, 1996.

² Submission of Manatt, Phelps, and Phillips, LLP, on behalf of the Lackawanna Leather Co., Conover, NC, Oct. 18, 1996.

³ Op. Cit.

source, approximately **25,000 American bison are slaughtered annually and most of the hides are processed into buffalo leather. In addition, there is significant domestic production of cattlehide leather. In 1995, shipments of all leather classified in SIC 3111 (leather tanning and finishing) were valued at \$3.2 billion. The quality of water buffalo hides is generally inferior to that of U.S. cattlehides and American bison hides, primarily because water buffalo are used as draft animals and generally are not slaughtered until they are old, whereas U.S. cattle and bison are grain fed and slaughtered at approximately 2-3 years of age. Water buffalo graze on open range with little or no grain feeding and are subjected to insect bites and brush. Consequently, the value of water buffalo hides is reduced significantly and leather derived from water buffalo is usually significantly less expensive for the first level consumers (e.g., furniture upholstery suppliers) than cattlehide and American bison leather. Since buffalo leather and cattlehide leather are interchangeable for at least some applications the lower-priced imported water buffalo leather has the potential to displace domestic production of the higher-priced cattlehide and American bison leather.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	13,275	100	(²)	**79
Imports from GSP countries:				
GSP total	13,015	98	100	**77
Thailand.	12,912	97	99	**77
Rep S Africa.	51	(³)	1	**(³)
Brazil.	44	(³)	(³)	**(³)
Pakistan.	8	(³)	(³)	**(³)

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ Less than 0.5 percent.

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

Comment.--Domestic consumption of buffalo leather is supplied by both U.S. production of American bison leather and imports of water buffalo leather. Domestic consumption of all bovine leathers (primarily cattlehide leather) is supplied by domestic producers and import suppliers. Thailand is the only country from which water buffalo leather is available in commercial quantities.⁴ It is estimated that the United States accounts for about 50 percent of Thailand's exports of water buffalo leather.

⁴ Telephone conversation with counsel for The Lackawanna Leather Co., Sept. 19, 1996.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1995. 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. import demand? High Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes No

Does the country have significant export markets besides the
United States? Yes No

Could exports from the country be readily redistributed among
its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

U.S. products¹. Above Equivalent Below

Other foreign products Above Equivalent Below

Quality compared with--

U.S. products¹. Above Equivalent Below

Other foreign products Above Equivalent Below

Comment.--U.S. leather purchasers cannot easily shift to other suppliers of water buffalo leather because Thailand is currently the only country from which water buffalo leather is available in commercial quantities. Water buffalo production cannot be easily expanded in the short term since these are draft animals used for farming. When their usefulness as draft animals is over (usually because of age or injury), they are slaughtered and their hides are sold. Imported water buffalo leather is generally priced below American bison leather as well as below domestic and imported cattlehide leather. However, water buffalo leather quality is comparable to cattlehide quality for, at least, some market applications (e.g., upholstery leather).

V. Position of interested parties

Petitioner.--Counsel on behalf of the Lackawanna Leather Company (Lackawanna Leather), Conover, NC, requests that buffalo leather from Thailand classified under HTS subheading 4104.39.20 be granted a competitive need waiver. Lackawanna Leather purchases imported buffalo leather to manufacture leather furniture which competes with foreign-produced leather furniture. According to the petitioner, commercial quantities of buffalo leather are currently available only from suppliers in Thailand. In addition, the petitioner "requested that the President make a determination, pursuant to 19 U.S.C. § 2464(d), that there was no U.S. production of product like or directly competitive with buffalo leather in the United States on January 3, 1985."

VI. Summary of probable economic advice--competitive-need-limit waiver (Thailand)

* * * * *

Table 1 .
Digest title: Buffalo leather, other than full grains and grain splits
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Thailand.....	3,345	315	910	5,506	12,912	8,236	1,838
United Kingdom...	45	0	61	1	218	146	88
Rep So Africa....	62	144	234	47	51	0	0
Brazil.....	0	0	0	20	44	10	0
Italy.....	510	507	155	191	31	25	27
Canada.....	33	0	0	0	8	2	37
Pakistan.....	305	72	10	0	8	8	89
France.....	7	2	0	3	4	2	0
Norway.....	11	0	0	0	0	0	0
India.....	29	9	23	15	0	0	0
Bangladesh.....	0	2	0	0	0	0	0
Taiwan.....	0	0	1/	0	0	0	0
Egypt.....	0	0	0	0	0	0	3
Ivory Coast.....	0	0	17	0	0	0	0
Total.....	4,346	1,052	1,410	5,782	13,275	8,429	2,083
GSP Total.....	3,741	543	1,194	5,587	13,015	8,254	1,930
Percent							
Thailand.....	77.0	29.9	64.5	95.2	97.3	97.7	88.2
United Kingdom...	1.0	.0	4.3	1/	1.6	1.7	4.2
Rep So Africa....	1.4	13.7	16.6	.8	.4	.0	.0
Brazil.....	.0	.0	.0	.3	.3	.1	.0
Italy.....	11.7	48.2	11.0	3.3	.2	.3	1.3
Canada.....	.7	.0	.0	.0	.1	1/	1.8
Pakistan.....	7.0	6.8	.7	.0	.1	.1	4.3
France.....	.2	.2	.0	1/	1/	1/	.0
Norway.....	.3	.0	.0	.0	.0	.0	.0
India.....	.7	.9	1.7	.3	.0	.0	.0
Bangladesh.....	.0	.2	.0	.0	.0	.0	.0
Taiwan.....	.0	.0	1/	.0	.0	.0	.0
Egypt.....	.0	.0	.0	.0	.0	.0	.0
Ivory Coast.....	.0	.0	1.2	.0	.0	.0	.2
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	86.1	51.6	84.7	96.6	98.0	97.9	92.7

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Buffalo leather, other than full grains and grain splits
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Brazil.....	0	0	0	88	163	138	26
Italy.....	0	24	0	0	113	113	0
Costa Rica.....	0	0	0	0	103	0	0
Mexico.....	0	0	45	0	28	0	0
Hong Kong.....	0	30	0	195	8	8	125
Cayman Is.....	0	6	0	0	0	0	0
Colombia.....	0	0	0	5	0	0	0
Singapore.....	0	0	21	0	0	0	7
Indonesia.....	0	20	156	0	0	0	6
Philippines.....	0	0	66	0	0	0	0
China.....	0	0	0	0	0	0	16
Korea.....	0	39	0	0	0	0	0
Japan.....	0	16	0	0	0	0	0
Total.....	0	135	288	289	416	260	180
GSP Total.....	0	26	222	93	266	138	32
Percent							
Brazil.....	.0	.0	.0	30.5	39.3	53.3	14.7
Italy.....	.0	17.8	.0	.0	27.3	43.7	.0
Costa Rica.....	.0	.0	.0	.0	24.7	.0	.0
Mexico.....	.0	.0	15.6	.0	6.8	.0	.0
Hong Kong.....	.0	22.1	.0	67.6	1.9	3.0	69.1
Cayman Is.....	.0	4.3	.0	.0	.0	.0	.0
Colombia.....	.0	.0	.0	1.9	.0	.0	.0
Singapore.....	.0	.0	7.2	.0	.0	.0	4.1
Indonesia.....	.0	15.1	54.1	.0	.0	.0	3.1
Philippines.....	.0	.0	23.0	.0	.0	.0	.0
China.....	.0	.0	.0	.0	.0	.0	8.9
Korea.....	.0	28.7	.0	.0	.0	.0	.0
Japan.....	.0	12.1	.0	.0	.0	.0	.0
Total.....	.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	.0	19.3	77.1	32.4	64.0	53.3	17.8

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

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

DIGEST NO. 4107.90.60

FANCY LEATHER, NESOI

Fancy Leather, Nesoi

I. IntroductionCompetitive-need-limit waiver South Africa

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
4107.90.60 ¹	Fancy leather, nesoi	2.1%	Yes

¹ South Africa and Argentina have been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 4107.90.60.

Description and uses.--As defined in the U.S. HTS, fancy leather is the term used to describe leather which has been embossed, printed, or otherwise decorated in any manner or to any extent. Such leather is used for pocket books, handbags, footwear, and leather-covered specialties. The leather included in this digest is derived from animals other than bovine, sheep, goats, swine, and reptiles. Fancy leather derived from such animals as ostriches, emus, deer, and kangaroos would be included in this category. However, fancy leather derived from ostrich skins is believed to be the most important individual leather type in terms of U.S. production. In addition, the bulk of U.S. imports within this HTS subheading is thought to be ostrich leather.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (number)	(¹)	(¹)	(¹)	(¹)	(¹)
Employment (1,000 employees)	(¹)	(¹)	(¹)	(¹)	(¹)
Shipments (1,000 dollars)	(¹)	(¹)	(¹)	(¹)	(¹)
Exports (1,000 dollars) ²	22,530	29,132	28,140	15,931	16,609
Imports (1,000 dollars)	5,807	4,836	14,310	25,597	28,790
Consumption (1,000 dollars)	(¹)	(¹)	(¹)	(¹)	(¹)
Import-to-consumption ratio (percent)	(¹)	(¹)	(¹)	(¹)	(¹)
Capacity utilization (percent)	(¹)	(¹)	(¹)	(¹)	(¹)

¹Not available.

²Export statistics are not available at this detailed level; consequently, the export statistics are estimated at 50 percent of HTS subheading 4107.90.6000 which includes not fancy and fancy leather.

Comment.--U.S. fancy leather is produced from both imported and domestic hides. Ostrich hides are believed to be the most important type of domestic and imported hide used for fancy leather. The U.S. inventory of ostriches is estimated at 500,000, with about 50 percent concentrated in the Southwest (Texas accounts for 25 percent of the inventory). There are 60 U.S. facilities approved for slaughtering ostriches, and it is estimated that 6,000 to 8,000 ostriches are slaughtered annually. Less than half of the ostrich hides derived from slaughter are believed to be tanned domestically; the remainder are exported, primarily to Mexico. They enter under bond in Mexico, are tanned and returned to the United States. Tanned ostrich hides are primarily used in the production of expensive boots, and in recent years tanned hides have sold at about \$500 per hide.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total.	28,790	100	(¹)	(²)
Imports from GSP countries:				
GSP total	23,013	80	100	(²)
South Africa.	22,009	76	96	(²)
Panama.	374	1	2	(²)
Zimbabwe.	284	1	1	(²)
Thailand.	148	1	1	(²)
Colombia.	86	(³)	(³)	(²)

¹ Not applicable.

² Not available.

³ Less than 0.5 percent.

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

Comment.--World slaughter of ostriches is estimated at 200,000 annually, with South Africa accounting for 75 percent of the total. Israel is the second largest producer. Most South African hides are tanned and exported, and the United States is a major market of South African hides. Most Israeli hides are exported to France. The United States is the largest consumer of ostrich hides and most are tanned and used for boot leather.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for South Africa for all digest products

Ranking as a U.S. import supplier, 1995. 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. import demand? High Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes No

Does the country have significant export markets besides the
United States? Yes No

Could exports from the country be readily redistributed among
its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above Equivalent Below

Quality compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above Equivalent Below

V. Position of interested parties

Support.--The Leather Industries of America, Inc. (LIA) supports the waiver of the competitive need limit for imports of ostrich leather from South Africa. The LIA contends that ostrich leather from South Africa is superior to that from other foreign countries and is suitable for use in the manufacture of Western boots, handbag, and small leather goods.

VI. Summary of probable economic advice--competitive-need-limit waiver (South Africa)

* * * * *

Table 1 .
Digest title: Fancy leather, nesoi
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Rep So Africa....	73	1,274	7,272	18,416	22,009	10,970	9,770
Finland.....	14	540	1,279	907	2,128	1,338	1,619
Korea.....	0	17	483	791	1,146	748	278
Australia.....	0	119	832	804	673	377	400
Mexico.....	2,693	1,621	942	86	583	275	882
Panama.....	0	0	0	224	374	265	467
Italy.....	705	191	999	293	302	160	295
Zimbabwe.....	0	0	0	0	284	59	285
France.....	92	36	229	487	261	122	381
United Kingdom...	67	159	333	605	149	72	14
Thailand.....	64	75	136	100	148	99	125
Spain.....	0	2	33	135	95	95	5
Colombia.....	9	7	11	374	86	52	0
Israel.....	0	0	0	0	80	0	237
Hong Kong.....	163	166	60	12	77	77	1/
All other.....	1,927	629	1,702	2,363	395	170	601
Total.....	5,807	4,836	14,310	25,597	28,790	14,879	15,358
GSP Total.....	1,713	1,768	8,410	20,271	23,013	11,498	10,927
Percent							
Rep So Africa....	1.3	26.3	50.8	71.9	76.4	73.7	63.6
Finland.....	.2	11.2	8.9	3.5	7.4	9.0	10.5
Korea.....	.0	.4	3.4	3.1	4.0	5.0	1.8
Australia.....	.0	2.5	5.8	3.1	2.3	2.5	2.6
Mexico.....	46.4	33.5	6.6	.3	2.0	1.8	5.7
Panama.....	.0	.0	.0	.9	1.3	1.8	3.0
Italy.....	12.1	4.0	7.0	1.1	1.0	1.1	1.9
Zimbabwe.....	.0	.0	.0	.0	1.0	.4	1.9
France.....	1.6	.7	1.6	1.9	.9	.8	2.5
United Kingdom...	1.2	3.3	2.3	2.4	.5	.5	.1
Thailand.....	1.1	1.6	.9	.4	.5	.7	.8
Spain.....	.0	1/	.2	.5	.3	.6	1/
Colombia.....	.2	.1	.1	1.5	.3	.3	.0
Israel.....	.0	.0	.0	.0	.3	.0	1.5
Hong Kong.....	2.8	3.4	.4	1/	.3	.5	1/
All other.....	33.2	13.0	11.9	9.2	1.4	1.1	3.9
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	29.5	36.6	58.8	79.2	79.9	77.3	71.1

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Fancy leather, nesoi
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Italy.....	1,693	2,765	3,027	4,048	3,943	2,220	2,012
Hong Kong.....	1,282	1,722	2,566	2,286	3,941	1,920	1,731
Dominican Rep....	12,288	17,303	15,248	2,314	1,787	1,535	99
Canada.....	1,091	1,056	1,274	1,375	1,381	613	748
Korea.....	466	756	607	386	1,008	163	190
Germany.....	779	881	748	1,085	872	573	544
China.....	476	570	175	229	705	487	244
France.....	46	65	16	669	582	493	204
Japan.....	172	483	378	447	396	146	202
Singapore.....	19	58	65	609	332	238	7
Taiwan.....	668	286	1,232	134	201	31	18
India.....	4	0	8	24	196	42	107
Thailand.....	1,423	73	24	173	179	123	147
Colombia.....	52	232	288	118	121	30	25
Indonesia.....	4	39	33	61	113	67	0
All other.....	2,068	2,845	2,453	1,974	853	376	463
Total.....	22,530	29,132	28,140	15,931	16,609	9,058	6,740
GSP Total.....	14,509	19,054	17,293	3,553	2,771	1,954	565
Percent							
Italy.....	7.5	9.5	10.8	25.4	23.7	24.5	29.9
Hong Kong.....	5.7	5.9	9.1	14.3	23.7	21.2	25.7
Dominican Rep....	54.5	59.4	54.2	14.5	10.8	16.9	1.5
Canada.....	4.8	3.6	4.5	8.6	8.3	6.8	11.1
Korea.....	2.1	2.6	2.2	2.4	6.1	1.8	2.8
Germany.....	3.5	3.0	2.7	6.8	5.2	6.3	8.1
China.....	2.1	2.0	.6	1.4	4.2	5.4	3.6
France.....	.2	.2	.1	4.2	3.5	5.4	3.0
Japan.....	.8	1.7	1.3	2.8	2.4	1.6	3.0
Singapore.....	.1	.2	.2	3.8	2.0	2.6	.1
Taiwan.....	3.0	1.0	4.4	.8	1.2	.3	.3
India.....	1/	.0	1/	.1	1.2	.5	1.6
Thailand.....	6.3	.3	.1	1.1	1.1	1.4	2.2
Colombia.....	.2	.8	1.0	.7	.7	.3	.4
Indonesia.....	1/	.1	.1	.4	.7	.7	.0
All other.....	9.2	9.8	8.7	12.4	5.1	4.2	6.9
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	64.4	65.4	61.5	22.3	16.7	21.6	8.4

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 4203.21.20

LEATHER BATTING GLOVES

Leather Batting Gloves

I. Introduction

Competitive-need-limit waiver Indonesia

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
4203.21.20 ¹	Leather batting gloves	3%	Yes

¹Indonesia has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 4203.21.20.

Description and uses.--Batting gloves are worn by baseball players, both professional and amateur, to better grip the bat. As opposed to baseball fielding mitts, batting gloves fit tightly and are shaped more like women's or men's dress gloves. Leather batting gloves are made primarily of sheepskin and goatskin leathers. The palm side of the glove which grips the bat is almost always made of leather, while the back side of the glove is usually made of leather, but can also be made of stretchy fabric containing Lycra or Spandex. The manufacture of batting gloves is highly labor intensive. The leather pieces of the gloves are stretched while cutting and must be cut by hand.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (number)	(²)	2	2	2	2
Employment (1,000 employees)	(²)	(²)	(²)	(²)	(³)
Shipments (1,000 dollars)	(²)	(²)	(²)	(²)	(²)
Exports (1,000 dollars)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Imports (1,000 dollars)	27,277	31,497	33,011	27,131	25,058
Consumption (1,000 dollars)	***	***	***	***	***
Import-to-consumption ratio (percent)	***	***	***	***	***
Capacity utilization (percent)	(²)	(²)	(²)	(²)	(²)

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not available.

³ ***.

⁴ Not available, but believed to be minimal.

Comment.--Imports supply virtually all of U.S. consumption of leather batting gloves. Only two U.S. companies are believed to produce a small number of batting gloves domestically. One of these companies--Saranac Glove Company--was the first producer of batting gloves. The president of Saranac, along with a professional baseball player, invented batting gloves in the late 1950s and began marketing these gloves in the early 1960s. ***. U.S. production is used for quick turnaround on reorders and for making minor alterations to imported gloves such as changing labels. Trade sources indicated that a second U.S. glove company may produce batting gloves domestically.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	25,058	100	(²)	***
Imports from GSP countries:				
GSP total	17,443	70	-	***
Indonesia	15,993	64	92	***
Pakistan	366	1	2	***
Malaysia ³	363	1	2	***
India	324	1	2	***

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ Malaysia is being graduated from GSP eligibility as of January 1, 1997.

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

Comment.--Indonesia replaced Korea as the major supplier in 1993. Korea's share dropped from 68 percent in 1991 to 23 percent in 1995 as Indonesia's share grew to 64 percent. Facing escalating production costs, Korea's sports glove producers shifted production of these items offshore, primarily to Indonesia. Indonesia has a well-developed leather tanning industry, especially in the areas of sheepskin and goatskin leather. This combined with Indonesia's low wage and production costs have made it a highly competitive production site.

Indonesia lost its GSP eligibility in July 1994, after the value of its shipments of leather batting gloves to the United States grew to account for more than 50 percent of the total value of imports of these items in 1993. Imports from other country suppliers with GSP eligibility, namely Pakistan, Malaysia, India, and the Philippines, are small compared to Indonesia.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1995 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes ___ No X

What is the price elasticity of U.S. import demand? High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted
in the short term? Yes X No ___

Does the country have significant export markets besides the
United States? Yes ___ No X

Could exports from the country be readily redistributed among
its foreign export markets? Yes ___ No X

What is the price elasticity of import supply? High ___ Moderate X Low ___

Price level compared with--

U.S. products Above ___ Equivalent ___ Below X

Other foreign products Above ___ Equivalent ___ Below X

Quality compared with--

U.S. products Above ___ Equivalent ___ Below X

Other foreign products Above ___ Equivalent ___ Below X

Comment.--Indonesia has become the United States' major source of batting gloves. Attracted by Indonesia's low production costs and specialization in tanning sheepskin and goatskin, Korea's major batting glove producers established joint ventures and other contractual relationships with producers there. Indonesia has the competitive advantage of having a domestic source of raw materials--that is, quality tanned sheepskin and goatskin leather. China, Malaysia, and Pakistan must import the leather. Although these countries are attempting to develop the tanning of quality sheepskin and goatskin leathers and the hand cutting and special stitching necessary in the

production of the gloves, they reportedly have not mastered these skills. One trade source reported that it can take up to five years for workers to become skilled at the cutting and sewing of batting gloves. Because of this, the world supply of quality gloves at competitive prices is somewhat limited.

The overall quality of the gloves from Indonesia is superior to that of the gloves made in other low-cost countries such as China, Malaysia, Pakistan, and India. However, the quality of the gloves from Indonesia is still, reportedly, below that of the batting gloves made in Korea--the second largest foreign supplier of these gloves.

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

VI. Summary of probable economic advice--competitive-need-limit waiver (Indonesia)

* * * * *

Table 1 .
Digest title: Leather batting gloves
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Indonesia.....	7,647	12,318	17,557	15,969	15,993	9,019	7,483
Korea.....	18,630	16,345	11,871	7,292	5,863	3,635	2,433
China.....	56	557	1,339	1,298	1,556	1,073	1,738
Pakistan.....	210	337	639	657	366	243	164
Malaysia.....	446	1,204	587	1,015	363	527	4
India.....	29	133	36	117	324	259	236
Philippines.....	164	433	837	360	295	300	161
Singapore.....	0	0	0	0	119	0	0
Sri Lanka.....	0	0	0	4	94	0	50
Taiwan.....	28	25	132	102	38	38	6
Japan.....	0	24	2	80	36	9	9
Thailand.....	56	15	0	215	8	0	0
Hong Kong.....	0	77	4	21	2	0	9
Mexico.....	2	0	5	0	1	1/	10
United Kingdom...	0	0	0	0	1/	1/	1
All other.....	10	28	2	1/	0	0	2
Total.....	27,277	31,497	33,011	27,131	25,058	15,103	12,304
GSP Total.....	8,561	14,466	19,656	18,337	17,443	10,347	8,097
Percent							
Indonesia.....	28.0	39.1	53.2	58.9	63.8	59.7	60.8
Korea.....	68.3	51.9	36.0	26.9	23.4	24.1	19.8
China.....	.2	1.8	4.1	4.8	6.2	7.1	14.1
Pakistan.....	.8	1.1	1.9	2.4	1.5	1.6	1.3
Malaysia.....	1.6	3.8	1.8	3.7	1.4	3.5	1/
India.....	.1	.4	.1	.4	1.3	1.7	1.9
Philippines.....	.6	1.4	2.5	1.3	1.2	2.0	1.3
Singapore.....	.0	.0	.0	.0	.5	.0	.0
Sri Lanka.....	.0	.0	.0	1/	.4	.0	.4
Taiwan.....	.1	.1	.4	.4	.2	.3	1/
Japan.....	.0	.1	1/	.3	.1	.1	.1
Thailand.....	.2	1/	.0	.8	1/	.0	.0
Hong Kong.....	.0	.2	1/	.1	1/	.0	.1
Mexico.....	1/	.0	1/	.0	1/	1/	.1
United Kingdom...	.0	.0	.0	.0	1/	1/	1/
All other.....	1/	.1	1/	1/	.0	.0	1/
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	31.4	45.9	59.5	67.6	69.6	68.5	65.8

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 5701.10.40(pt)

HANDMADE WOOL PILE RUGS

Handmade Wool Pile Rugs

I. Introduction

Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995
5701.10.40(pt) ¹	Certain hand-hooked wool pile rugs that are certified as hand-loomed and folklore products.	4.1%	Yes

¹ Products are certified as hand-loomed and folklore products in accordance with procedures established by the United States Trade Representative pursuant to international understandings, by an official of a government agency of the country where the products were produced, to have been so made.

Description and uses.--The subject product includes carpet and other textile floor coverings, in which the pile is made from yarn that is more than 50 percent by weight of wool and in which the yarn tufts are inserted and knotted by hand or by means of a hand tool. The yarn pile is sheared to provide an even and smooth surface and, in some cases, may be "carved" to produce a three-dimensional design. These handmade rugs are functional as floor coverings, but they are generally purchased for their artistic and ethnic attributes.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>) ⁽¹⁾					
Employment (<i>1,000 employees</i>)					
Shipments (<i>1,000 dollars</i>)					
Exports (<i>1,000 dollars</i>)					
Imports (<i>1,000 dollars</i>) ²	233,658	266,327	226,248	221,900	246,890
Consumption (<i>1,000 dollars</i>) ¹	233,658	266,327	226,248	221,900	246,890
Import-to-consumption ratio (<i>percent</i>) ¹	100	100	100	100	100
Capacity utilization (<i>percent</i>)					

¹ There is no known commercial production of handmade wool pile carpets in the United States.

² Data for 1995 include products entered under HTS subheadings 5701.10.40 and 5701.10.90. Corresponding HTS subheadings prior to 1995 were 5701.10.2010 and 5701.10.2090, respectively.

Comment.-- Discussion with a U.S. Customs National Import Specialist indicated that the subject handmade wool pile rugs entered under HTS subheading 5701.10.40, as well as 5701.10.90 in 1995. Rugs entered under HTS subheading 5701.10.40 totaled \$418,000 in 1995 and those entered under HTS subheading 5701.10.90 totaled \$246.5 million.

The U.S. market for handmade wool pile rugs essentially is made up of imported goods, which are generally distributed through specialty rug dealers. A cottage industry exists in the United States in which a small number of handmade rugs are made, largely for sale in specialty retail stores and/or craft fairs. Because of their artistic and ethnic attributes and workmanship, handmade rugs are generally priced higher than those made by machine for mass consumption.

III. GSP import situation, 1995

U.S. imports¹ and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	246,890	100	(²)	100
Imports from GSP countries:				
GSP total	166,972	68	100	68
India	88,258	36	53	36
Pakistan	49,477	20	30	20
Turkey	16,669	7	10	7
Nepal	7,533	3	5	3

¹ Imports include those products entered under HTS subheadings 5701.10.40 and 5701.10.90.

² Not applicable.

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

Comment.--India, followed closely by China, has been the largest source of the subject handmade wool pile rugs, accounting for 36 percent of total U.S. imports in 1995. With the exception of China, the four largest suppliers were GSP beneficiary countries, supplying 66 percent of total imports. Due to the high labor content, handmade rugs from GSP-eligible countries may be of the same quality as those made in the United States, but priced lower given the lower wages in the exporting country. However, the effect of the price differences may be weakened to the extent that artistic and ethnic value play a role in the purchasing decision.

To be eligible for the proposed duty-free GSP treatment, these products must be properly certified as hand-loomed and folklore products under an arrangement established between the United States and the beneficiary country.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for India for all digest products

Ranking as a U.S. import supplier, 1995. 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High Moderate X Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent X Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent X Below

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Pakistan for all digest products

Ranking as a U.S. import supplier, 1995. 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No ___

What is the price elasticity of U.S. import demand? High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted
in the short term? Yes X No ___

Does the country have significant export markets besides the
United States? Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No ___

What is the price elasticity of import supply? High X Moderate ___ Low ___

Price level compared with--

U.S. products. Above ___ Equivalent ___ Below ___

Other foreign products Above ___ Equivalent X Below ___

Quality compared with--

U.S. products. Above ___ Equivalent ___ Below ___

Other foreign products Above ___ Equivalent X Below ___

Competitiveness indicators for Turkey for all digest products

Ranking as a U.S. import supplier, 1995. 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No ___

What is the price elasticity of U.S. import demand? High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted
in the short term? Yes X No ___

Does the country have significant export markets besides the
United States? Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No ___

What is the price elasticity of import supply? High X Moderate ___ Low ___

Price level compared with--

U.S. products. Above ___ Equivalent ___ Below ___

Other foreign products Above ___ Equivalent X Below ___

Quality compared with--

U.S. products. Above ___ Equivalent ___ Below ___

Other foreign products Above ___ Equivalent X Below ___

Competitiveness indicators for all GSP countries for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No ___

What is the price elasticity of U.S. import demand? High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted
in the short term? Yes X No ___

Does the country have significant export markets besides the
United States? Yes X No ___

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No ___

What is the price elasticity of import supply? High X Moderate ___ Low ___

Price level compared with--

U.S. products. Above ___ Equivalent ___ Below ___

Other foreign products Above ___ Equivalent X Below ___

Quality compared with--

U.S. products. Above ___ Equivalent ___ Below ___

Other foreign products Above ___ Equivalent X Below ___

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

VI. Summary of probable economic advice--Addition

* * * * *

Table 1 .
 Digest title: Handmade wool pile rugs
 U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Digest No.
 57011040 (pt)

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
India.....	77,063	89,798	85,256	87,900	88,258	48,226	47,412
China.....	70,574	89,900	76,061	57,302	76,755	42,948	32,260
Pakistan.....	60,577	58,046	41,990	45,720	49,477	25,344	25,223
Turkey.....	16,165	20,975	15,471	19,553	16,669	6,996	6,378
Nepal.....	2,500	2,871	3,652	5,096	7,533	3,470	3,669
Romania.....	1,144	640	461	1,588	2,447	835	1,241
Egypt.....	338	268	527	771	1,656	735	1,095
Spain.....	26	215	68	205	718	405	40
France.....	92	276	138	376	418	50	178
Germany.....	624	471	348	275	378	216	557
United Kingdom...	188	135	188	213	360	97	260
Mexico.....	188	170	194	173	305	84	56
Armenia.....	0	161	43	115	188	116	66
Morocco.....	172	147	195	406	176	121	80
Switzerland.....	33	68	38	87	156	99	252
All other.....	3,972	2,186	1,618	2,122	1,398	733	766
Total.....	233,658	266,327	226,248	221,900	246,890	130,475	119,531
GSP Total.....	158,708	173,908	148,097	162,356	166,972	86,191	85,573
Percent							
India.....	33.0	33.7	37.7	39.6	35.7	37.0	39.7
China.....	30.2	33.8	33.6	25.8	31.1	32.9	27.0
Pakistan.....	25.9	21.8	18.6	20.6	20.0	19.4	21.1
Turkey.....	6.9	7.9	6.8	8.8	6.8	5.4	5.3
Nepal.....	1.1	1.1	1.6	2.3	3.1	2.7	3.1
Romania.....	.5	.2	.2	.7	1.0	.6	1.0
Egypt.....	.1	.1	.2	.3	.7	.6	.9
Spain.....	1/	.1	1/	.1	.3	.3	1/
France.....	1/	.1	.1	.2	.2	1/	.1
Germany.....	.3	.2	.2	.1	.2	.2	.5
United Kingdom...	.1	.1	.1	.1	.1	.1	.2
Mexico.....	.1	.1	.1	.1	.1	.1	1/
Armenia.....	.0	.1	1/	.1	.1	.1	.1
Morocco.....	.1	.1	.1	.2	.1	.1	.1
Switzerland.....	1/	1/	1/	1/	.1	.1	.2
All other.....	1.7	.8	.7	1.0	.6	.6	.6
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	67.9	65.3	65.5	73.2	67.6	66.1	71.6

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 6901.00.00

BRICKS, BLOCKS AND TILES OF SILICEOUS FOSSIL EARTHS

Bricks, Blocks and Tiles of Siliceous Fossil Earths

I. Introduction

Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
6901.00.00	Bricks, blocks and tiles of siliceous fossil earths	2.9%	Yes

Description and uses.--Bricks, blocks and tiles of siliceous fossil earths are principally siliceous low-density products, used primarily in high-temperature, heat-insulating applications, such as furnaces, ladles, and electrolytic cells. The major product component within this category is diatomaceous heat-insulating brick, blocks, and tiles. The market for this material is generally divided into high-temperature material (1,800^o-2,000^o F.) and low-temperature material (1,200^o-1,400^o F). Both materials are principally used as a backup material to refractory brick, blocks, and tile. Although both refractory materials and siliceous materials possess insulating properties, refractory materials insulate by redirecting or refracting heat back to its source while siliceous materials provide insulation by trapping heat and inhibiting its conduction.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers ¹ (number)	10-12	10-12	10-12	10-12	10-12
Employment (1,000 employees)	(²)	(²)	(²)	(²)	(²)
Shipments (1,000 dollars)	(²)	(²)	(²)	(²)	(²)
Exports (1,000 dollars)	4,629	2,478	1,753	3,225	5,550
Imports (1,000 dollars)	737	485	613	1,042	438
Consumption (1,000 dollars)	(²)	(²)	(²)	(²)	(²)
Import-to-consumption ratio (percent)	(²)	(²)	(²)	(²)	(²)
Capacity utilization (percent)	(²)	(²)	(²)	(²)	(²)

¹The figures for numbers of producers are based on conversations with industry contacts and are approximate.

²Not available.

Comment.--The United States has produced bricks, blocks, tiles and other ceramic goods of siliceous fossil earths since the 1930s. Today, Thermal Ceramics Corp. (Girard, OH) is the only known U.S. manufacturer of high-temperature material while U.S. production of material used for lower-temperature applications is divided among approximately 10-12 small U.S. manufacturers. Thermal Ceramics Corp. has been producing high-temperature material since 1985 when it purchased Johns-Manville Corp.'s diatomaceous brick, block, and tile facilities. According to industry sources, most U.S. imports of diatomaceous heat-insulating products have recently been supplied by Skamol A/S (Denmark) and Clayburn Inc. (Canada). U.S. trade data indicates that U.S. imports from Canada fell substantially during this period and Denmark failed to ship material in 1995. EU countries, led by Germany, Spain, and the United Kingdom, supplied almost 70 percent of total digest imports in 1995.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	438	100	(¹)	(²)
Imports from GSP countries:				
GSP total	26	6	100	(²)
Czech Republic	26	6	100	(²)

¹ Not applicable.
² Not available.

Comment.--The Czech Republic was the only GSP beneficiary country to supply digest products in 1995.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Czech Republic for all digest products

Ranking as a U.S. import supplier, 1995 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. import demand? High Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes No

Does the country have significant export markets besides the
United States? Yes No

Could exports from the country be readily redistributed among
its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

 U.S. products Above Equivalent Below

 Other foreign products Above Equivalent Below

Quality compared with--

 U.S. products Above Equivalent Below

 Other foreign products Above Equivalent Below

Comment.--During 1995 the Czech Republic emerged as a GSP supplier of these digest products to the United States for the first time; the Czech Republic did not export such material to the United States during 1991-94.

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. import demand? High Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes No

Does the country have significant export markets besides the
United States? Yes No

Could exports from the country be readily redistributed among
its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

 U.S. products Above Equivalent Below

 Other foreign products Above Equivalent Below

Quality compared with--

 U.S. products Above Equivalent Below

 Other foreign products Above Equivalent Below

Comment.--GSP-eligible imports increased from \$5,000 in 1991 to \$26,000 in 1995, or from less than 1 percent to 6 percent as a share of total imports. Panama supplied total U.S. imports from GSP nations in 1991, while the Czech Republic supplied all such imports in 1995.

V. Position of interested parties

Opposition.--The Tile Council of America opposes GSP designation for products imported under HTS 6901 given the current low rate of duty for this item. Although members of the Tile Council do not produce any of the items included under heading 6901 of the HTS, the Council is concerned that if this category is designated as GSP-eligible, it could be used for the importation of products which should be classified under other, higher-duty tariff headings for ceramic tile.

VI. Summary of probable economic advice--Addition

* * * * *

Table 1 .
Digest title: Bricks, blocks and tiles of siliceous fossil earths
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Germany.....	22	47	96	446	143	126	93
Spain.....	0	20	57	287	76	46	61
United Kingdom...	43	0	39	12	64	24	20
Japan.....	126	66	85	39	61	61	4
Mexico.....	4	0	187	20	41	37	5
Czech Republic...	0	0	0	0	26	26	14
Canada.....	257	199	42	10	13	6	2
Italy.....	4	27	33	8	10	2	2
Netherlands.....	62	0	0	0	2	2	0
France.....	20	7	32	0	2	2	0
Panama.....	5	0	0	0	0	0	0
Venezuela.....	0	0	0	5	0	0	0
Brazil.....	0	0	0	6	0	0	0
Sweden.....	0	0	0	7	0	0	0
Denmark.....	177	80	33	115	0	0	41
All other.....	16	39	9	85	0	0	136
Total.....	737	485	613	1,042	438	331	378
GSP Total.....	5	0	0	11	26	26	14
Percent							
Germany.....	2.9	9.8	15.6	42.9	32.8	38.1	24.5
Spain.....	.0	4.1	9.3	27.6	17.3	13.8	16.3
United Kingdom...	5.8	.0	6.3	1.2	14.6	7.3	5.3
Japan.....	17.1	13.6	13.9	3.7	14.0	18.6	1.1
Mexico.....	.6	.0	30.6	1.9	9.4	11.2	1.3
Czech Republic...	.0	.0	.0	.0	5.8	7.7	3.7
Canada.....	34.9	41.1	6.9	1.0	2.9	1.8	.6
Italy.....	.5	5.5	5.4	.8	2.3	.5	.5
Netherlands.....	8.4	.0	.0	.0	.5	.7	.0
France.....	2.8	1.5	5.3	.0	.3	.5	.0
Panama.....	.7	.0	.0	.0	.0	.0	.0
Venezuela.....	.0	.0	.0	.4	.0	.0	.0
Brazil.....	.0	.0	.0	.6	.0	.0	.0
Sweden.....	.0	.0	.0	.6	.0	.0	.0
Denmark.....	24.1	16.4	5.4	11.1	.0	.0	10.8
All other.....	2.2	7.9	1.4	8.2	.0	.0	35.9
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	.7	.0	.0	1.0	5.8	7.7	3.7

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

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

Table 2.
Digest title: Bricks, blocks and tiles of siliceous fossil earths.
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Canada.....	1,294	980	871	1,535	2,655	1,521	811
Russia.....	0	0	0	486	1,202	0	597
Rep So Africa....	0	8	0	0	421	421	23
Mexico.....	427	151	172	108	359	223	156
Japan.....	65	69	56	122	123	17	66
Barbados.....	91	27	0	15	113	36	31
Ivory Coast.....	0	0	0	0	79	79	0
Korea.....	224	26	32	115	73	36	14
Dominican Rep....	0	0	21	0	61	61	11
Jamaica.....	19	36	52	11	36	8	10
Netherlands Ant..	0	6	0	18	36	13	0
Cayman Is.....	0	0	0	0	34	28	27
Haiti.....	0	0	3	0	30	30	0
Taiwan.....	0	25	0	0	29	0	41
United Kingdom...	44	49	148	3	28	8	65
All other.....	2,466	1,099	398	813	271	108	1,032
Total.....	4,629	2,478	1,753	3,225	5,550	2,587	2,884
GSP Total.....	1,402	752	277	725	2,167	733	865
Percent							
Canada.....	27.9	39.6	49.7	47.6	47.8	58.8	28.1
Russia.....	.0	.0	.0	15.1	21.7	.0	20.7
Rep So Africa....	.0	.3	.0	.0	7.6	16.3	.8
Mexico.....	9.2	6.1	9.8	3.3	6.5	8.6	5.4
Japan.....	1.4	2.8	3.2	3.8	2.2	.7	2.3
Barbados.....	2.0	1.1	.0	.5	2.0	1.4	1.1
Ivory Coast.....	.0	.0	.0	.0	1.4	3.1	.0
Korea.....	4.8	1.1	1.8	3.6	1.3	1.4	.5
Dominican Rep....	.0	.0	1.2	.0	1.1	2.3	.4
Jamaica.....	.4	1.5	3.0	.4	.7	.3	.3
Netherlands Ant..	.0	.3	.0	.6	.6	.5	.0
Cayman Is.....	.0	.0	.0	.0	.6	1.1	1.0
Haiti.....	.0	.0	.2	.0	.5	1.2	.0
Taiwan.....	.0	1.0	.0	.0	.5	.0	1.4
United Kingdom...	1.0	2.0	8.4	.1	.5	.3	2.3
All other.....	53.3	44.4	22.7	25.2	4.9	4.2	35.8
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	30.3	30.3	15.8	22.5	39.0	28.3	30.0

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

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

DIGEST NO. 6905.10.00
CERAMIC ROOFING TILES

Ceramic Roofing Tiles

I. IntroductionCompetitive-need-limit waiver Venezuela

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
6905.10.00 ¹	Ceramic roofing tiles	13.5%	Yes

¹ Venezuela was proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 6905.10.00 effective July 1, 1994.

Description and uses.--Ceramic roofing tiles are flat or curved pieces of fired clay used as a roof covering. They are produced in different shapes and colors and may be unglazed or glazed, i.e., coated with a glassy material that makes a tile face impervious to moisture and imparts a decorative appearance. Unglazed tiles dominate the market, while glazed tiles are largely a special-order item.

II. U.S. market profileProfile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (number)	5	5	5	5	5
Employment (1,000 employees)	***	***	***	***	***
Shipments (1,000 dollars)	***	***	***	***	***
Exports (1,000 dollars)	3,689	1,676	936	1,093	1,835
Imports (1,000 dollars)	7,475	8,803	12,930	8,152	7,240
Consumption (1,000 dollars)	***	***	***	***	***
Import-to-consumption ratio (percent)	***	***	***	***	***
Capacity utilization (percent)	(²)	(²)	(²)	(²)	(²)

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not available.

Comment.--Ceramic roofing tiles are reportedly produced by five firms, three in California and one each in Florida and Ohio. This is a reduction from the 1990 annual GSP review when the U.S. industry was estimated to have nine firms.¹ U.S. demand for ceramic roofing tile is concentrated in California and Florida, with California being the largest market. Competition in the market comes from competitively priced imports and alternative materials such as concrete roofing tiles. Transportation cost is reported to be a constraint that limits the size of a regional markets.

¹ Of the nine firms, five were located in California and two each in Ohio and Florida.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	7,240	100	(²)	***
Imports from GSP countries:				
GSP total	3,544	49	100	***
Venezuela	2,975	41	84	***
Colombia	343	5	10	***
Brazil	101	1	3	***
Guatemala	80	1	2	***

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ ***.

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

Comment.--Venezuela has been the leading import supplier since 1991-95 and during the January-June period of 1995 and 1996, with Mexico a close second in recent years. Imports from the two countries are eligible for different tariff treatments. Mexican goods classified under HTS 6905.10.00 are eligible for duty-free treatment under the North American Free Trade Agreement, while those from Venezuela, a GSP-eligible country, are subject to the column-1 duty rate of 13.5 percent ad valorem. U.S. imports from Venezuela of products classified under subheading 6905.10.00 exceeded the competitive need limits in each year during 1991-1993 and were removed from GSP eligibility effective July 1, 1994. Subsequently, imports of digest product from Venezuela did not exceed the 50-percent threshold in either 1994 or 1995.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Venezuela for all digest products

Ranking as a U.S. import supplier, 1995. 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes No X

Could exports from the country be readily redistributed among
its foreign export markets? Yes No X

What is the price elasticity of import supply? High Moderate X Low

Price level compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Comment.-Venezuelan-produced ceramic roofing tiles have been present in the U.S. market since 1991, having established a market niche; about 90 percent of exports reportedly entering Florida. The Venezuela industry produces a distinctive product style that is characteristic of the Spanish colonial architecture that is popular in Florida, primarily the southern part of the State.

V. Position of interested parties

Petitioner.--Interclay Corporation of Miami, Florida, one of the petitioners, is a U.S. importer and distributor of Venezuelan ceramic roofing tiles. Interclay filed a posthearing written comment supporting the restoration of GSP benefits and the waiver of competitive need limits with respect to imports of this product from Venezuela.

Interclay reports that Venezuela was removed from GSP eligibility with respect to this product when imports from Venezuela exceeded the 50 percent competitive need limit following hurricane Andrew. The subsequent extraordinary rebuilding and construction requirements in the wake of this hurricane, which caused some \$20 billion in damage, caused total U.S. imports of ceramic roofing tiles to increase rapidly in the later months of 1992, peaking at nearly \$13 million in 1993. This was an increase of about 47 percent above 1992 import levels and 73 percent above the 1991 level. In the following years, imports dropped back to just below the 1991 level (table 1). Although import levels returned to normal, with those from Venezuela below the 50 percent competitive need limit, ceramic roofing tiles from Venezuela have a tariff disadvantage of 13.5 percent ad valorem compared with products from Mexico (eligible for duty-free treatment under NAFTA) and Colombia (eligible for duty-free treatment under GSP).

In business since 1991, Interclay reports to be the only U.S. importer and distributor of ceramic roofing tiles produced by the Venezuela firm ALTUSA. ALTUSA reportedly devotes its production primarily to exports and accounts for approximately 90 percent of Venezuelan exports of the subject product. The United States is said to be ALTUSA's major export market. During 1991-95, the United States accounted for about 80-93 percent of Venezuelan exports of ceramic roofing tiles; 85-87 percent when including exports to Puerto Rico. Interclay reports that about 90 percent of its sales are in Florida, primarily the southern section of the State; remaining sales are in other U.S. markets and the Caribbean.² Interclay further reports that it has applied the 13.5 percent ad valorem tariff rate against company profits rather than pass it to the customer, but will be unable to do this indefinitely.

² Interclay reports that its business is devoted primarily to imported ceramic roofing tiles with 100 percent of its imports originating in Venezuela.

VI. Summary of probable economic advice--competitive-need-limit waiver (Venezuela)

* * * * *

Table 1.
Digest title: Ceramic roofing tiles
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Venezuela.....	3,774	4,785	7,214	3,539	2,975	1,407	1,759
Mexico.....	1,388	1,411	1,431	2,514	2,558	1,380	1,391
Spain.....	347	618	2,209	627	501	268	321
Japan.....	1,294	1,084	908	631	403	197	139
Colombia.....	0	0	264	240	343	142	155
France.....	170	148	198	222	102	89	111
Brazil.....	7	11	4	11	101	79	20
Guatemala.....	40	55	102	63	80	55	26
United Kingdom...	0	18	12	11	45	32	47
Honduras.....	17	20	68	25	43	17	17
Italy.....	64	96	63	55	32	20	31
Korea.....	0	0	0	0	30	30	1
China.....	0	52	13	12	18	16	10
Taiwan.....	9	6	17	174	5	5	67
Portugal.....	22	23	53	0	3	3	3
All other.....	343	475	375	29	2	2	17
Total.....	7,475	8,803	12,930	8,152	7,240	3,741	4,116
GSP Total.....	4,031	5,210	8,009	3,903	3,544	1,702	1,991
Percent							
Venezuela.....	50.5	54.4	55.8	43.4	41.1	37.6	42.7
Mexico.....	18.6	16.0	11.1	30.8	35.3	36.9	33.8
Spain.....	4.6	7.0	17.1	7.7	6.9	7.2	7.8
Japan.....	17.3	12.3	7.0	7.7	5.6	5.3	3.4
Colombia.....	.0	.0	2.0	2.9	4.7	3.8	3.8
France.....	2.3	1.7	1.5	2.7	1.4	2.4	2.7
Brazil.....	.1	.1	1/	.1	1.4	2.1	.5
Guatemala.....	.5	.6	.8	.8	1.1	1.5	.6
United Kingdom...	.0	.2	.1	.1	.6	.8	1.1
Honduras.....	.2	.2	.5	.3	.6	.5	.4
Italy.....	.9	1.1	.5	.7	.4	.5	.8
Korea.....	.0	.0	.0	.0	.4	.8	1/
China.....	.0	.6	.1	.2	.2	.4	.2
Taiwan.....	.1	.1	.1	2.1	.1	.1	1.6
Portugal.....	.3	.3	.4	.0	1/	.1	.1
All other.....	4.6	5.4	2.9	.3	1/	.1	.4
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	53.9	59.2	61.9	47.9	49.0	45.5	48.4

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Ceramic roofing tiles
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Japan.....	189	147	57	123	255	45	1,560
Ecuador.....	5	0	14	36	168	154	0
Taiwan.....	2,006	477	73	141	147	57	0
Bahamas.....	103	166	76	123	133	50	104
Cayman Is.....	55	38	76	148	127	111	166
Jamaica.....	21	8	25	54	109	74	5
Saudi Arabia.....	0	62	0	16	107	0	18
Colombia.....	0	0	10	35	86	0	254
Nicaragua.....	0	0	0	0	85	85	0
France.....	0	0	0	0	65	0	0
Bolivia.....	0	0	0	0	50	50	16
Romania.....	0	0	0	0	50	50	0
Guatemala.....	0	0	32	0	46	0	20
Chile.....	0	0	0	0	42	0	0
Canada.....	145	134	77	20	40	19	36
All other.....	1,165	645	496	397	325	141	663
Total.....	3,689	1,676	936	1,093	1,835	837	2,841
GSP Total.....	653	301	369	535	878	532	917
Percent							
Japan.....	5.1	8.8	6.1	11.3	13.9	5.4	54.9
Ecuador.....	.1	.0	1.5	3.2	9.2	18.5	.0
Taiwan.....	54.4	28.5	7.8	12.9	8.0	6.8	.0
Bahamas.....	2.8	9.9	8.1	11.3	7.3	6.0	3.7
Cayman Is.....	1.5	2.3	8.1	13.5	6.9	13.3	5.8
Jamaica.....	.6	.5	2.7	4.9	5.9	8.8	.2
Saudi Arabia.....	.0	3.7	.0	1.5	5.8	.0	.6
Colombia.....	.0	.0	1.1	3.2	4.7	.0	9.0
Nicaragua.....	.0	.0	.0	.0	4.6	10.1	.0
France.....	.0	.0	.0	.0	3.5	.0	.0
Bolivia.....	.0	.0	.0	.0	2.7	6.0	.6
Romania.....	.0	.0	.0	.0	2.7	6.0	.0
Guatemala.....	.0	.0	3.4	.0	2.5	.0	.7
Chile.....	.0	.0	.0	.0	2.3	.0	.0
Canada.....	3.9	8.0	8.2	1.9	2.2	2.3	1.3
All other.....	31.6	38.5	53.0	36.4	17.7	16.8	23.3
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	17.7	17.9	39.4	48.9	47.9	63.6	32.3

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

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

DIGEST NO. 7006.00.40

WORKED FLAT GLASS

Worked Flat Glass

I. Introduction

Removal from GSP Indonesia

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
7006.00.40	Worked flat glass	4.9%	Yes

Description and uses.--Worked flat glass¹ of heading 7006 is glass in sheets (flat glass) that has been bent, edge-worked, engraved, drilled, enameled or otherwise worked, but not framed or fitted with other materials. Worked flat glass may be a finished product or an intermediate product. Its uses include mirrors, table and desk tops, curved display windows, curved greenhouse windows, counter glass, and partition glass.

II. U.S. market profileProfile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	**176	**176	**176	**176	**176
Employment (<i>1,000 employees</i>)	**5	**5	**5	**5	**5
Shipments (<i>1,000 dollars</i>)	**595,100	**595,100	**595,100	**595,100	**595,100
Exports (<i>1,000 dollars</i>)	**13,252	**22,395	**31,500	**40,359	**32,416
Imports (<i>1,000 dollars</i>)	25,113	33,137	50,789	68,785	98,291
Consumption (<i>1,000 dollars</i>)	**606,961	**605,842	**614,389	**623,526	**660,975
Import-to-consumption ratio (<i>percent</i>)	**4	**5	**8	**11	**15
Capacity utilization (<i>percent</i>)	(²)	(²)	(²)	(²)	(²)

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not available.

Comment.--Competition is based primarily on price and service for the less ornate of these products, with quality differences being minimal. Favorable price differentials, adequate product availability, and timely delivery are important factors in the decision to purchase items of like quality. Unique or elaborate styling are also factors in the purchase of the more ornate products; certain products are available from only a limited number of suppliers.

The petitioner, Glasscraft, is a division of VVP America, Inc., a wholly-owned subsidiary of Vitro, S.A. (Vitro), of Monterrey, Mexico. In addition to U.S. fabrication facilities for working flat glass, Vitro's corporate holdings include Mexican fabrication facilities and Mexico's only known production facilities for the production of the unworked flat glass necessary to produce items classified under HTS subheading 7006.00.40. The value of U.S. imports of these products from Mexico have steadily increased since 1992.

¹ For the purposes of this analysis, worked flat glass includes cast or rolled glass in profiles and excludes strips not over 15.2 cm in width, measuring over 2 mm in thickness, having all longitudinal edges ground or otherwise smoothed or processed; and glass, drawn or blown, not containing wire netting and not surface ground or polished.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	98,291	100	(²)	**15
Imports from GSP countries:				
GSP total	8,185	8	100	**1
Indonesia	8,117	8	99	**1
Czech Republic	47	(³)	1	**(³)
Thailand	9	(³)	(³)	**(³)
Brazil	3	(³)	(³)	**(³)

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ Less than 0.5 percent.

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

Comment.--The glass industry in Indonesia, the Czech Republic, Thailand, and Brazil have expanded and foreign investment has played a significant role.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1995. 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Competitiveness indicators for all GSP countries for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No
 What is the price elasticity of U.S. import demand? High Moderate Low
 Can production in the country be easily expanded or contracted
 in the short term? Yes No
 Does the country have significant export markets besides the
 United States? Yes No
 Could exports from the country be readily redistributed among
 its foreign export markets? Yes No
 What is the price elasticity of import supply? High Moderate Low

Price level compared with--

U.S. products. Above Equivalent Below
 Other foreign products Above Equivalent Below

Quality compared with--

U.S. products. Above Equivalent Below
 Other foreign products Above Equivalent Below

V. Position of interested parties

Petitioner.--Glasscraft, the petitioner and self-described major U.S. designer and producer of glass tabletops, stated that it petitioned to graduate certain glass tabletops from Indonesia from GSP eligibility because Indonesian glass tabletops are being unfairly sold in the U.S. market at prices significantly below prices for U.S.-produced glass tabletops, resulting in lost sales, lost customers, and declining production, capacity utilization and profitability. The petitioner indicated that eliminating GSP eligibility for such imports will make the U.S. product more price competitive, hopefully enabling U.S. producers to maintain relationships with existing customers and possibly pursue new customers.

Opposition.--Astra Mitra Americas, Inc. (Astra), and Grand Glass Company (Grand) stated that Indonesian glass tabletops are imported into the United States from their common factory in Indonesia and represent the majority of such U.S. imports from Indonesia. The two firms indicated that Glasscraft's petition should be rejected because no U.S. producer claims injury from Indonesian imports. They assert that Glasscraft's glass tabletops are produced in Mexico. In addition, the firms suggest that Indonesian imports are not injuring U.S. producers because the import share represented by Indonesian glass tabletops is small and U.S. producers are operating at high, profitable production levels. The firms further asserted that Indonesian glass tabletop suppliers face competitive difficulties selling in the U.S. market due to long delivery times, minimum container load requirements, and prices that are often higher than U.S. producer prices. U.S. sales of Indonesian glass tabletops reportedly declined significantly in 1996. The firms also indicated that Indonesia needs to keep duty-free status for glass tabletops under the GSP to promote the development of that industry.

VI. Summary of probable economic advice--Removal (Indonesia)

* * * * *

Table 1.
Digest title: Worked flat glass
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Japan.....	4,989	8,475	15,527	22,391	52,621	18,066	45,687
Mexico.....	2,810	1,967	5,645	7,274	9,374	3,736	6,629
Indonesia.....	2,065	2,636	5,469	9,574	8,117	4,049	3,310
Belgium.....	1,661	3,451	8,806	10,498	7,901	4,472	1,514
China.....	2,199	4,524	4,642	5,819	6,822	3,611	3,244
Taiwan.....	3,374	4,011	4,330	5,593	4,558	2,705	1,487
Germany.....	1,643	1,454	1,374	1,937	2,432	1,277	1,898
United Kingdom...	517	747	1,158	1,435	2,081	916	2,214
Korea.....	2,281	1,469	1,143	1,413	1,091	635	276
Italy.....	611	717	194	703	855	336	219
France.....	65	65	71	69	724	225	257
Canada.....	488	767	1,087	428	629	268	591
Switzerland.....	55	86	46	1,035	466	300	109
Netherlands.....	7	86	63	232	227	223	0
Hong Kong.....	1,237	1,099	701	46	173	95	108
All other.....	1,110	1,584	530	338	247	161	297
Total.....	25,113	33,137	50,789	68,785	98,291	41,076	67,840
GSP Total.....	2,570	3,195	5,600	9,709	8,185	4,062	3,329
Percent							
Japan.....	19.9	25.6	30.6	32.6	53.5	44.0	67.3
Mexico.....	11.2	5.9	11.1	10.6	9.5	9.1	9.8
Indonesia.....	8.2	8.0	10.8	13.9	8.3	9.9	4.9
Belgium.....	6.6	10.4	17.3	15.3	8.0	10.9	2.2
China.....	8.8	13.7	9.1	8.5	6.9	8.8	4.8
Taiwan.....	13.4	12.1	8.5	8.1	4.6	6.6	2.2
Germany.....	6.5	4.4	2.7	2.8	2.5	3.1	2.8
United Kingdom...	2.1	2.3	2.3	2.1	2.1	2.2	3.3
Korea.....	9.1	4.4	2.3	2.1	1.1	1.5	.4
Italy.....	2.4	2.2	.4	1.0	.9	.8	.3
France.....	.3	.2	.1	.1	.7	.5	.4
Canada.....	1.9	2.3	2.1	.6	.6	.7	.9
Switzerland.....	.2	.3	.1	1.5	.5	.7	.2
Netherlands.....	1/	.3	.1	.3	.2	.5	.0
Hong Kong.....	4.9	3.3	1.4	.1	.2	.2	.2
All other.....	4.4	4.8	1.0	.5	.3	.4	.4
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	10.2	9.6	11.0	14.1	8.3	9.9	4.9

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Worked flat glass
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Hong Kong.....	1,332	3,015	5,209	12,667	8,667	7,570	2,830
Mexico.....	3,070	6,689	7,735	6,981	4,223	3,125	1,345
Canada.....	2,828	4,316	3,699	4,010	3,857	1,816	2,348
Taiwan.....	117	251	3,559	5,682	3,369	2,993	1,691
Japan.....	679	1,020	1,748	2,439	3,316	2,620	1,675
Korea.....	258	171	1,008	1,940	1,153	888	460
Singapore.....	663	1,295	765	724	928	355	779
United Kingdom...	338	207	357	640	920	501	410
China.....	31	522	580	252	863	651	69
France.....	603	697	667	706	719	502	173
Malaysia.....	0	0	6	872	681	302	3
Ireland.....	3	330	985	314	529	358	195
Germany.....	679	607	755	394	387	180	92
Sweden.....	76	59	224	583	332	260	146
Dominican Rep....	108	12	0	44	289	222	0
All other.....	2,466	3,203	4,202	2,112	2,182	1,027	1,355
Total.....	13,252	22,395	31,500	40,359	32,416	23,372	13,574
GSP Total.....	1,151	846	1,097	2,105	1,895	1,062	323
Percent							
Hong Kong.....	10.1	13.5	16.5	31.4	26.7	32.4	20.9
Mexico.....	23.2	29.9	24.6	17.3	13.0	13.4	9.9
Canada.....	21.3	19.3	11.7	9.9	11.9	7.8	17.3
Taiwan.....	.9	1.1	11.3	14.1	10.4	12.8	12.5
Japan.....	5.1	4.6	5.6	6.0	10.2	11.2	12.3
Korea.....	1.9	.8	3.2	4.8	3.6	3.8	3.4
Singapore.....	5.0	5.8	2.4	1.8	2.9	1.5	5.7
United Kingdom...	2.6	.9	1.1	1.6	2.8	2.1	3.0
China.....	.2	2.3	1.8	.6	2.7	2.8	.5
France.....	4.5	3.1	2.1	1.7	2.2	2.1	1.3
Malaysia.....	.0	.0	1/	2.2	2.1	1.3	1/
Ireland.....	1/	1.5	3.1	.8	1.6	1.5	1.4
Germany.....	5.1	2.7	2.4	1.0	1.2	.8	.7
Sweden.....	.6	.3	.7	1.4	1.0	1.1	1.1
Dominican Rep....	.8	.1	.0	.1	.9	.9	.0
All other.....	18.6	14.3	13.3	5.2	6.7	4.4	10.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	8.7	3.8	3.5	5.2	5.8	4.5	2.4

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 7614.90.20
STRANDED ALUMINUM ELECTRICAL CONDUCTORS

Stranded Aluminum Electrical Conductors

I. Introduction

Competitive-need-limit waiver Venezuela

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
7614.90.20 ¹	Stranded aluminum electrical conductors	4.9	Yes

¹ Venezuela was proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 7614.90.20 effective July 1, 1995.

Description and uses.--Digest products are uninsulated aluminum stranded wires, cables, and plaited bands without a steel core, without fittings, and not made up into articles. Stranded aluminum electrical conductors are used for conducting electricity, and include those used for high-voltage overhead electricity transmission lines as well as those used for uninsulated primary and secondary electricity transmission lines, mostly in industrial facilities and commercial buildings.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	6	4	4	4	4
Employment (<i>1,000 employees</i>)	*1	*1	*1	*1	*1
Shipments (<i>1,000 dollars</i>)	*62,550	*61,490	*51,750	*65,620	*78,450
Exports (<i>1,000 dollars</i>)	2,353	889	1,788	1,296	1,144
Imports (<i>1,000 dollars</i>)	7,949	8,256	4,472	11,503	10,559
Consumption (<i>1,000 dollars</i>)	*68,146	*68,857	*54,434	*75,827	*87,865
Import-to-consumption ratio (<i>percent</i>)	*12	*12	*8	*15	*12
Capacity utilization (<i>percent</i>)	(²)	(²)	(²)	(²)	(²)

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not available.

Comment.--The domestic industry was composed of 4 integrated companies that manufactured digest products from captively produced rod in 1995. The U.S. producers in this energy and capital-intensive industry are competitive on a worldwide basis in the manufacture of aluminum electrical cable. Domestic industry sources indicate that the market for aluminum cable is mature, with much of the production utilized for the replacement of existing cable (a 10-percent increase in the quantity of domestic shipments between 1993 and 1994 was linked to damage-related repairs from the effects of hurricane Andrew, for example). Reportedly, pricing of digest products is competitive and based on broader market-related prices for primary aluminum plus a fabrication adder that reflects the producer's cost of drawing or extruding aluminum wire and stranding or weaving it.

Sales of digest products to the domestic market and to downstream consumers (approximately 12 to 15 companies that produce insulated aluminum cable from purchased wire) are highly price sensitive with respect to imports and substitute materials, such as bare copper cable. Domestic products generally are priced higher than imported material, reflecting in part, the small premium consumers are willing to pay for shorter delivery time, supplier reliability and liability, and technical service. U.S. purchasers indicate lower purchase price and availability as the most important reasons for buying imported digest products.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	10,559	100	(²)	*12
Imports from GSP countries:				
GSP total	7,734	73	100	*9
Venezuela ³	7,734	73	100	*9

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ Imports from Venezuela were not eligible for GSP benefits after July 1, 1995 (during July-December 1995, these non-GSP eligible imports totaled \$4.5 million, or approximately 58 percent of total imports from Venezuela in all of 1995).

Comment.--Venezuela was the sole GSP supplier in 1995. Although imports from Venezuela accounted for more than 50 percent of total U.S. imports under HTS subheading 7614.90.20 during 1991-95, total U.S. imports under this HTS subheading were relatively small.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Venezuela for all digest products

Ranking as a U.S. import supplier, 1995. 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes x No

What is the price elasticity of U.S. import demand? High x Moderate Low

Can production in the country be easily expanded or contracted in the short term? Yes x No

Does the country have significant export markets besides the United States? Yes x No

Could exports from the country be readily redistributed among its foreign export markets? Yes x No

What is the price elasticity of import supply? High x Moderate Low

Price level compared with--

 U.S. products. Above Equivalent Below x

 Other foreign products Above Equivalent Below x

Quality compared with--

 U.S. products. Above Equivalent x Below

 Other foreign products Above Equivalent x Below

Comment.--Aluminum is one of Venezuela's largest sources of foreign exchange earnings after petroleum, and the country is one of the largest exporters of primary aluminum in the world. The parastatal producer of primary aluminum (the input for the production of digest products) is believed to be a low-cost producer due to the availability of low-cost hydroelectric power, large domestic reserves of bauxite (a raw material input for the production of aluminum metal), and low-cost labor inputs. There are two primary producers of digest products in Venezuela, Sural, C.A., and Conductores y Aluminio, C.A. (CONAL), and these two companies are believed to have accounted for most of the domestic production and nearly all exports of stranded aluminum electrical conductors from Venezuela. They reportedly benefit from low-cost labor and raw material (aluminum conductor redraw rod) inputs and are cost competitive with U.S. and other foreign producers in transforming rod to stranded wire. However, there have been instances of supply disruption of aluminum electrical conductor redraw rod between the primary producers in Venezuela and Sural and CONAL. (Part of the primary aluminum produced at Venezuelan smelters reportedly is committed to customers outside Venezuela and is not available to downstream processors like Sural and CONAL.)

With respect to U.S. imports of stranded aluminum conductors from Venezuela, Sural reportedly has entered into certain agreements to supply bare aluminum electrical conductors to ACPC

(Vancouver, WA), and General Cable (Plano, TX), U.S. manufacturers of insulated aluminum electrical conductor. In a previous GSP investigation, Sural argued that ACPC is not able to obtain supplies of uninsulated aluminum electrical conductor (its raw material input) on a reliable basis from integrated producers in the United States which compete with ACPC for the sale of insulated cable. Sural also reportedly intends to build a wire-making plant at Cecil Field, Jacksonville, FL, with production starting in September 1997.¹

V. Position of interested parties

Opposition.--Southwire Company (Southwire) filed posthearing written comments opposing the requested waiver of the competitive need limit for imports of uninsulated stranded aluminum electrical conductor from Venezuela. Southwire states that the statutory conditions for granting a waiver cannot be satisfied because the aluminum industry in Venezuela (including that segment producing digest products) is a low-cost, strong global competitor for which GSP benefits would not aid in economic development; that increased U.S. imports would be detrimental to the competing U.S. industry and workers; and that certain barriers to U.S. trade and investment in Venezuela need to be considered before a waiver is granted. With respect to the competitive position of Venezuela's aluminum industry, Southwire states that the industry's exports and strong competitive position are highlighted by the privatization program investment prospectus, and the industry should become stronger following privatization and an expected expansion of production capacity. Further, the primary producer of aluminum cable in Venezuela exports the bulk of its production, has invested in plants producing aluminum cable and other aluminum products in India, Canada, and the United States, and such foreign investment and diversification are characteristics of a world-class producer. With respect to conditions within the U.S. industry, Southwire contends that U.S. production of aluminum conductor has declined or has been stagnant during 1991-95; that profit margins have been compressed between rising prices for primary aluminum (the raw material input for making aluminum cable) and stagnant prices for cable; and that U.S. imports of aluminum cable from Venezuela² have increased during this period, contributing to price suppression. With respect to import and investment barriers in Venezuela, Southwire cites USTR's trade barriers reports regarding customs, tax, and nontariff barriers to imports, inadequate protection of intellectual property rights, and grants of tax credits and enhanced credit access for export-oriented production (including the production of aluminum products).

¹ Karen Brune Mathis, Sural Wants Incentives to Build Westside Wire Plant, *The Florida Times-Union*, Knight-Ridder/Tribune Business News, Received by NewsEdge/Lan 7/25/96.

² Some of Southwire's calculations of domestic production, imports, and import penetration include both uninsulated cable (digest products) and aluminum cable equipped with fittings or made up into articles (which are not digest products).

VI. Summary of probable economic advice--competitive-need-limit waiver (Venezuela)

* * * * *

Table 1 .
Digest title: Stranded aluminum electrical conductors
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Venezuela.....	6,217	8,112	4,126	6,247	7,734	3,263	390
Canada.....	946	32	236	5,097	2,779	2,650	346
Japan.....	2	0	0	0	42	0	0
Germany.....	221	0	2	2	2	0	0
Taiwan.....	0	1	7	7	2	2	0
Mexico.....	0	2	0	0	0	0	0
Brazil.....	539	108	92	149	0	0	532
Norway.....	0	0	9	0	0	0	0
Finland.....	0	0	0	0	0	0	1
United Kingdom...	0	0	0	1	0	0	2
Yugoslavia.....	14	0	0	0	0	0	0
Australia.....	0	2	0	0	0	0	0
New Zealand.....	11	0	0	0	0	0	0
Total.....	7,949	8,256	4,472	11,503	10,559	5,915	1,271
GSP Total.....	6,756	8,220	4,219	6,396	7,734	3,263	922
Percent							
Venezuela.....	78.2	98.3	92.3	54.3	73.2	55.2	30.7
Canada.....	11.9	.4	5.3	44.3	26.3	44.8	27.2
Japan.....	1/	.0	.0	.0	.4	.0	.0
Germany.....	2.8	.0	1/	1/	1/	.0	.0
Taiwan.....	.0	1/	.1	.1	1/	1/	.0
Mexico.....	.0	1/	.0	.0	.0	.0	.0
Brazil.....	6.8	1.3	2.1	1.3	.0	.0	41.8
Norway.....	.0	.0	.2	.0	.0	.0	.0
Finland.....	.0	.0	.0	.0	.0	.0	.1
United Kingdom...	.0	.0	.0	1/	.0	.0	.1
Yugoslavia.....	.2	.0	.0	.0	.0	.0	.0
Australia.....	.0	1/	.0	.0	.0	.0	.0
New Zealand.....	.1	.0	.0	.0	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	85.0	99.6	94.3	55.6	73.2	55.2	72.5

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Stranded aluminum electrical conductors
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Korea.....	5	10	0	22	188	149	54
Canada.....	51	43	62	73	126	51	31
Switzerland.....	0	0	238	462	102	102	0
United Kingdom...	7	0	3	37	86	69	5
Suriname.....	26	46	36	164	86	29	21
Australia.....	5	10	0	0	83	31	0
Rep So Africa....	0	0	0	4	57	27	0
Nigeria.....	9	0	0	162	46	46	0
Taiwan.....	573	12	0	0	45	45	0
El Salvador.....	0	0	14	3	43	43	0
France.....	3	0	0	10	36	29	97
Spain.....	0	2	0	2	28	0	9
Japan.....	44	0	3	0	25	9	13
Brazil.....	0	5	0	1	23	4	15
Costa Rica.....	0	114	74	0	21	3	24
All other.....	1,630	648	1,357	357	149	53	170
Total.....	2,353	889	1,788	1,296	1,144	691	441
GSP Total.....	523	565	1,150	312	304	133	142
Percent							
Korea.....	.2	1.1	.0	1.7	16.5	21.6	12.3
Canada.....	2.2	4.8	3.5	5.6	11.0	7.4	7.1
Switzerland.....	.0	.0	13.3	35.6	8.9	14.7	.0
United Kingdom...	.3	.0	.2	2.9	7.5	10.0	1.1
Suriname.....	1.1	5.2	2.0	12.7	7.5	4.2	4.7
Australia.....	.2	1.1	.0	.0	7.3	4.5	.0
Rep So Africa....	.0	.0	.0	.3	5.0	3.9	.0
Nigeria.....	.4	.0	.0	12.5	4.0	6.6	.0
Taiwan.....	24.3	1.4	.0	.0	3.9	6.5	.0
El Salvador.....	.0	.0	.8	.2	3.8	6.3	.0
France.....	.1	.0	.0	.7	3.2	4.2	22.0
Spain.....	.0	.2	.0	.1	2.4	.0	2.0
Japan.....	1.9	.0	.2	.0	2.2	1.3	3.0
Brazil.....	.0	.5	.0	.1	2.0	.6	3.5
Costa Rica.....	.0	12.8	4.1	.0	1.8	.5	5.5
All other.....	69.2	72.9	75.9	27.6	13.0	7.7	38.6
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	22.2	63.5	64.3	24.1	26.5	19.3	32.2

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

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

DIGEST NO. 8414.30.40

REFRIGERATION COMPRESSORS UNDER 1/4 HORSEPOWER

Refrigeration Compressors Under 1/4 Horsepower

I. IntroductionCompetitive-need-limit waiver Brazil

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8414.30.40	Refrigeration compressors under 1/4 horsepower	2%	Yes

Description and uses.--Refrigeration compressors are devices which increase the pressure of a refrigerant gas, vapor, or mixture of gases and vapors by reducing the specific volume of the gas or vapor in a cylinder. According to industry contacts, the majority of U.S. production of refrigeration compressors under 1/4 horsepower is for use in household refrigerators and freezers.

Since most compressors imported from Brazil are manufactured by subsidiaries of U.S. appliance manufacturers, it is assumed that they are competitive with those manufactured in the United States.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	9	8	7	6	6
Employment (<i>1,000 employees</i>)	(¹)	(¹)	(¹)	(¹)	(¹)
Shipments (<i>1,000 dollars</i>)	826,000	834,000	926,000	998,000	1,047,000
Exports (<i>1,000 dollars</i>)	43,667	75,897	71,526	83,264	63,973
Imports (<i>1,000 dollars</i>)	173,676	173,299	197,415	211,558	210,372
Consumption (<i>1,000 dollars</i>)	956,009	931,402	1,051,889	1,126,294	1,193,399
Import-to-consumption ratio (<i>percent</i>)	18	19	19	19	18
Capacity utilization (<i>percent</i>)	89	90	90	91	89

¹Not available.

Comment.--In 1995, there were approximately six U.S. producers of refrigeration compressors under 1/4 horsepower. Principal U.S. producers of refrigeration compressors include Americold Compressor (White Consolidated subsidiary), Copeland Compressors (Emerson Electric subsidiary), Matsushita Corp., Tecumseh Compressor, and Rotorex Corp.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	210,372	100	(¹)	18
Imports from GSP countries:				
GSP total	117,967	56	100	10
Brazil	78,181	37	66	7
Malaysia ²	20,214	10	17	2
Thailand	16,155	8	14	1
Indonesia	3,408	2	3	(³)

¹Not applicable.

²Malaysia is being graduated from GSP eligibility as of January 1, 1997.

³Less than 0.5 percent.

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

Comment.--Imports from Brazil slightly exceeded the competitive need limit of \$75 million in 1995 (when the GSP program was extended in 1996, the competitive need limit was lowered from \$114 million to \$75 million).

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1995. 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High Moderate X Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Comment.-- The bulk of total refrigeration compressors imported from Brazil is accounted for by two subsidiaries of U.S. multinational corporations, Embraco (a subsidiary of Whirlpool Corp.) and Sicom (a subsidiary of Tecumseh Products). Additionally, the five principal U.S. producers of major household appliances (General Electric, Whirlpool, Maytag, Amana, Frigidaire) also import refrigeration compressors under 1/4 horsepower from Brazilian firms.

V. Position of interested parties

Support.-- Whirlpool Corporation filed written comments in support of the request to grant a competitive need waiver for GSP benefits for imports of refrigerator compressors from Brazil. (This waiver is to be effective until the compressors become unconditionally duty-free on January 1, 1999, pursuant to the Uruguay Round Agreements.)¹ Whirlpool Corporation indicates that granting the competitive need waiver would benefit Whirlpool's significant investments in Embraco (a Brazilian manufacturer of refrigeration compressors), a reliable supplier to Whirlpool for more than 17 years. Additionally, Whirlpool states that U.S. consumers benefit from the quality and lower cost products from Embraco. Other direct benefits of granting a competitive need waiver would include Whirlpool's ability to manufacture refrigerators in the United States at a competitive price. Among indirect benefits, Whirlpool cites the creation of employment opportunities for Brazilian workers, and making possible the manufacture of an energy efficient, environmentally friendly, refrigerator.

¹ The Uruguay Round Agreements provide that small compressors classified under HTS subheading 8414.30.40 will become unconditionally duty-free on January 1, 1999, with the MFN duty rates decreasing to 1.4% in 1997 and 0.7% in 1998.

VI. Summary of probable economic advice--competitive-need-limit waiver (Brazil)

* * * * *

Table 1
Digest title: Refrigeration compressors under 1/4 horsepower
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Brazil.....	63,744	66,164	93,758	88,045	78,181	43,323	47,948
Singapore.....	50,440	48,437	55,111	60,447	42,888	26,997	6,018
Italy.....	16,870	13,987	13,618	19,930	27,028	16,058	16,089
Malaysia.....	420	278	181	15,391	20,214	12,812	10,250
Thailand.....	74	1,854	11,586	13,132	16,155	7,061	6,296
Japan.....	26,191	25,101	18,016	8,129	8,652	5,268	2,272
Germany.....	43	732	80	218	7,841	3,927	1,558
Korea.....	1,988	3,173	4,264	3,462	5,376	3,290	1,738
Indonesia.....	0	0	0	1,500	3,408	2,150	1,349
United Kingdom...	12	44	25	108	191	166	81
Austria.....	0	0	0	0	144	0	0
Canada.....	11,933	11,833	93	300	90	0	297
France.....	8	78	41	8	79	10	3
Mexico.....	500	616	467	9	31	14	419
Denmark.....	9	7	18	60	22	0	21
All other.....	1,445	995	159	820	72	30	288
Total.....	173,676	173,299	197,415	211,558	210,372	121,107	94,625
GSP Total.....	65,585	68,298	105,524	118,730	117,967	65,353	65,886
Percent							
Brazil.....	36.7	38.2	47.5	41.6	37.2	35.8	50.7
Singapore.....	29.0	27.9	27.9	28.6	20.4	22.3	6.4
Italy.....	9.7	8.1	6.9	9.4	12.8	13.3	17.0
Malaysia.....	.2	.2	.1	7.3	9.6	10.6	10.8
Thailand.....	1/	1.1	5.9	6.2	7.7	5.8	6.7
Japan.....	15.1	14.5	9.1	3.8	4.1	4.3	2.4
Germany.....	1/	.4	1/	.1	3.7	3.2	1.6
Korea.....	1.1	1.8	2.2	1.6	2.6	2.7	1.8
Indonesia.....	.0	.0	.0	.7	1.6	1.8	1.4
United Kingdom...	1/	1/	1/	.1	.1	.1	.1
Austria.....	.0	.0	.0	.0	.1	.0	.0
Canada.....	6.9	6.8	1/	.1	1/	.0	.3
France.....	1/	1/	1/	1/	1/	1/	1/
Mexico.....	.3	.4	.2	1/	1/	1/	.4
Denmark.....	1/	1/	1/	1/	1/	.0	1/
All other.....	.8	.6	.1	.4	1/	1/	.3
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	37.8	39.4	53.5	56.1	56.1	54.0	69.6

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Refrigeration compressors under 1/4 horsepower
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Korea.....	141	69	302	7,027	15,687	9,948	6,665
Saudi Arabia.....	23,705	31,812	26,546	40,843	8,637	6,691	4,281
Canada.....	7,750	12,742	20,687	9,643	8,033	4,638	6,373
Brazil.....	323	2,523	4,054	2,623	5,967	2,719	3,134
Mexico.....	3,217	13,579	11,263	5,185	4,818	3,948	1,190
Pakistan.....	3	7	6	515	4,536	2,691	2,849
Colombia.....	32	148	342	1,020	1,690	517	1,044
Hong Kong.....	2,863	5,304	532	325	1,518	872	157
China.....	1,327	1,334	8	19	1,436	46	6,885
Japan.....	164	436	45	368	1,398	819	1,955
France.....	93	613	1,616	1,218	1,100	699	1,692
United Arab Em...	26	229	786	513	865	846	163
Venezuela.....	200	666	62	679	829	176	743
Spain.....	184	82	71	432	721	459	18
Kuwait.....	45	115	474	700	711	299	372
All other.....	3,594	6,237	4,731	12,154	6,029	2,874	5,445
Total.....	43,667	75,897	71,526	83,264	63,973	38,243	42,966
GSP Total.....	1,538	7,893	7,087	8,964	16,077	7,588	9,864
Percent							
Korea.....	.3	.1	.4	8.4	24.5	26.0	15.5
Saudi Arabia.....	54.3	41.9	37.1	49.1	13.5	17.5	10.0
Canada.....	17.7	16.8	28.9	11.6	12.6	12.1	14.8
Brazil.....	.7	3.3	5.7	3.2	9.3	7.1	7.3
Mexico.....	7.4	17.9	15.7	6.2	7.5	10.3	2.8
Pakistan.....	1/	1/	1/	.6	7.1	7.0	6.6
Colombia.....	.1	.2	.5	1.2	2.6	1.4	2.4
Hong Kong.....	6.6	7.0	.7	.4	2.4	2.3	.4
China.....	3.0	1.8	1/	1/	2.2	.1	16.0
Japan.....	.4	.6	.1	.4	2.2	2.1	4.5
France.....	.2	.8	2.3	1.5	1.7	1.8	3.9
United Arab Em...	.1	.3	1.1	.6	1.4	2.2	.4
Venezuela.....	.5	.9	.1	.8	1.3	.5	1.7
Spain.....	.4	.1	.1	.5	1.1	1.2	1/
Kuwait.....	.1	.2	.7	.8	1.1	.8	.9
All other.....	8.2	8.2	6.6	14.6	9.4	7.5	12.7
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	3.5	10.4	9.9	10.8	25.1	19.8	23.0

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 8469.12.00

AUTOMATIC TYPEWRITERS

Automatic Typewriters

I. Introduction

Competitive-need-limit waiver Indonesia

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8469.12.00	Automatic typewriters	1.3%	Yes

Description and uses.--Automatic typewriters are machines which produce letters and characters in sequence directly on a piece of paper or other media from a keyboard input. Such machines also have memory to store text. Principal uses of automatic typewriters include drafting short memos, addressing envelopes, and filling out forms.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (number)	**5	**5	**5	**5	**5
Employment (1,000 employees)	**1	**1	**1	**1	**1
Shipments (1,000 dollars)	**69,800	**94,900	**89,300	**75,900	**73,600
Exports (1,000 dollars)	**37,313	**66,695	**60,760	**50,234	49,311
Imports (1,000 dollars)	**10,827	**7,742	**9,933	14,214	17,305
Consumption (1,000 dollars)	**43,314	**35,947	**38,473	**39,880	**41,594
Import-to-consumption ratio (percent)	**25	**22	**26	**36	**42
Capacity utilization (percent)	**70	**72	**72	**74	**75

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

Comment.--U.S. producers of automatic typewriters generally make higher end models. Imports have supplied the lower end of the market. For example, the average unit value for exported automatic typewriters in 1995 was \$343 while the average unit value for imported automatic typewriters was \$119. The leading U.S. producers have established brand recognition/loyalty and are able to command higher prices for their models based on quality and reputation. The U.S. market for automatic typewriters is declining as personal computers and word processing software continue to serve as replacements for drafting documents. Smith Corona, a major U.S. producer, filed for bankruptcy under chapter 11 in July 1995 in part due to the declining U.S. market.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	17,305	100	(²)	**42
Imports from GSP countries:				
GSP total	9,103	53	100	**22
Indonesia	8,903	51	98	**21
India	198	1	2	**(³)

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ Less than 0.5 percent.

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

Comment.--Indonesia lost GSP eligibility for HTS item 8469.10.80 on July 1, 1995 as a result of exceeding the competitive-need-limit in 1994. HTS item 8469.10.80 was changed to Item 8469.12.00 in 1996 by Presidential Proclamation 6857 which implemented changes to the HTS as a result of a six-year review of the Harmonized System. Articles from Indonesia likely address the low end of the market since their average unit value was \$86 in 1995 compared to \$119 for imports from all sources.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1995. 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent Below X

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent Below X

 Other foreign products Above Equivalent X Below

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

VI. Summary of probable economic advice--Competitive-need-limit waiver (Indonesia)

* * * * *

Table 1
Digest title: Automatic typewriters
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Indonesia.....	0	14	387	7,192	8,903	8,299	0
Japan.....	4,899	1,214	925	3,640	5,569	2,345	1,521
Taiwan.....	1,145	1,407	1,064	2,173	865	829	91
United Kingdom...	198	249	138	562	805	350	759
Italy.....	636	432	63	305	683	419	211
Mexico.....	822	372	5,160	0	198	149	3,975
India.....	1/	1/	0	288	198	198	131
China.....	0	0	0	0	41	0	93
Switzerland.....	0	1/	0	0	19	19	0
Singapore.....	1,776	1,875	522	15	11	11	60
Austria.....	0	0	1/	5	5	0	0
Germany.....	11	138	46	0	4	4	0
Brazil.....	0	0	9	0	2	2	0
Norway.....	0	0	0	0	2	0	0
Canada.....	2	1/	1/	0	0	0	0
All other.....	1,339	2,040	1,620	32	0	0	1,149
Total.....	10,827	7,742	9,933	14,214	17,305	12,625	7,990
GSP Total.....	1/	14	407	7,481	9,103	8,499	1,243
Percent							
Indonesia.....	.0	.2	3.9	50.6	51.4	65.7	.0
Japan.....	45.2	15.7	9.3	25.6	32.2	18.6	19.0
Taiwan.....	10.6	18.2	10.7	15.3	5.0	6.6	1.1
United Kingdom...	1.8	3.2	1.4	4.0	4.6	2.8	9.5
Italy.....	5.9	5.6	.6	2.1	3.9	3.3	2.6
Mexico.....	7.6	4.8	51.9	.0	1.1	1.2	49.8
India.....	1/	1/	.0	2.0	1.1	1.6	1.6
China.....	.0	.0	.0	.0	.2	.0	1.2
Switzerland.....	.0	1/	.0	.0	.1	.1	.0
Singapore.....	16.4	24.2	5.3	.1	.1	.1	.8
Austria.....	.0	.0	1/	1/	1/	.0	.0
Germany.....	.1	1.8	.5	.0	1/	1/	.0
Brazil.....	.0	.0	.1	.0	1/	1/	.0
Norway.....	.0	.0	.0	.0	1/	.0	.0
Canada.....	1/	1/	1/	.0	.0	.0	.0
All other.....	12.4	26.3	16.3	.2	.0	.0	14.4
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	1/	.2	4.1	52.6	52.6	67.3	15.6

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Automatic typewriters
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
United Kingdom...	1,203	11,093	7,707	8,682	9,535	2,638	2,540
Singapore.....	263	4,165	6,675	6,343	8,636	4,070	2,250
Mexico.....	10,095	6,701	13,337	7,965	7,803	1,753	2,189
France.....	585	2,432	4,582	3,650	3,568	2,057	1,613
Canada.....	8,088	8,325	6,019	4,382	2,657	986	470
Netherlands.....	1,833	11,749	5,431	2,656	2,521	1,617	379
Germany.....	292	2,399	980	985	1,852	124	944
Panama.....	131	3,832	3,429	1,182	1,624	755	406
Hong Kong.....	237	1,162	1,766	2,244	1,366	777	244
Brazil.....	258	345	275	507	1,203	1,014	11
New Zealand.....	10	280	364	1,049	1,039	505	121
Thailand.....	55	0	0	767	928	415	601
Colombia.....	348	212	614	723	910	554	617
Japan.....	1,471	1,039	1,667	1,544	660	583	117
China.....	67	9	15	0	593	0	0
All other.....	12,377	12,952	7,900	7,555	4,417	2,092	3,602
Total.....	37,313	66,695	60,760	50,234	49,311	19,942	16,106
GSP Total.....	6,363	8,395	8,033	6,846	7,411	3,931	3,401
Percent							
United Kingdom...	3.2	16.6	12.7	17.3	19.3	13.2	15.8
Singapore.....	.7	6.2	11.0	12.6	17.5	20.4	14.0
Mexico.....	27.1	10.0	22.0	15.9	15.8	8.8	13.6
France.....	1.6	3.6	7.5	7.3	7.2	10.3	10.0
Canada.....	21.7	12.5	9.9	8.7	5.4	4.9	2.9
Netherlands.....	4.9	17.6	8.9	5.3	5.1	8.1	2.4
Germany.....	.8	3.6	1.6	2.0	3.8	.6	5.9
Panama.....	.4	5.7	5.6	2.4	3.3	3.8	2.5
Hong Kong.....	.6	1.7	2.9	4.5	2.8	3.9	1.5
Brazil.....	.7	.5	.5	1.0	2.4	5.1	.1
New Zealand.....	1/	.4	.6	2.1	2.1	2.5	.7
Thailand.....	.1	.0	.0	1.5	1.9	2.1	3.7
Colombia.....	.9	.3	1.0	1.4	1.8	2.8	3.8
Japan.....	3.9	1.6	2.7	3.1	1.3	2.9	.7
China.....	.2	1/	1/	.0	1.2	.0	.0
All other.....	33.2	19.4	13.0	15.0	9.0	10.5	22.4
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	17.1	12.6	13.2	13.6	15.0	19.7	21.1

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 8471.49.26

COMPUTER DISPLAY UNITS ENTERED WITH SYSTEMS

Computer Display Units Entered with Systems

I. Introduction

Competitive-need-limit waiver Thailand

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8471.49.26 ¹	Computer display units, with color CRT entered in the form of systems	2.2%	Yes

¹ Thailand and Malaysia were proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8471.49.26. Both countries exceeded the competitive need limits in 1995. In 1996, HTS subheading 8471.92.32, computer display units with CRT entered with or without the rest of a system, was divided into two HTS subheadings, 8471.49.26 and 8471.60.35.

Description and uses.--Computer display units, also known as computer monitors, incorporate a color cathode-ray tube (CRT), and are entered with the rest of a system. Computer monitors serve as data output units, allowing users to view data in various forms. These display units are bundled most often with personal computers (PCs) and computer workstations.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	23	25	29	32	*35
Employment (<i>1,000 employees</i>)	*9	*9	*11	*12	*13
Shipments (<i>1,000 dollars</i>)	**225,500	**252,000	**334,400	**384,000	**392,700
Exports (<i>1,000 dollars</i>)	**222,010	**219,251	**240,154	**379,423	**329,662
Imports (<i>1,000 dollars</i>)	**218,716	**318,771	**410,522	**446,753	**582,774
Consumption (<i>1,000 dollars</i>)	**222,206	**351,520	**504,768	**451,330	**645,812
Import-to-consumption ratio (<i>percent</i>)	**98	**91	**81	**99	**90
Capacity utilization (<i>percent</i>)	*88	*92	*93	*93	*93

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

Comment.--U.S. producers of color CRT computer display units are predominately small firms that cater to niche markets. These firms compete primarily on the basis of high quality rather than price. Production of most commodity computer display units has shifted to Asia due to lower labor costs than in the United States. U.S. producers do not distinguish between the manufacture of display units as part of a system versus stand-alone units. As a result, the number of producers and employees stated in the above table reflect the total number that produce color CRT computer monitors both for systems and as stand-alone units. U.S. exports to Thailand of parts for offshore assembly and U.S. imports of assembled goods under production sharing provision 9802 are not significant for color CRT computer display units.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	**582,774	**100	(²)	**90
Imports from GSP countries:				
GSP total	**88,999	**15	**100	**14
Malaysia ³	**55,964	**10	**63	**9
Thailand	**29,496	**5	**33	**5
Indonesia	**3,440	**1	**4	**1

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ Malaysia is being graduated from GSP eligibility as of January 1, 1997.

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

Comment.--Malaysia, Thailand, and Indonesia are the only GSP beneficiaries ranked among the top ten suppliers of U.S. display imports. U.S. imports of color CRT displays from Thailand have experienced rapid growth, principally due to increases in Thailand's capacity and capacity utilization as well as continued growth in the U.S. market for computers and peripherals. As stated earlier, Thailand exceeded the competitive need limits for articles under subheading 8471.49.26 in 1995. Based on year-to-date totals for 1996, it is expected that imports from Thailand also will exceed the competitive need limits in 1996.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1995. 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. import demand? High Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes No

Does the country have significant export markets besides the
United States? Yes No

Could exports from the country be readily redistributed among
its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above Equivalent Below

Quality compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above Equivalent Below

Comment.--U.S. producers of computer display units focus on the manufacture of high quality products and compete less on the basis of price.

V. Position of interested parties

Petitioner.--On behalf of the Government of Thailand, St. Maxens & Company stated that Thailand is a minor supplier of color CRT displays when compared to Taiwan, Japan, and Korea, and needs restoration of GSP treatment to provide the country with a measure of competitiveness vis-a-vis these three suppliers. If granted a competitive need waiver, the petitioner maintains that the action would benefit many U.S. suppliers of parts and components for color CRT displays while posing no risk of adverse actions to any U.S. supplier of color CRT displays. The petitioner maintains that Thailand has significantly improved intellectual property rights protection in its domestic market.

VI. Summary of probable economic effects--Competitive-need-limit waiver (Thailand)

* * * * *

Table 1.
Digest title: Computer display units entered with systems
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Taiwan.....	71,392	116,439	152,389	153,732	182,576	79,390	110,589
Japan.....	80,612	95,366	98,726	102,869	122,328	70,990	55,560
Korea.....	45,590	64,322	97,564	89,594	110,661	53,801	138,544
Malaysia.....	3,930	14,170	18,791	29,583	55,964	21,814	48,468
Thailand.....	896	4,300	11,955	22,285	29,496	8,822	60,588
Mexico.....	3,222	3,617	4,103	12,777	24,409	10,383	28,439
China.....	154	937	5,159	6,530	16,563	5,234	9,645
Finland.....	550	1,887	4,980	7,712	15,921	6,637	8,020
Singapore.....	5,873	6,858	5,669	6,844	9,286	2,048	2,665
Belgium.....	44	1,211	1,299	2,053	3,815	1,749	69
Indonesia.....	0	421	715	2,410	3,440	1,440	4,250
Canada.....	1,420	1,617	2,305	2,701	3,008	1,476	177
Hong Kong.....	1,651	3,651	3,374	4,495	2,708	1,276	8,512
United Kingdom...	428	406	240	809	850	241	514
Germany.....	398	701	703	530	827	266	3,301
All other.....	2,557	2,864	2,551	1,830	923	627	1,091
Total.....	218,716	318,771	410,522	446,753	582,774	266,196	480,433
GSP Total.....	4,843	18,911	31,567	54,345	88,999	32,157	113,307
Percent							
Taiwan.....	32.6	36.5	37.1	34.4	31.3	29.8	23.0
Japan.....	36.9	29.9	24.0	23.0	21.0	26.7	11.6
Korea.....	20.8	20.2	23.8	20.1	19.0	20.2	28.8
Malaysia.....	1.8	4.4	4.6	6.6	9.6	8.2	10.1
Thailand.....	.4	1.3	2.9	5.0	5.1	3.3	12.6
Mexico.....	1.5	1.1	1.0	2.9	4.2	3.9	5.9
China.....	.1	.3	1.3	1.5	2.8	2.0	2.0
Finland.....	.3	.6	1.2	1.7	2.7	2.5	1.7
Singapore.....	2.7	2.2	1.4	1.5	1.6	.8	.6
Belgium.....	1/	.4	.3	.5	.7	.7	1/
Indonesia.....	.0	.1	.2	.5	.6	.5	.9
Canada.....	.6	.5	.6	.6	.5	.6	1/
Hong Kong.....	.8	1.1	.8	1.0	.5	.5	1.8
United Kingdom...	.2	.1	.1	.2	.1	.1	.1
Germany.....	.2	.2	.2	.1	.1	.1	.7
All other.....	1.2	.9	.6	.4	.2	.2	.2
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	2.2	5.9	7.7	12.2	15.3	12.1	23.6

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Computer display units entered with systems
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Canada.....	48,364	65,625	87,458	109,356	81,430	38,917	15,520
United Kingdom...	19,362	22,009	10,419	31,183	31,401	7,100	21,473
Netherlands.....	16,336	10,062	11,406	13,054	27,846	16,118	6,216
Germany.....	18,339	14,302	17,487	19,452	25,305	11,057	12,581
Japan.....	16,489	15,264	20,223	31,116	23,212	12,306	16,595
Brazil.....	2,117	3,099	4,224	14,829	18,064	8,108	6,228
Hong Kong.....	3,113	5,363	5,328	5,304	12,636	6,099	3,545
Ireland.....	885	962	1,265	51,077	12,172	6,278	7,723
Australia.....	10,983	6,962	8,083	7,986	7,829	4,174	2,041
Mexico.....	6,075	8,562	16,107	14,998	7,419	3,408	4,245
Singapore.....	4,567	2,888	2,317	2,192	6,937	2,866	3,029
France.....	26,916	16,780	8,644	9,776	5,861	4,077	4,500
Thailand.....	128	676	835	1,076	4,464	3,526	134
Venezuela.....	2,638	3,053	2,148	2,442	4,265	1,967	1,461
Taiwan.....	1,785	3,462	3,202	2,807	4,160	2,474	3,122
All other.....	43,915	40,182	41,008	62,773	56,660	25,857	31,812
Total.....	222,010	219,251	240,154	379,423	329,662	154,332	140,224
GSP Total.....	18,756	22,487	28,531	46,886	54,206	28,174	20,373
Percent							
Canada.....	21.8	29.9	36.4	28.8	24.7	25.2	11.1
United Kingdom...	8.7	10.0	4.3	8.2	9.5	4.6	15.3
Netherlands.....	7.4	4.6	4.7	3.4	8.4	10.4	4.4
Germany.....	8.3	6.5	7.3	5.1	7.7	7.2	9.0
Japan.....	7.4	7.0	8.4	8.2	7.0	8.0	11.8
Brazil.....	1.0	1.4	1.8	3.9	5.5	5.3	4.4
Hong Kong.....	1.4	2.4	2.2	1.4	3.8	4.0	2.5
Ireland.....	.4	.4	.5	13.5	3.7	4.1	5.5
Australia.....	4.9	3.2	3.4	2.1	2.4	2.7	1.5
Mexico.....	2.7	3.9	6.7	4.0	2.3	2.2	3.0
Singapore.....	2.1	1.3	1.0	.6	2.1	1.9	2.2
France.....	12.1	7.7	3.6	2.6	1.8	2.6	3.2
Thailand.....	.1	.3	.3	.3	1.4	2.3	.1
Venezuela.....	1.2	1.4	.9	.6	1.3	1.3	1.0
Taiwan.....	.8	1.6	1.3	.7	1.3	1.6	2.2
All other.....	19.8	18.3	17.1	16.5	17.2	16.8	22.7
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	8.4	10.3	11.9	12.4	16.4	18.3	14.5

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

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

DIGEST NO. 8471.60.35

COMPUTER DISPLAY UNITS NOT ENTERED WITH SYSTEMS

Computer Display Units Not Entered with Systems

I. Introduction

Competitive-need-limit waiver Thailand

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8471.60.35 ¹	Computer display units, with color CRT not entered in the form of systems	2.2%	Yes

¹ Thailand and Malaysia were proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8471.60.35. Both countries exceeded the competitive need limits in 1995.

Description and uses.--Computer display units, also known as computer monitors, incorporate a color cathode-ray tube (CRT), and are entered as stand-alone units. Computer monitors serve as data output units, allowing users to view data in various forms. These display units are used most often with personal computers (PCs) and computer workstations.

II. U.S. market profileProfile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (number)	23	25	29	32	*35
Employment (1,000 employees)	*9	*9	*11	*12	*13
Shipments (1,000 dollars)	**49,500	**63,000	**105,600	**96,000	**117,300
Exports (1,000 dollars)	**42,933	**45,034	**48,724	**78,120	**64,732
Imports (1,000 dollars)	**1,968,447	**2,868,939	**3,694,698	**4,020,778	**5,244,970
Consumption (1,000 dollars)	**1,975,014	**2,886,905	**3,751,574	**4,038,658	**5,297,538
Import-to-consumption ratio (percent)	**100	**99	**98	**100	**99
Capacity utilization (percent)	*88	*92	*93	*93	*93

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

Comment.--U.S. producers of color CRT computer display units are predominately small firms that cater to niche markets. These firms compete primarily on the basis of high quality rather than price. Production of most commodity computer display units has shifted to Asia due to lower labor costs than in the United States. U.S. producers do not distinguish between the manufacture of display units as part of a system versus stand-alone units. As a result, the number of producers and employees stated in the above table reflect the total number that produce color CRT computer monitors both for systems and as stand-alone units. U.S. exports to Thailand of parts for offshore assembly and U.S. imports of assembled goods under production sharing (HTS 9802) are not significant for color CRT computer display units.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	**5,244,970	**100	(²)	**99
Imports from GSP countries:				
GSP total	**800,988	**15	**100	**15
Malaysia ³	**503,675	**10	**63	**10
Thailand	**265,463	**5	**33	**5
Indonesia	**30,962	**1	**4	**1

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ Malaysia is being graduated from GSP eligibility as of January 1, 1997.

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

Comment.--Malaysia, Thailand, and Indonesia are the only GSP beneficiaries ranked among the top ten suppliers of U.S. display imports. Malaysia and Thailand exceeded the competitive need limits for imports of color computer display units with color CRTs entered as stand-alone units. U.S. imports of color CRT display from Thailand have experienced rapid growth, principally due to increases in Thailand's capacity and capacity utilization as well as continued growth in the U.S. market for computers and peripherals. Based on year-to-date totals for 1996, it is expected that imports from Thailand also will exceed the competitive need limits in 1996.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1995. 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent Below X

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent Below X

 Other foreign products Above Equivalent X Below

V. Position of interested parties

Petitioner.--On behalf of the Government of Thailand, St. Maxens & Company stated that Thailand is a minor supplier of color CRT displays when compared to Taiwan, Japan, and Korea, and needs restoration of GSP treatment to provide the country with a measure of competitiveness vis-a-vis these three suppliers. If granted a competitive need waiver, the petitioner maintains that the action would benefit many U.S. suppliers of parts and components for color CRT displays while posing no risk of adverse actions to any U.S. supplier. The petitioner maintains that Thailand has significantly improved intellectual property rights protection in its domestic market.

VI. Summary of probable economic effects--Competitive-need-limit waiver (Thailand)

* * * * *

Table 1.
Digest title: Computer display units not entered with systems
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Taiwan.....	642,529	1,047,951	1,371,498	1,383,586	1,643,180	714,509	729,117
Japan.....	725,507	858,297	888,535	925,820	1,100,955	638,913	453,966
Korea.....	410,314	578,902	878,080	806,345	995,950	484,211	536,416
Malaysia.....	35,368	127,529	169,122	266,247	503,675	196,325	305,802
Thailand.....	8,061	38,703	107,592	200,564	265,463	79,402	162,249
Mexico.....	28,997	32,555	36,925	114,990	219,679	93,449	138,497
China.....	1,385	8,435	46,427	58,771	149,067	47,106	91,285
Finland.....	4,951	16,982	44,818	69,408	143,291	59,732	65,863
Singapore.....	52,859	61,726	51,019	61,600	83,570	18,430	55,924
Belgium.....	392	10,901	11,687	18,476	34,337	15,737	16,830
Indonesia.....	0	3,791	6,435	21,687	30,962	12,962	35,101
Canada.....	12,784	14,557	20,745	24,307	27,072	13,288	1,128
Hong Kong.....	14,856	32,863	30,370	40,453	24,369	11,484	7,703
United Kingdom...	3,849	3,658	2,161	7,280	7,648	2,171	9,281
Germany.....	3,583	6,307	6,327	4,771	7,441	2,398	703
All other.....	23,012	25,780	22,960	16,473	8,311	5,643	4,942
Total.....	1,968,447	2,868,939	3,694,698	4,020,778	5,244,970	2,395,761	2,614,806
GSP Total.....	43,591	170,195	284,099	489,109	800,988	289,413	505,500
Percent							
Taiwan.....	32.6	36.5	37.1	34.4	31.3	29.8	27.9
Japan.....	36.9	29.9	24.0	23.0	21.0	26.7	17.4
Korea.....	20.8	20.2	23.8	20.1	19.0	20.2	20.5
Malaysia.....	1.8	4.4	4.6	6.6	9.6	8.2	11.7
Thailand.....	.4	1.3	2.9	5.0	5.1	3.3	6.2
Mexico.....	1.5	1.1	1.0	2.9	4.2	3.9	5.3
China.....	.1	.3	1.3	1.5	2.8	2.0	3.5
Finland.....	.3	.6	1.2	1.7	2.7	2.5	2.5
Singapore.....	2.7	2.2	1.4	1.5	1.6	.8	2.1
Belgium.....	1/	.4	.3	.5	.7	.7	.6
Indonesia.....	.0	.1	.2	.5	.6	.5	1.3
Canada.....	.6	.5	.6	.6	.5	.6	1/
Hong Kong.....	.8	1.1	.8	1.0	.5	.5	.3
United Kingdom...	.2	.1	.1	.2	.1	.1	.4
Germany.....	.2	.2	.2	.1	.1	.1	1/
All other.....	1.2	.9	.6	.4	.2	.2	.2
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	2.2	5.9	7.7	12.2	15.3	12.1	19.3

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Computer display units not entered with systems
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Canada.....	10,187	14,906	19,242	23,688	17,792	8,131	0
United Kingdom...	3,129	4,579	2,003	7,156	7,142	1,489	2,275
Netherlands.....	2,004	2,048	2,697	3,107	6,709	3,920	4,561
Japan.....	3,104	2,786	3,885	7,187	4,548	2,581	6,387
Brazil.....	180	516	728	1,352	3,264	1,302	2,335
Ireland.....	58	93	120	12,741	3,010	1,558	2,855
Germany.....	4,318	3,138	3,819	2,872	2,768	1,243	4,063
Australia.....	2,468	1,636	1,620	1,825	1,662	907	6,432
Singapore.....	1,058	655	486	498	1,369	585	5,409
Hong Kong.....	741	1,000	654	959	1,354	905	991
France.....	6,654	4,060	2,077	2,188	1,250	933	1,093
Mexico.....	757	1,011	2,417	2,181	1,159	433	2,486
Thailand.....	15	74	113	171	1,026	834	371
Venezuela.....	465	548	338	377	1,016	457	128
Chile.....	128	125	296	296	880	360	420
All other.....	7,665	7,858	8,228	11,522	9,782	4,559	7,511
Total.....	42,933	45,034	48,724	78,120	64,732	30,199	47,317
GSP Total.....	2,399	3,413	5,030	6,080	9,897	4,923	5,916
Percent							
Canada.....	23.7	33.1	39.5	30.3	27.5	26.9	.0
United Kingdom...	7.3	10.2	4.1	9.2	11.0	4.9	4.8
Netherlands.....	4.7	4.5	5.5	4.0	10.4	13.0	9.6
Japan.....	7.2	6.2	8.0	9.2	7.0	8.5	13.5
Brazil.....	.4	1.1	1.5	1.7	5.0	4.3	4.9
Ireland.....	.1	.2	.2	16.3	4.7	5.2	6.0
Germany.....	10.1	7.0	7.8	3.7	4.3	4.1	8.6
Australia.....	5.7	3.6	3.3	2.3	2.6	3.0	13.6
Singapore.....	2.5	1.5	1.0	.6	2.1	1.9	11.4
Hong Kong.....	1.7	2.2	1.3	1.2	2.1	3.0	2.1
France.....	15.5	9.0	4.3	2.8	1.9	3.1	2.3
Mexico.....	1.8	2.2	5.0	2.8	1.8	1.4	5.3
Thailand.....	1/	.2	.2	.2	1.6	2.8	.8
Venezuela.....	1.1	1.2	.7	.5	1.6	1.5	.3
Chile.....	.3	.3	.6	.4	1.4	1.2	.9
All other.....	17.9	17.4	16.9	14.7	15.1	15.1	15.9
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	5.6	7.6	10.3	7.8	15.3	16.3	12.5

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 8517.19.40

VIDEOPHONES

Videophones

I. Introduction

Competitive-need-limit waiver Thailand

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995? No ²
8517.19.40 ¹	Videophones	8.5%	No ²

¹ Thailand has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8517.19.40.

² A separate HTS category for videophones did not exist prior to 1996. At the time that the Government of Thailand's petition was filed videophones were included in HTS 8517.10.00 along with telephone sets. This category was divided into two separate categories in 1996. Although Thailand does not currently produce videophones, the Government of Thailand (petitioner) has requested a competitive-need-limit waiver for both videophones and telephone sets. The products that have been imported as videophones under HTS category 8517.19.40 consist of self-contained units capable of video and audio transmission and reception. There was no U.S. production of this type of product. There are several domestic producers of products that can be used with certain personal computers and modems to create videophone capability. These products are typically sold in a kit form consisting of appropriate software, digital camera lens, and speaker.

Description and uses.--Videophones provide real-time video and audio transmission between two or more locations.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (number)			1	1	
Employment (1,000 employees)			(²)	(²)	
Shipments (1,000 dollars)			***	***	
Exports (1,000 dollars)					
Imports (1,000 dollars)			**50	**325	**490
Consumption (1,000 dollars)			***	***	**490
Import-to-consumption ratio (percent)	(³)	(³)	***	***	**100
Capacity utilization (percent)	(²)	(²)	(²)	(²)	(³)

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not available.

³ Not applicable.

Comment.--The United States did not produce or import videophones prior to 1993. The sole U.S. producer of videophones ceased operations in 1994. There were virtually no exports of videophones from the United States during 1991-95. The principal foreign suppliers of videophones to the United States during 1993-95 were Japan, the United Kingdom, and Italy.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	**490	100	(²)	**100
Imports from GSP countries:				
GSP total	0	0	(²)	0

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable

Comment. --There are no U.S. imports of videophones from Thailand or any other GSP country. Thus, a profile of Thailand's competitive position is not available.

V. Position of interested parties

Petitioner.--The Government of Thailand (GOT) requests a competitive-need-limit waiver for imports of videophones (HTS 8517.19.40) from Thailand. The GOT states, "Although there have been no U.S. imports from Thailand under the new videophone category through time of this year, Thai telephone set producers have the technological capacity to produce such videophones..."

VI. Summary of probable economic advice--Competitive-need-limit waiver (Thailand)

* * * * *

DIGEST NO. 8517.19.80

TELEPHONE SETS OTHER THAN CORDLESS

Telephone Sets Other Than Cordless

I. IntroductionCompetitive-need-limit waiver Thailand

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8517.19.80 ¹	Telephone sets other than cordless	8.5%	Yes

¹ Thailand was proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8517.19.80. This became effective in July 1992, after Thailand exceeded the competitive-need-limit in 1991.

Description and uses.--Telephone sets enable the transmission of voice across phone lines. Telephone sets generally incorporate a transceiver/receiver, dialing apparatus, and a bell.

II. U.S. market profileProfile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	11	9	9	9	10
Employment (<i>1,000 employees</i>)	4	3	3	2	*2
Shipments (<i>1,000 dollars</i>)	213,348	219,209	194,614	192,179	*163,352
Exports (<i>1,000 dollars</i>)	136,427	160,148	188,900	210,719	227,929
Imports (<i>1,000 dollars</i>)	864,791	936,610	996,676	1,064,953	1,022,840
Consumption (<i>1,000 dollars</i>)	941,712	995,671	1,002,390	1,046,413	*957,463
Import-to-consumption ratio (<i>percent</i>)	92	94	99	102	*107
Capacity utilization (<i>percent</i>)	66	68	72	74	72

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

Comment.--Domestic production of telephone sets primarily consists of high-end telephones (e.g., key systems or multiline phones) that are used in conjunction with business phone systems. Most U.S. firms rely on offshore manufacturing facilities to produce lower end commodity products, such as single-line phones for home use. In some cases, telephone sets are imported and re-exported, which explains why imports exceeded U.S. consumption in 1994 and 1995.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total.	1,022,840	100	(²)	*107
Imports from GSP countries:				
GSP total	322,951	32	100	*34
Malaysia ³	190,827	19	59	*20
Thailand	81,061	8	25	*8
Philippines	27,167	3	8	*3
Indonesia	15,151	1	5	*2

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ Malaysia will be graduated from GSP eligibility for all products effective January 1, 1997.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1995. 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High Moderate X Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products Above Equivalent Below X

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Comment.--Most telephone imports from Thailand and other GSP countries are single-line phones designed for residential use, whereas most U.S.-produced telephones are more sophisticated multi-line and key system phones for business use. Thus, there is limited substitutability between the two products and the price elasticity of demand for U.S. imports from GSP countries is moderate. Prices for U.S.- and Thai-produced high-end telephones are generally equivalent; however, due the large share of less sophisticated telephones from Thailand, prices for the bulk of the imports are lower than those of most U.S.-produced telephones.

V. Position of interested parties

Petitioner.--The Government of Thailand (GOT), the petitioner, requests a waiver of the competitive-need-limit for telephone sets, provided for under HTS subheading 8517.19.80. St. Maxens & Company, on behalf of the GOT, states that this action will not adversely affect any U.S. producer because U.S. production of telephone sets appears to be limited to high-end telephone sets which do not compete with imports of household telephone sets from Thailand. Furthermore, according to the GOT, Thailand's loss of GSP status makes it increasingly difficult for it to compete with developed non-beneficiary countries and with Malaysia, which has been granted a GSP competitive-need-limit waiver. The GOT also feels that in accordance with GSP statute requirements, the President must give great weight to the beneficiaries' intellectual property rights protection practices and Thailand has taken significant steps in recent years to improve intellectual property rights.

VI. Summary of probable economic advice--Competitive-need-limit waiver (Thailand)

* * * * *

Table 1 .
Digest title: Telephone sets other than cordless
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
China.....	187,275	168,879	210,212	241,308	251,306	105,861	111,990
Malaysia.....	197,497	235,365	210,196	231,579	190,827	124,026	83,834
Mexico.....	7,336	21,282	70,288	130,283	170,860	85,818	76,328
Canada.....	88,917	125,254	113,858	123,323	161,479	74,668	122,466
Thailand.....	105,898	124,845	134,013	105,465	81,061	43,949	30,153
Korea.....	31,557	25,807	28,925	37,157	32,399	17,493	11,725
Philippines.....	3,687	7,231	7,992	7,117	27,167	9,245	9,476
United Kingdom...	10,963	12,216	20,024	32,102	24,493	10,864	16,344
Taiwan.....	77,064	65,997	56,871	27,637	21,121	6,787	6,417
Japan.....	98,945	101,236	78,016	75,390	16,932	9,898	8,903
Indonesia.....	1,031	7,201	16,346	16,114	15,151	5,353	7,680
Hong Kong.....	34,321	27,532	23,859	9,882	8,923	2,476	5,748
Germany.....	6,133	4,524	6,481	9,197	8,110	3,629	2,536
Dominican Rep....	3,921	4,148	7,454	8,563	6,128	4,587	1,095
India.....	0	409	1,854	2,468	2,495	1,290	1,656
All other.....	10,245	4,684	10,288	7,368	4,387	1,859	4,843
Total.....	864,791	936,610	996,676	1,064,953	1,022,840	507,802	501,194
GSP Total.....	312,170	379,319	377,914	371,452	322,950	188,463	133,927
Percent							
China.....	21.7	18.0	21.1	22.7	24.6	20.8	22.3
Malaysia.....	22.8	25.1	21.1	21.7	18.7	24.4	16.7
Mexico.....	.8	2.3	7.1	12.2	16.7	16.9	15.2
Canada.....	10.3	13.4	11.4	11.6	15.8	14.7	24.4
Thailand.....	12.2	13.3	13.4	9.9	7.9	8.7	6.0
Korea.....	3.6	2.8	2.9	3.5	3.2	3.4	2.3
Philippines.....	.4	.8	.8	.7	2.7	1.8	1.9
United Kingdom...	1.3	1.3	2.0	3.0	2.4	2.1	3.3
Taiwan.....	8.9	7.0	5.7	2.6	2.1	1.3	1.3
Japan.....	11.4	10.8	7.8	7.1	1.7	1.9	1.8
Indonesia.....	.1	.8	1.6	1.5	1.5	1.1	1.5
Hong Kong.....	4.0	2.9	2.4	.9	.9	.5	1.1
Germany.....	.7	.5	.7	.9	.8	.7	.5
Dominican Rep....	.5	.4	.7	.8	.6	.9	.2
India.....	.0	1/	.2	.2	.2	.3	.3
All other.....	1.2	.5	1.0	.7	.4	.4	1.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	36.1	40.5	37.9	34.9	31.6	37.1	26.7

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Telephones sets other than cordless
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Mexico.....	25,353	34,354	39,007	43,666	41,137	17,369	28,872
Hong Kong.....	8,405	10,236	14,220	9,660	32,495	22,235	16,191
Germany.....	16,562	10,984	9,959	18,932	25,285	15,932	5,112
Canada.....	17,090	37,175	25,792	19,401	23,660	11,988	7,021
Brazil.....	1,339	1,085	5,353	24,540	7,630	5,412	3,513
Colombia.....	648	945	1,419	2,034	6,951	6,011	688
Indonesia.....	24	2,388	1,142	5,156	6,125	4,572	850
Argentina.....	1,768	3,851	10,726	13,226	5,951	3,337	2,115
United Kingdom...	2,104	1,636	3,801	3,291	5,421	2,324	4,566
Israel.....	66	16	479	1,453	5,000	3,775	11,615
Singapore.....	1,814	1,373	4,151	1,931	4,623	2,106	1,939
Russia.....	2,929	3,252	3,822	2,594	4,179	1,175	630
Netherlands.....	697	863	1,583	1,604	4,094	1,339	6,977
Paraguay.....	1,114	3,251	1,767	1,818	3,443	2,185	963
Chile.....	864	2,354	1,437	1,870	3,245	1,119	1,161
All other.....	55,651	46,383	64,240	59,543	48,690	22,633	26,043
Total.....	136,427	160,148	188,900	210,719	227,929	123,512	118,256
GSP Total.....	21,011	41,545	53,867	87,507	63,079	35,894	22,345
Percent							
Mexico.....	18.6	21.5	20.6	20.7	18.0	14.1	24.4
Hong Kong.....	6.2	6.4	7.5	4.6	14.3	18.0	13.7
Germany.....	12.1	6.9	5.3	9.0	11.1	12.9	4.3
Canada.....	12.5	23.2	13.7	9.2	10.4	9.7	5.9
Brazil.....	1.0	.7	2.8	11.6	3.3	4.4	3.0
Colombia.....	.5	.6	.8	1.0	3.0	4.9	.6
Indonesia.....	1/	1.5	.6	2.4	2.7	3.7	.7
Argentina.....	1.3	2.4	5.7	6.3	2.6	2.7	1.8
United Kingdom...	1.5	1.0	2.0	1.6	2.4	1.9	3.9
Israel.....	1/	1/	.3	.7	2.2	3.1	9.8
Singapore.....	1.3	.9	2.2	.9	2.0	1.7	1.6
Russia.....	2.1	2.0	2.0	1.2	1.8	1.0	.5
Netherlands.....	.5	.5	.8	.8	1.8	1.1	5.9
Paraguay.....	.8	2.0	.9	.9	1.5	1.8	.8
Chile.....	.6	1.5	.8	.9	1.4	.9	1.0
All other.....	40.8	29.0	34.0	28.3	21.4	18.3	22.0
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	15.4	25.9	28.5	41.5	27.7	29.1	18.9

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 8517.21.00

FACSIMILE MACHINES

Facsimile Machines

I. IntroductionCompetitive-need-limit waiver Thailand

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8517.21.00 ¹	Facsimile machines	4.7%	Yes

¹ Thailand was proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8517.21.00.

Description and uses.--Facsimile (fax) machines enable the electronic transmission and reception of text and images across phone lines. There are many different models of fax machines, distinguished by transmission speed, use of thermal or plain paper, and availability of memory functions. Price and sophistication of machines vary greatly.

II. U.S. market profileProfile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (number)	10	11	11	12	11
Employment (1,000 employees)	(²)	(²)	(²)	(²)	(²)
Shipments (1,000 dollars)	209,867	156,378	154,523	140,858	*148,183
Exports (1,000 dollars)	14,078	29,216	17,374	17,960	18,845
Imports (1,000 dollars)	592,843	687,510	637,519	1,202,684	1,008,806
Consumption (1,000 dollars)	788,632	814,672	774,668	1,325,582	*1,138,144
Import-to-consumption ratio (percent)	75	84	82	91	*89
Capacity utilization (percent)	66	68	72	74	*75

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not available.

Comment.--Domestic production of fax machines is limited. U.S. companies generally produce fax machines in the United States for U.S. distribution, and may operate overseas production facilities for both U.S. and international sales. U.S. exports are minimal, and U.S. consumption remains dominated by imports.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	1,008,806	100	(²)	*89
Imports from GSP countries:				
GSP total	243,276	24	100	*21
Thailand	137,980	14	57	*12
Malaysia ³	105,288	10	43	*9

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ Malaysia will be graduated from GSP eligibility for all products effective January 1, 1997.

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

Comment.--Facsimile machines from Thailand were proclaimed as non-eligible for GSP treatment effective July 1, 1995, after the United States Trade Representative announced that had exceeded the competitive-need-limit for the product (see 60 FR 28184, May 30, 1995). Although fax machines are becoming increasingly sophisticated, the majority of imports from Thailand are standard machines that are equivalent in price and quality with the U.S. products and with other imported products. Imports from Japan surged in 1994 with the introduction of multifunctional facsimile machines that also had printing and copying capabilities. U.S. imports of facsimile equipment from China have increased steadily during 1992-95 largely due to increased foreign investment in the Chinese electronics industry.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1995. 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Comment.--Facsimile machines imported from Thailand are fairly close substitutes for the low-end facsimile machines produced in Malaysia and China. They are less substitutable for the more sophisticated facsimile machines produced in the United States and imported from Japan.

V. Position of interested parties

Petitioner.--Canon U.S.A. (Canon), one of the petitioners requesting a waiver of the competitive-need-limit for Thailand for facsimile machines (HTS 8517.21.00), imported facsimile machines from Thailand prior to the expiration of the U.S. GSP program in mid-1995. Although Canon does not currently import facsimile machines from Thailand, it plans to begin doing so in May 1997. To the best of Canon's knowledge, Sharp is the only other producer of facsimile machines in Thailand.

Canon states that the facsimile machines they will import from Thailand are traditional facsimile machines for which there is no competing U.S. industry. According to Canon, certain U.S. companies produce "multifunctional printers" which contain a facsimile component but these products do not compete with any of the facsimile machines that it plans to import from Thailand. Canon contends that because a "U.S. industry producing a like or directly competitive article" does not exist, there can be no adverse economic effect to the industry.

VI. Summary of probable economic advice--Competitive-need-limit waiver (Thailand)

* * * * *

Table 1.
Digest title: Facsimile machines
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source						January-June	
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Japan.....	435,800	435,215	467,732	917,990	573,127	302,591	182,670
Thailand.....	29,867	55,536	57,255	120,173	137,980	83,856	71,188
China.....	962	928	1,119	11,153	118,467	57,044	40,524
Malaysia.....	6,807	13,728	27,171	24,776	105,288	35,658	65,333
Korea.....	34,065	32,224	22,461	83,370	40,457	19,172	12,190
Taiwan.....	16,905	50,359	21,370	12,548	12,775	6,205	2,685
Singapore.....	4,537	14,993	9,805	12,894	7,217	5,739	1,163
Mexico.....	4,281	6,584	1,721	902	4,613	1,178	9
Hong Kong.....	1,976	8,500	1,870	3,760	4,566	2,016	6,947
Switzerland.....	55	64	49	73	2,562	2,562	0
United Kingdom...	8,111	20,098	2,492	958	1,019	565	463
Canada.....	22,505	19,895	6,513	318	293	157	148
Israel.....	1,855	1,012	251	5,618	288	126	170
Germany.....	2,298	9,042	10,527	22	73	69	21
Australia.....	284	39	7	2	29	27	1
All other.....	22,533	19,294	7,177	8,128	50	25	26
Total.....	592,843	687,510	637,519	1,202,684	1,008,806	516,991	383,538
GSP Total.....	38,303	71,788	86,432	145,586	243,276	119,514	136,522
Percent							
Japan.....	73.5	63.3	73.4	76.3	56.8	58.5	47.6
Thailand.....	5.0	8.1	9.0	10.0	13.7	16.2	18.6
China.....	.2	.1	.2	.9	11.7	11.0	10.6
Malaysia.....	1.1	2.0	4.3	2.1	10.4	6.9	17.0
Korea.....	5.7	4.7	3.5	6.9	4.0	3.7	3.2
Taiwan.....	2.9	7.3	3.4	1.0	1.3	1.2	.7
Singapore.....	.8	2.2	1.5	1.1	.7	1.1	.3
Mexico.....	.7	1.0	.3	.1	.5	.2	1/
Hong Kong.....	.3	1.2	.3	.3	.5	.4	1.8
Switzerland.....	1/	1/	1/	1/	.3	.5	.0
United Kingdom...	1.4	2.9	.4	.1	.1	.1	.1
Canada.....	3.8	2.9	1.0	1/	1/	1/	1/
Israel.....	.3	.1	1/	.5	1/	1/	1/
Germany.....	.4	1.3	1.7	1/	1/	1/	1/
Australia.....	1/	1/	1/	1/	1/	1/	1/
All other.....	3.8	2.8	1.1	.7	1/	1/	1/
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	6.5	10.4	13.6	12.1	24.1	23.1	35.6

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Facsimile machines
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Germany.....	1,378	1,950	772	549	3,544	1,434	1,056
Japan.....	659	1,693	692	3,207	2,368	1,586	614
Ukraine.....	0	53	88	90	1,625	228	386
Brazil.....	609	574	709	379	1,566	1,065	3,696
Soviet Union.....	276	344	640	98	1,373	918	223
Belgium.....	391	385	713	515	1,029	239	277
Paraguay.....	1,339	1,847	891	321	878	666	2,323
Switzerland.....	75	114	50	84	636	0	184
Egypt.....	1	35	0	25	554	10	0
Poland.....	240	270	406	254	523	7	420
Hong Kong.....	257	710	362	184	494	216	46
France.....	476	1,791	1,295	125	484	46	334
Argentina.....	542	663	485	278	456	88	1,393
Venezuela.....	100	203	94	738	422	156	94
Sweden.....	149	192	43	25	402	0	294
All other.....	7,587	18,394	10,133	11,087	2,493	1,037	36,049
Total.....	14,078	29,216	17,374	17,960	18,845	7,695	47,389
GSP Total.....	3,877	5,478	4,791	3,153	8,699	3,647	10,251
Percent							
Germany.....	9.8	6.7	4.4	3.1	18.8	18.6	2.2
Japan.....	4.7	5.8	4.0	17.9	12.6	20.6	1.3
Ukraine.....	.0	.2	.5	.5	8.6	3.0	.8
Brazil.....	4.3	2.0	4.1	2.1	8.3	13.8	7.8
Soviet Union.....	2.0	1.2	3.7	.5	7.3	11.9	.5
Belgium.....	2.8	1.3	4.1	2.9	5.5	3.1	.6
Paraguay.....	9.5	6.3	5.1	1.8	4.7	8.7	4.9
Switzerland.....	.5	.4	.3	.5	3.4	.0	.4
Egypt.....	1/	.1	.0	.1	2.9	.1	.0
Poland.....	1.7	.9	2.3	1.4	2.8	.1	.9
Hong Kong.....	1.8	2.4	2.1	1.0	2.6	2.8	.1
France.....	3.4	6.1	7.5	.7	2.6	.6	.7
Argentina.....	3.9	2.3	2.8	1.5	2.4	1.1	2.9
Venezuela.....	.7	.7	.5	4.1	2.2	2.0	.2
Sweden.....	1.1	.7	.2	.1	2.1	.0	.6
All other.....	53.9	63.0	58.3	61.7	13.2	13.5	76.1
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	27.5	18.7	27.6	17.6	46.2	47.4	21.6

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 8521.10.60
VIDEOCASSETTE RECORDERS

Videocassette Recorders

I. IntroductionCompetitive-need-limit waiver Thailand

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8521.10.60 ¹	Videocassette recorders	2.3%	Yes

¹ Thailand has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8521.10.60.

Description and uses.-- Videocassette recorders (VCRs) are video recording and reproducing apparatus that may be connected to a television receiver or video monitor to record or play back television programming or to view prerecorded tapes. VCRs are also used in television production studios and broadcasting facilities to edit television programming.

II. U.S. market profileProfile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	2	2	1	1	1
Employment (<i>1,000 employees</i>)	***	***	***	***	***
Shipments (<i>million dollars</i>)	***	***	***	***	***
Exports (<i>million dollars</i>) ³	61	56	56	64	52
Imports (<i>million dollars</i>)	2,316	2,726	2,643	3,002	3,037
Consumption (<i>million dollars</i>)	***	***	***	***	***
Import-to-consumption ratio (<i>percent</i>)	***	***	***	***	***
Capacity utilization (<i>percent</i>)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Less than 500.

³ Consists largely of reexports and transshipments of foreign goods.

⁴ Not available.

Comment.-- The Ampex Corp. of Redwood City, CA produces professional-grade VCRs for television broadcast and studio use. There are no U.S. producers of consumer-grade VCRs, which constitute the vast majority of imports. U.S. production is of high-end products for broadcast and studio use, whereas imports from Thailand are primarily of low-end consumer products.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	3,036,687	100	(²)	***
Imports from GSP countries:				
GSP total	1,188,857	39	100	***
Malaysia ³	675,818	22	57	***
Indonesia ⁴	281,707	9	24	***
Thailand	229,816	8	19	***

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

³ Malaysia is being graduated from GSP eligibility as of January 1, 1997.

⁴ Indonesia was ineligible for GSP treatment for this commodity from Jan. 1 to June 30, 1994.

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

Comment.-- Only three GSP countries provided virtually all U.S. imports under GSP in 1995. U.S. imports of VCRs from Thailand fluctuated between \$117 million and \$270 million during 1991-1995. While GSP imports increased from 1991-95, imports from Japan, the largest supplier, declined, as Japanese producers moved production off-shore. Imports from China have increased as a result of the movement of the production of lower priced VCRs to countries with lower labor costs.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1995. 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products Above Equivalent Below X

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products Above Equivalent Below X

 Other foreign products Above Equivalent X Below

V. Position of interested parties

Petitioner.--The Government of Thailand (GOT) requests that the GSP competitive-need-limit be waived with respect to imports from Thailand of videocassette recorders (VCRs) (HTS 8521.10.60). According to St. Maxens & Company on behalf of the GOT, GSP beneficiary suppliers account for less than one-third of the VCRs sold in the United States. There is no U.S. production of VCRs for consumer use and, therefore, U.S. producers are unlikely to experience any adverse effect from a waiver of the competitive-need-limit.

According to the GOT, the U.S. household penetration rate for VCRs was 81 percent in 1994. In spite of such ownership rates, sales of VCRs continue to increase, as manufacturers add features allowing consumers to integrate high-end audio and video components.

Petitioner.--Orion Sales, Inc., and World Electric Ltd. request that the GSP competitive-need-limit be waived with respect to imports from Thailand of VCRs. Orion Sales, Inc., is an importer, distributor, and after-sale service agent for VCRs manufactured by World Electric and Korat Denki in Thailand.

The petitioners note that VCRs are not commercially produced in the United States. The U.S. VCR market is a mature market, and ownership is near saturation. Demand for new VCRs has shifted from first-time purchasers to those seeking replacement VCRs and upgrades. Sales of VCRs have remained relatively flat for the last three years and are expected to fall slightly over the next few years. Prices have been declining at a time when material and production costs have been either declining at a lower rate or even rising, resulting in decreasing profit margins.

They also stated that the likelihood that GSP benefits conferred on VCRs from Thailand would deter new entrants or affect the competitiveness of current competitors is minimal. In such a market, Thailand can be competitive only if it receives the advantage of duty-free treatment for its products. Given the competitive pressure of the current market, World Electric may be forced to increase its production or initiate new production facilities in Indonesia, the only other GSP beneficiary country of the Pacific Rim currently exporting VCRs to the United States. The relocation would be disastrous for the VCR industry of Thailand and for the Thai economy as a whole. Continuing higher prices as a result of the duty on VCRs from Thailand would result in decreased sales in the United States, decreased profits and production in Thailand.

VI. Summary of probable economic advice--Competitive-need-limit waiver (Thailand)

* * * * *

Table 1 .
Digest title: Videocassette recorders
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Japan.....	1,266,885	1,230,853	959,942	915,040	846,238	464,791	346,327
Malaysia.....	266,763	396,729	551,199	656,140	675,818	349,673	245,564
Korea.....	459,807	556,093	557,646	533,526	519,740	201,834	118,323
Indonesia.....	9,125	129,043	234,943	313,317	281,707	124,174	109,032
China.....	113	28	45,635	194,663	251,484	104,033	124,507
Thailand.....	210,167	269,532	116,631	216,064	229,816	96,183	82,700
Singapore.....	48,019	86,235	126,253	157,624	185,286	95,999	46,037
Hong Kong.....	13,355	5,278	2,613	2,694	15,043	3,720	14,131
Mexico.....	126	211	1,137	3	12,597	0	24,831
Taiwan.....	37,966	43,235	40,992	10,390	10,680	3,169	7,773
Germany.....	1,411	4,559	3,995	1,785	2,635	1,754	364
United Arab Em...	0	535	391	50	2,418	725	865
India.....	0	0	0	7	1,502	1,502	0
United Kingdom...	650	1,110	460	843	859	785	415
France.....	120	3	24	2	346	229	72
All other.....	1,096	2,544	766	306	517	243	1,243
Total.....	2,315,604	2,725,989	2,642,626	3,002,453	3,036,687	1,448,813	1,122,184
GSP Total.....	486,056	795,710	903,176	1,185,533	1,188,857	571,536	437,303
Percent							
Japan.....	54.7	45.2	36.3	30.5	27.9	32.1	30.9
Malaysia.....	11.5	14.6	20.9	21.9	22.3	24.1	21.9
Korea.....	19.9	20.4	21.1	17.8	17.1	13.9	10.5
Indonesia.....	.4	4.7	8.9	10.4	9.3	8.6	9.7
China.....	1/	1/	1.7	6.5	8.3	7.2	11.1
Thailand.....	9.1	9.9	4.4	7.2	7.6	6.6	7.4
Singapore.....	2.1	3.2	4.8	5.2	6.1	6.6	4.1
Hong Kong.....	.6	.2	.1	.1	.5	.3	1.3
Mexico.....	1/	1/	1/	1/	.4	.0	2.2
Taiwan.....	1.6	1.6	1.6	.3	.4	.2	.7
Germany.....	.1	.2	.2	.1	.1	.1	1/
United Arab Em...	.0	1/	1/	1/	.1	.1	.1
India.....	.0	.0	.0	1/	1/	.1	.0
United Kingdom...	1/	1/	1/	1/	1/	.1	1/
France.....	1/	1/	1/	1/	1/	1/	1/
All other.....	1/	.1	1/	1/	1/	1/	.1
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	21.0	29.2	34.2	39.5	39.1	39.4	39.0

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 8527.21.10
AUTOMOBILE RADIO/TAPE PLAYERS

Automobile Radio/Tape Players

I. IntroductionCompetitive-need-limit waiver Brazil

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8527.21.10 ¹	Automobile radio/tape players	3%	Yes

¹Brazil has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8527.21.10.

Description and uses.--Automobile radio/tape players are electrically powered entertainment devices used in automobiles and light trucks. They contain a radiobroadcast receiver combined with an audiocassette player.

II. U.S. market profileProfile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	*4	*6	*6	*6	*6
Employment (<i>1,000 employees</i>)	***	**2,100	**2,300	**2,400	**2,600
Shipments (<i>1,000 dollars</i>)	***	314,265	339,576	427,217	468,177
Exports (<i>1,000 dollars</i>)	112,931	137,939	166,373	230,653	312,864
Imports (<i>1,000 dollars</i>)	1,014,142	1,124,465	1,312,058	1,674,595	2,246,332
Consumption (<i>1,000 dollars</i>)	***	1,300,791	1,485,261	1,871,159	2,401,645
Import-to-consumption ratio (<i>percent</i>)	***	86	88	89	94
Capacity utilization (<i>percent</i>)	***	*68	*86	*85	*85

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

Comment.--The major U.S. consumers of these products are producers of automobiles and light trucks. The major consumer of imports from Brazil is Ford Motor Company, which owns an autosound factory in Brazil. Ford also operates factories producing these products in Mexico and Portugal. Other significant consumers are distributors and retailers of aftermarket autosound products. Most U.S. auto producers are supplied by subsidiaries and affiliates, whether foreign or domestic. Delco and Accustar both produce these products in the United States, and both are affiliated with U.S. auto producers, with Delco supplying General Motors and Accustar supplying Chrysler Corporation. Other U.S. producers of these products supply foreign-owned OEM vehicle producers and the aftermarket. Most U.S. production is for captive use.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	2,246,332	100	(¹)	94
Imports from GSP countries:				
GSP total	394,429	18	100	16
Brazil	155,930	7	40	6
Malaysia ²	155,896	7	40	6
Indonesia	48,206	2	12	2
Philippines	18,628	1	5	1

¹ Not applicable.

² Malaysia is being graduated from GSP eligibility as of January 1, 1997.

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

Comment.--While imports to the United States from Japan have increased steadily from 1991-95, Japan's importance as a supplier to the United States has declined, from 42 percent of total imports to 25 percent. Products imported from Japan are for both OEM vehicle producers and for the aftermarket. At the same time, imports from Mexico have increased dramatically in both value and share, from 21 percent of U.S. imports in 1991 to 41 percent in 1995.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1995. 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes ___ No X

What is the price elasticity of U.S. import demand? High ___ Moderate X Low ___

Can production in the country be easily expanded or contracted
in the short term? Yes X No ___

Does the country have significant export markets besides the
United States? Yes ___ No X

Could exports from the country be readily redistributed among
its foreign export markets? Yes ___ No X

What is the price elasticity of import supply? High ___ Moderate X Low ___

Price level compared with--

 U.S. products. Above ___ Equivalent ___ Below X

 Other foreign products Above ___ Equivalent X Below ___

Quality compared with--

 U.S. products. Above ___ Equivalent X Below ___

 Other foreign products Above ___ Equivalent X Below ___

Comment.--The primary U.S. purchaser, Ford Motor Co., would be unlikely to shift to another supplier, given its investment in its plant in Brazil. Ford produces mid-priced radio tape players in Brazil, and mid-priced and high-end units at its Mexican factory.

V. Position of interested parties

Petitioner.--St. Maxens & Company stated on behalf of Ford Motor Company Ford manufactures mid-priced tape player radios (HTS 8527.21.10) at its wholly-owned subsidiary in Brazil, and mid-priced and high-end tape player radios at its factory in Mexico. Waiving the competitive-need-limit for Brazil for tape player radios would help prevent further erosion in the competitiveness of Brazilian tape player radios vis-a-vis non-beneficiary country suppliers. While benefitting Ford, its U.S. suppliers, and the Brazilian economy, the requested action would not adversely affect other U.S. producers of digest products. The U.S. industry is healthy and highly competitive as reflected by recent robust growth in U.S. demand, producers' shipments, exports, and new entries into the industry.

Ford noted that all tape player radios installed in U.S.-made Ford vehicles are manufactured in Ford subsidiaries overseas. Ford has not manufactured radios in the United States for over ten years, and has not purchased such products from outside suppliers since 1987. Ford's Brazilian subsidiary is the only known Brazilian producer and exporter of tape player radios, and its operations are closely tied to U.S. economic interests.

Ford further noted that previous GSP petitions by Ford supposedly were not granted because Brazil's protection of intellectual property rights was viewed as inadequate. Ford is filing the current petition with the understanding that the Brazilian government has undertaken significant commitments to strengthen its intellectual property protection regime.

VI. Summary of probable economic advice--Addition

* * * * *

Table 1
Digest title: Automobile radio/tape players
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Mexico.....	215,371	195,306	240,244	474,496	918,188	465,689	481,303
Japan.....	427,114	486,806	546,820	522,570	560,226	323,298	195,609
China.....	31,878	57,755	67,540	127,117	170,282	72,719	99,182
Brazil.....	44,301	53,484	63,760	92,033	155,930	85,593	88,579
Malaysia.....	18,707	49,526	69,345	119,413	155,896	87,611	92,540
Korea.....	157,086	178,514	181,845	148,438	105,438	63,283	55,366
Singapore.....	64,602	59,284	74,262	74,609	61,140	29,445	31,162
Indonesia.....	965	2,283	8,320	43,518	48,206	23,160	24,919
Taiwan.....	10,370	19,928	26,459	31,121	24,929	13,276	6,703
Philippines.....	3,871	12,031	17,475	15,526	18,628	12,146	8,522
Thailand.....	672	1,486	3,111	65	14,498	505	7,997
Hong Kong.....	7,974	3,673	5,977	6,997	4,927	2,397	2,772
Portugal.....	50	385	2,925	7,264	3,803	2,592	873
Germany.....	2,116	2,465	2,227	2,046	2,382	1,013	1,822
Mali.....	0	0	0	634	632	632	0
All other.....	29,065	1,538	1,748	8,748	1,227	339	358
Total.....	1,014,142	1,124,465	1,312,058	1,674,595	2,246,332	1,183,700	1,097,710
GSP Total.....	68,581	118,982	162,665	272,574	394,429	209,838	222,698
Percent							
Mexico.....	21.2	17.4	18.3	28.3	40.9	39.3	43.8
Japan.....	42.1	43.3	41.7	31.2	24.9	27.3	17.8
China.....	3.1	5.1	5.1	7.6	7.6	6.1	9.0
Brazil.....	4.4	4.8	4.9	5.5	6.9	7.2	8.1
Malaysia.....	1.8	4.4	5.3	7.1	6.9	7.4	8.4
Korea.....	15.5	15.9	13.9	8.9	4.7	5.3	5.0
Singapore.....	6.4	5.3	5.7	4.5	2.7	2.5	2.8
Indonesia.....	.1	.2	.6	2.6	2.1	2.0	2.3
Taiwan.....	1.0	1.8	2.0	1.9	1.1	1.1	.6
Philippines.....	.4	1.1	1.3	.9	.8	1.0	.8
Thailand.....	.1	.1	.2	1/	.6	1/	.7
Hong Kong.....	.8	.3	.5	.4	.2	.2	.3
Portugal.....	1/	1/	.2	.4	.2	.2	.1
Germany.....	.2	.2	.2	.1	.1	.1	.2
Mali.....	.0	.0	.0	1/	1/	.1	.0
All other.....	2.9	.1	.1	.5	.1	1/	1/
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	6.8	10.6	12.4	16.3	17.6	17.7	20.3

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Automobile radio/tape players
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Canada.....	63,197	72,988	90,020	151,176	246,254	129,508	136,899
Mexico.....	40,969	44,837	48,983	37,849	34,624	12,194	42,155
Japan.....	2,105	14,989	19,383	23,983	11,227	2,230	4,051
Brazil.....	1,239	772	2,024	8,797	7,008	5,119	843
Paraguay.....	409	352	1,289	4,064	5,397	2,831	5,442
Hong Kong.....	68	27	39	72	1,661	447	555
Colombia.....	109	4	80	739	905	353	962
Soviet Union.....	19	0	21	158	904	0	96
Venezuela.....	1,366	617	1,103	496	760	544	280
Kuwait.....	3	7	5	27	596	559	0
Guatemala.....	275	290	105	330	560	340	133
Panama.....	10	16	96	42	316	103	62
Taiwan.....	62	970	36	159	288	76	276
Korea.....	502	180	252	35	276	226	214
Thailand.....	0	0	0	0	190	70	12
All other.....	2,597	1,891	2,938	2,725	1,899	1,017	1,384
Total.....	112,931	137,939	166,373	230,653	312,864	155,616	193,364
GSP Total.....	5,183	3,463	6,319	16,249	16,863	9,704	8,622
Percent							
Canada.....	56.0	52.9	54.1	65.5	78.7	83.2	70.8
Mexico.....	36.3	32.5	29.4	16.4	11.1	7.8	21.8
Japan.....	1.9	10.9	11.7	10.4	3.6	1.4	2.1
Brazil.....	1.1	.6	1.2	3.8	2.2	3.3	.4
Paraguay.....	.4	.3	.8	1.8	1.7	1.8	2.8
Hong Kong.....	.1	1/	1/	1/	.5	.3	.3
Colombia.....	.1	1/	1/	.3	.3	.2	.5
Soviet Union.....	1/	.0	1/	.1	.3	.0	1/
Venezuela.....	1.2	.4	.7	.2	.2	.3	.1
Kuwait.....	1/	1/	1/	1/	.2	.4	.0
Guatemala.....	.2	.2	.1	.1	.2	.2	.1
Panama.....	1/	1/	.1	1/	.1	.1	1/
Taiwan.....	.1	.7	1/	.1	.1	1/	.1
Korea.....	.4	.1	.2	1/	.1	.1	.1
Thailand.....	.0	.0	.0	.0	.1	1/	1/
All other.....	2.3	1.4	1.8	1.2	.6	.7	.7
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	4.6	2.5	3.8	7.0	5.4	6.2	4.5

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 8527.29.80

AM AUTOMOBILE RADIOS

AM Automobile Radios

I. Introduction

Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8527.29.80	AM automobile radios	6.6%	No

Description and uses.--AM automobile radios are radio receivers intended to receive the AM radiobroadcast band and intended for installation in motor vehicles for entertainment purposes. Included in this category are all auto radiobroadcast receivers that are not FM only or AM/FM.

II. U.S. market profileProfile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)					
Employment (<i>1,000 employees</i>)					
Shipments (<i>1,000 dollars</i>)					
Exports (<i>1,000 dollars</i>)					
Imports (<i>1,000 dollars</i>)	2,034	1,681	1,126	1,909	3,334
Consumption (<i>1,000 dollars</i>)	2,034	1,681	1,126	1,909	3,334
Import-to-consumption ratio (<i>percent</i>)	100	100	100	100	100
Capacity utilization (<i>percent</i>)					

¹There are no U.S. producers of AM automobile radios.

Comment.--All U.S. demand for AM radiobroadcast receivers is satisfied by imports. The major consumers of these products are auto manufacturers, including Japanese manufacturers, and the major producers of these products are foreign subsidiaries or affiliates of these producers.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	3,334	100	(¹)	100
Imports from GSP countries:				
GSP total	399	12	100	12
Brazil	235	7	59	7
Philippines	162	5	41	5

¹ Not applicable.

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

Comment.--Brazil and the Philippines account for virtually all imports under the GSP. Brazil is the site of a Ford factory which produces AM radios for Ford consumption.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1995. 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. import demand? High Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes No

Does the country have significant export markets besides the
United States? Yes No

Could exports from the country be readily redistributed among
its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above Equivalent Below

Quality compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above Equivalent Below

Comment.--Ford Motor Co. has an autosound factory in Brazil from which it imports these products.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Philippines for all digest products

Ranking as a U.S. import supplier, 1995. 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent X Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent X Below

Competitiveness indicators for all GSP countries for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High Moderate X Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High Moderate X Low

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent X Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent X Below

Comment.--Virtually all AM radios are consumed by auto manufacturers, and none by the aftermarket. All auto manufacturers own or are otherwise affiliated with their suppliers and are unlikely to change suppliers in the short term.

V. Position of interested parties

Petitioner.--St. Maxens & Company stated on behalf of Ford Motor Company that Ford manufactures AM radios (HTS 8527.29.80) at its wholly-owned subsidiary in Brazil. Ford contends that waiving the competitive-need-limit for AM radios would mitigate against the product's declining demand by keeping the cost of such radios at a minimum. While benefitting Ford, its U.S. suppliers, and the Brazilian economy, the requested action would not adversely affect other U.S. producers. The U.S. industry is healthy and highly competitive as reflected by recent robust growth in U.S. demand, shipments, exports, and new entries to the industry.

Ford notes that all AM radios installed in U.S.-made Ford vehicles are manufactured in Ford subsidiaries overseas. Ford has not manufactured radios in the United States for over ten years, and has not purchased such products from outside suppliers since 1987. Ford's Brazilian subsidiary is the only known Brazilian producer and exporter of AM radios, and its operations are closely tied to U.S. economic interests.

Ford also contends that previous GSP petitions by Ford supposedly were not granted because Brazil's protection of intellectual property rights was viewed as inadequate. Ford is filing the current petition with the understanding that the Brazilian government has undertaken significant commitments to strengthen its intellectual property protection regime.

VI. Summary of probable economic advice--Addition

* * * * *

Table 1.
Digest title: AM automobile radios
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Japan.....	373	189	79	482	1,421	521	438
Mexico.....	716	368	144	502	746	387	3
Singapore.....	473	586	159	323	700	132	928
Brazil.....	362	404	369	288	235	136	102
Philippines.....	0	5	0	1/	162	0	215
China.....	8	43	33	28	17	6	7
Denmark.....	0	1/	1/	5	11	8	27
Israel.....	0	0	1/	3	9	9	0
Germany.....	3	2	2	1	7	7	1
Taiwan.....	32	16	2	8	6	4	1
Canada.....	8	1	6	53	5	4	4
United Kingdom...	1/	2	9	15	5	4	1
Hong Kong.....	5	41	17	21	4	2	4
Korea.....	19	14	1	2	2	2	1/
Norway.....	0	0	0	0	1	1	0
All other.....	34	11	306	179	3	2	4
Total.....	2,034	1,681	1,126	1,909	3,334	1,225	1,735
GSP Total.....	383	413	670	450	399	137	318
Percent							
Japan.....	18.3	11.2	7.0	25.2	42.6	42.5	25.3
Mexico.....	35.2	21.9	12.8	26.3	22.4	31.6	.1
Singapore.....	23.3	34.9	14.1	16.9	21.0	10.8	53.5
Brazil.....	17.8	24.0	32.8	15.1	7.0	11.1	5.9
Philippines.....	.0	.3	.0	1/	4.9	.0	12.4
China.....	.4	2.5	2.9	1.4	.5	.5	.4
Denmark.....	.0	1/	1/	.3	.3	.7	1.6
Israel.....	.0	.0	1/	.1	.3	.8	.0
Germany.....	.2	.1	.2	.1	.2	.5	1/
Taiwan.....	1.6	1.0	.2	.4	.2	.3	.1
Canada.....	.4	.1	.5	2.8	.2	.3	.2
United Kingdom...	1/	.1	.8	.8	.1	.3	1/
Hong Kong.....	.2	2.4	1.5	1.1	.1	.2	.2
Korea.....	1.0	.8	.1	.1	.1	.2	1/
Norway.....	.0	.0	.0	.0	1/	.1	.0
All other.....	1.7	.6	27.2	9.4	.1	.1	.2
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	18.8	24.6	59.5	23.6	12.0	11.1	18.3

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 8527.31.40
AC-POWERED RADIO/TAPE PLAYERS

AC-Powered Radio/Tape Players

I. IntroductionCompetitive-need-limit waiver Indonesia

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8527.31.40	AC-powered radio/tape players	2.6%	No

Description and uses.--AC-powered radiobroadcast receiver/tape players, more commonly referred to as compact audio systems, are electrically powered entertainment devices containing a radiobroadcast receiver and an audiocassette player.

II. U.S. market profile¹

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (number)					
Employment (1,000 employees)					
Shipments (1,000 dollars)					
Exports (1,000 dollars)					
Imports (1,000 dollars)	320,926	310,496	729,315	944,940	974,944
Consumption (1,000 dollars)	299,324	288,126	712,145	920,821	949,569
Import-to-consumption ratio (percent)	100	100	100	100	100
Capacity utilization (percent)					

¹ There are no U.S. producers of these products.

Comment.--Sales of compact audio systems have increased steadily over the past decade, while sales of audio systems composed of separate components have declined irregularly over the same period.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	974,944	100	(¹)	100
Imports from GSP countries:				
GSP total	529,410	54	100	54
Malaysia ²	441,060	45	83	45
Indonesia	88,126	9	17	9

¹ Not applicable.

² Malaysia is being graduated from GSP eligibility as of January 1, 1997.

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

Comment.--Malaysia and Indonesia account for virtually all U.S. imports under the GSP. Malaysia will be graduated from GSP as of Jan. 1, 1997. It is likely that Indonesia will exceed the competitive-need-limit in 1996.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1995. 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily import expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above Equivalent X Below

Comment.--These are mass-produced consumer electronic products, for which both demand and supply elasticities are high.

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

VI. Summary of probable economic advice--Competitive-need-limit waiver (Indonesia)

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Table 1.
Digest title: AC-powered radio/tape players
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Malaysia.....	68,816	102,272	290,015	340,767	441,060	220,357	179,478
China.....	77,547	83,730	184,111	252,929	208,711	74,612	59,228
Indonesia.....	4,827	5,830	29,777	68,321	88,126	62,629	36,461
Singapore.....	32,659	34,483	79,665	133,518	79,823	36,678	36,550
Japan.....	62,684	34,875	86,394	101,818	64,617	17,050	20,881
Korea.....	26,532	20,810	33,422	20,941	32,661	10,577	10,528
United Kingdom...	0	0	20	983	26,004	18,780	13,651
Hong Kong.....	4,027	2,534	3,948	9,175	15,332	4,734	3,150
Mexico.....	25,112	15,157	10,131	10,420	10,190	10,162	0
Taiwan.....	16,931	9,341	11,695	6,004	4,274	2,069	459
United Arab Em...	0	0	0	0	3,626	958	1,005
Switzerland.....	0	2	0	4	126	6	0
Belgium.....	0	0	12	0	94	94	57
Brazil.....	2	0	0	0	90	0	0
Mauritius.....	0	0	0	0	86	86	0
All other.....	1,789	1,461	126	60	125	48	243
Total.....	320,926	310,496	729,315	944,940	974,944	458,840	361,690
GSP Total.....	74,491	108,161	319,877	409,116	529,410	283,119	216,182
Percent							
Malaysia.....	21.4	32.9	39.8	36.1	45.2	48.0	49.6
China.....	24.2	27.0	25.2	26.8	21.4	16.3	16.4
Indonesia.....	1.5	1.9	4.1	7.2	9.0	13.6	10.1
Singapore.....	10.2	11.1	10.9	14.1	8.2	8.0	10.1
Japan.....	19.5	11.2	11.8	10.8	6.6	3.7	5.8
Korea.....	8.3	6.7	4.6	2.2	3.4	2.3	2.9
United Kingdom...	.0	.0	1/	.1	2.7	4.1	3.8
Hong Kong.....	1.3	.8	.5	1.0	1.6	1.0	.9
Mexico.....	7.8	4.9	1.4	1.1	1.0	2.2	.0
Taiwan.....	5.3	3.0	1.6	.6	.4	.5	.1
United Arab Em...	.0	.0	.0	.0	.4	.2	.3
Switzerland.....	.0	1/	.0	1/	1/	1/	.0
Belgium.....	.0	.0	1/	.0	1/	1/	1/
Brazil.....	1/	.0	.0	.0	1/	.0	.0
Mauritius.....	.0	.0	.0	.0	1/	1/	.0
All other.....	.6	.5	1/	1/	1/	1/	.1
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	23.2	34.8	43.9	43.3	54.3	61.7	59.8

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 8527.90.90

RADIO RECEIVERS OTHER THAN RADIOBROADCAST

Radio Receivers Other than Radiobroadcast

I. Introduction

Competitive-need-limit waiver Philippines

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8527.90.90 ¹	Radio receivers other than radiobroadcast	6%	Yes

¹ The Philippines have been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS 8527.90.90.

Description and uses.--Radio receivers other than radiobroadcast are used for communications purposes. Included in these receivers are scanners, which are generally used to scan radio channels for police or fire transmissions, and pagers, which alert a person carrying one to an incoming call, by means of either audible tones or vibrations.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	**13	**6	**6	**6	**9
Employment (<i>1,000 employees</i>)	**190	**200	**310	**350	**370
Shipments (<i>1,000 dollars</i>)	*28,989	*30,027	*46,910	*52,933	**53,000
Exports (<i>1,000 dollars</i>) ²	**1,000	**1,200	**1,300	**1,800	**1,800
Imports (<i>1,000 dollars</i>)	163,946	213,866	234,112	255,425	247,174
Consumption (<i>1,000 dollars</i>)	**191,485	**242,693	**279,722	**306,558	**298,374
Import-to-consumption ratio (<i>percent</i>)	**85	**88	**84	**83	**83
Capacity utilization (<i>percent</i>)	**85	**85	**85	**85	**85

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Exports of digest products are reported in a large basket category. It is believed that digest products constitute not more than 1 percent of the total exports in the basket.

Comment.--The products range from relatively inexpensive consumer electronics devices such as low-end pagers and scanners to high-end, high-frequency receivers. The majority of domestic production consists of high-end receivers other than pagers and scanners, whereas pagers and scanners constitute a larger share of imports. Exports are likely to consist of communications equipment that is more expensive than pagers and scanners.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	247,174	100	(²)	**83
Imports from GSP countries:				
GSP total	129,832	53	100	**44
Philippines	124,126	50	96	**42
Thailand	5,638	2	4	**2

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

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

Comment.--The Philippines and Thailand were the only significant GSP sources for these products in 1995.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for the Philippines for all digest products

Ranking as a U.S. import supplier, 1995. 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent Below X

 Other foreign products Above Equivalent Below X

Quality compared with--

 U.S. products. Above Equivalent Below X

 Other foreign products Above Equivalent X Below

V. Position of interested parties

Petitioner.--In its testimony at the October 4, 1996 hearing, one of the petitioners, Uniden America Corporation, a U.S. importer and distributor of pagers, noted that the U.S. market for pagers was dominated by Motorola, which held about 90 percent of the U.S. market in 1995. Uniden indicated that it had been competitive when its imports from the Philippines were eligible for GSP treatment. When GSP expired, Uniden claimed that it had to pass on the cost of duties to its customers, and Uniden sales declined by 50 percent. If such a decline in sales continues, Uniden contended that it could be forced to exit the U.S. market. The petitioner maintained that its pagers can be competitive in the U.S. market only if the competitive-need-limit on imports from the Philippines is waived.

VI. Summary of probable economic advice--Competitive-need-limit waiver (Philippines)

* * * * *

Table 1 .
Digest title: Radio receivers other than radiobroadcast
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Philippines.....	56,631	73,585	86,823	132,143	124,126	74,745	22,760
Mexico.....	10,267	15,022	21,252	9,435	53,764	13,480	39,506
Japan.....	45,589	60,793	52,814	33,349	23,756	13,615	19,455
China.....	16,023	13,161	19,109	23,150	16,401	12,490	4,004
Korea.....	6,751	11,366	13,638	11,456	5,928	2,757	8,806
Thailand.....	1,065	4,803	4,958	12,101	5,638	4,904	25
Sweden.....	3,754	3,253	4,827	4,090	4,471	2,090	2,595
Finland.....	3,738	2,567	5,472	5,371	3,759	2,085	1,129
Canada.....	2,038	3,627	2,334	2,796	2,149	1,057	1,843
Singapore.....	120	184	231	5,721	1,728	357	930
United Kingdom...	2,883	1,046	748	323	1,130	501	476
Taiwan.....	8,956	10,083	8,859	6,254	1,065	617	1,487
Israel.....	743	3,281	6,041	202	770	154	523
Switzerland.....	65	633	383	2,322	604	257	559
France.....	151	261	338	2,283	368	296	146
All other.....	5,174	10,202	6,282	4,429	1,516	965	858
Total.....	163,946	213,866	234,112	255,425	247,174	130,371	105,101
GSP Total.....	57,700	78,470	92,298	144,897	129,832	79,672	22,799
Percent							
Philippines.....	34.5	34.4	37.1	51.7	50.2	57.3	21.7
Mexico.....	6.3	7.0	9.1	3.7	21.8	10.3	37.6
Japan.....	27.8	28.4	22.6	13.1	9.6	10.4	18.5
China.....	9.8	6.2	8.2	9.1	6.6	9.6	3.8
Korea.....	4.1	5.3	5.8	4.5	2.4	2.1	8.4
Thailand.....	.6	2.2	2.1	4.7	2.3	3.8	1/
Sweden.....	2.3	1.5	2.1	1.6	1.8	1.6	2.5
Finland.....	2.3	1.2	2.3	2.1	1.5	1.6	1.1
Canada.....	1.2	1.7	1.0	1.1	.9	.8	1.8
Singapore.....	.1	.1	.1	2.2	.7	.3	.9
United Kingdom...	1.8	.5	.3	.1	.5	.4	.5
Taiwan.....	5.5	4.7	3.8	2.4	.4	.5	1.4
Israel.....	.5	1.5	2.6	.1	.3	.1	.5
Switzerland.....	1/	.3	.2	.9	.2	.2	.5
France.....	.1	.1	.1	.9	.1	.2	.1
All other.....	3.2	4.8	2.7	1.7	.6	.7	.8
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	35.2	36.7	39.4	56.7	52.5	61.1	21.7

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 8544.30.00
IGNITION WIRING HARNESES

Ignition Wiring Harnesses

I. IntroductionCompetitive-need-limit waiver Thailand

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995? Yes
8544.30.00 ¹	Ignition wiring harnesses	5%	Yes

¹Thailand has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8544.30.00.

Description and uses.--Ignition wiring harnesses are assemblies of two or more insulated electrical conductors to which have been affixed terminals, plugs, connectors, sockets, and other wiring devices. These assemblies are typically wrapped in electrical tape or covered with flexible plastic conduit material to shield the electrical conductors from grease, water, and other contaminants and to provide protection from external mechanical forces. These sets are used in motor vehicles, aircraft, and ships to connect various electrical devices (such as lights, motors, and signaling apparatus) to the internal source of power (typically batteries or generators) and to carry high-voltage electrical currents between selected starting and ignition components (such as starters, generators, coils, distributors, and spark plugs). They are also being used increasingly to transmit electronic signals to and from various sensing, monitoring, and control equipment.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (number)	30	30	30	30	30
Employment (1,000 employees)	28	26	25	24	24
Shipments (1,000 dollars)	1,594,504	1,834,437	2,174,282	1,785,889	1,684,781
Exports (1,000 dollars)	809,286	1,099,134	1,353,455	1,397,703	1,300,809
Imports (1,000 dollars)	1,567,192	1,940,117	2,252,313	3,290,634	3,441,028
Consumption ¹ (1,000 dollars)	2,352,410	2,675,420	3,073,140	3,678,820	3,825,000
Import-to-consumption ratio (percent)	67	73	73	89	90
Capacity utilization (percent)	80	91	92	93	94

¹ Annual consumption of wiring sets was estimated by applying a constructed per-vehicle-average unit value to the quantity of annual U.S. production of motor vehicles as reported to the American Automobile Manufacturers Association and Ward's Automotive Reports. The U.S. producers' shipments figures were subsequently derived by subtracting U.S. imports and adding U.S. exports.

Comment.--The import-to-consumption ratios for these products are misleading in that the vast majority of U.S. imports (which are predominately automotive ignition wiring sets and wiring harnesses) benefit to some extent from labor-intensive assembly operations that have been performed in Mexico, Taiwan, Canada, Thailand, and the Philippines. Due to the significant level of duty-free U.S. content of imports from these sources under HTS provision 9802.00.80, only approximately 40 percent of the value of U.S. imports is actually foreign value added. U.S. producers' rationalization of the labor-intensive portion of production operations has enabled domestic suppliers to maintain varying degrees of price competitiveness vis-a-vis foreign merchandise. The four leading U.S. suppliers (two U.S.- and two foreign-owned) of these products account for approximately 60 percent of industry shipments. Price competition in these products is most intense in the early stages of new car development. Once this competition has been finalized and contracts have been awarded, pricing becomes somewhat subordinate to concerns of prompt delivery, continued high quality, and supplier responsiveness to design changes. For this reason, new entrants into the U.S. market are often given small initial contracts until they have demonstrated the ability to supply quality products on a timely basis and respond to a reasonable number of modifications during the product life cycle.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total.	3,441,028	100	(¹)	90
Imports from GSP countries:				
GSP total	469,444	14	100	12
Philippines	268,966	8	57	7
Thailand.	162,924	5	35	4
Indonesia	31,439	1	7	1
Honduras.	5,798	(²)	(²)	(²)

¹ Not applicable.

² Less than 0.5 percent.

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

Comment.--A significant portion of U.S. digest imports from the major GSP suppliers enter under HTS provision 9802.00.80. In 1995, such shipments accounted for 55 percent (\$148 million) of total imports from the Philippines and 50 percent (\$81 million) of those from Thailand. Duty-free U.S. components made up 37 percent (\$54 million) of the value of 9802.00.80 entries from the Philippines and 11 percent (\$9 million) of the value of such imports from Thailand.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1995. 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. demand? High Moderate X Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High Moderate X Low

Price level compared with--

 U.S. products. Above Equivalent Below X

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Comment.--Production of wiring sets in Thailand was established by major U.S. suppliers (U.S.- and foreign-owned) as an adjunct to major facilities in Mexico as a way of guarding against becoming too dependent on a single foreign source of supply. Burgeoning production of automobiles in Thailand, primarily for Thai and other Southeast Asian markets, has also bolstered the establishment of wiring harness facilities in anticipation of substantial local demand. Nevertheless, Thailand's distance from the U.S. market significantly reduces the competitiveness of its product offerings by adding significantly to transportation costs and necessitating larger inventories as a hedge against shipping delays. As delays in the arrival of wiring harnesses to U.S. automotive assembly plants are intolerable (as they can lead to the stoppage of an entire assembly line), U.S. purchasers are willing to pay a little more to insure an invariable supply of harnesses for the assembly process.

V. Position of interested parties

Petitioner.--One of the petitioners, the Government of Thailand, in a statement submitted by St. Maxens & Company, indicated that Thailand should be granted a competitive-need-limit waiver for a number of products, including ignition wiring harnesses, to enable Thai industries to better compete against non-beneficiary country suppliers to the U.S. market. Petitioner stated that the waiver appears to present no risk of injury to U.S. producers and further, that Thailand's record in improving intellectual property rights protection should be favorably considered in determining whether or not to grant a waiver. Also cited in the statement was the fact that both of the two leading import suppliers (Mexico and the Philippines) of these products currently qualify for duty-free entry of ignition wiring harnesses under the NAFTA and GSP (waiver), respectively.

VI. Summary of probable economic advice--Competitive-need-limit waiver (Thailand)

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Table 1 .
Digest title: Ignition wiring harnesses
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Mexico.....	1,197,471	1,478,580	1,620,781	2,504,442	2,717,792	1,616,078	1,442,188
Philippines.....	114,554	155,160	220,571	307,999	268,966	156,371	100,924
Thailand.....	69,596	91,120	125,641	155,597	162,924	79,741	80,163
Japan.....	61,736	78,255	86,794	92,683	68,199	45,490	40,812
China.....	7,757	17,171	50,104	70,381	65,774	28,208	27,799
Canada.....	51,297	40,720	42,378	46,753	53,886	27,493	33,514
Taiwan.....	48,199	54,923	80,992	69,759	44,861	23,162	15,175
Indonesia.....	0	665	4,912	22,740	31,439	14,193	30,253
Germany.....	7,205	11,394	10,943	8,599	7,812	4,416	4,179
Honduras.....	0	0	0	0	5,798	1,228	5,692
France.....	2,310	2,175	2,207	3,610	5,773	2,211	3,646
United Kingdom...	4,029	4,831	2,844	3,146	2,972	1,659	1,642
Sweden.....	847	1,672	1,266	1,316	1,249	680	810
Israel.....	366	398	380	1,238	820	622	828
Korea.....	92	124	627	312	669	214	122
All other.....	1,734	2,929	1,871	2,058	2,091	976	1,084
Total.....	1,567,192	1,940,117	2,252,313	3,290,634	3,441,028	2,002,744	1,788,830
GSP Total.....	184,432	247,551	351,424	486,624	469,444	251,607	217,212
Percent							
Mexico.....	76.4	76.2	72.0	76.1	79.0	80.7	80.6
Philippines.....	7.3	8.0	9.8	9.4	7.8	7.8	5.6
Thailand.....	4.4	4.7	5.6	4.7	4.7	4.0	4.5
Japan.....	3.9	4.0	3.9	2.8	2.0	2.3	2.3
China.....	.5	.9	2.2	2.1	1.9	1.4	1.6
Canada.....	3.3	2.1	1.9	1.4	1.6	1.4	1.9
Taiwan.....	3.1	2.8	3.6	2.1	1.3	1.2	.8
Indonesia.....	.0	1/	.2	.7	.9	.7	1.7
Germany.....	.5	.6	.5	.3	.2	.2	.2
Honduras.....	.0	.0	.0	.0	.2	.1	.3
France.....	.1	.1	.1	.1	.2	.1	.2
United Kingdom...	.3	.2	.1	.1	.1	.1	.1
Sweden.....	.1	.1	.1	1/	1/	1/	1/
Israel.....	1/	1/	1/	1/	1/	1/	1/
Korea.....	1/	1/	1/	1/	1/	1/	1/
All other.....	.1	.2	.1	.1	.1	1/	.1
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	11.8	12.8	15.6	14.8	13.6	12.6	12.1

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Ignition wiring harnesses
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Canada.....	378,041	392,828	503,480	538,806	604,163	354,660	293,408
Mexico.....	409,651	656,863	810,170	719,065	556,648	281,071	341,930
Thailand.....	1,130	3,001	3,739	25,332	29,997	11,884	16,534
Philippines.....	157	1,821	1,285	28,548	20,443	11,087	8,134
China.....	61	784	1,709	17,090	15,089	7,942	2,722
Taiwan.....	532	2,207	3,167	14,493	12,030	6,587	3,762
Hong Kong.....	94	558	2,594	11,855	11,694	5,485	4,676
Japan.....	4,404	15,511	14,397	8,940	10,376	4,741	6,098
Indonesia.....	89	735	755	6,520	7,008	3,710	8,422
Germany.....	4,858	13,030	1,754	5,463	6,462	4,197	2,520
Venezuela.....	268	217	602	369	5,885	2,992	75
United Kingdom...	1,976	1,560	1,373	4,683	4,893	2,295	1,268
Korea.....	1,467	1,338	1,146	1,841	2,509	1,685	1,353
Malaysia.....	3	69	91	1,172	1,924	1,058	353
Italy.....	59	2,268	317	4,221	1,731	1,508	110
All other.....	6,495	6,344	6,875	9,304	9,957	5,607	5,251
Total.....	809,286	1,099,134	1,353,455	1,397,703	1,300,809	706,509	696,614
GSP Total.....	2,433	7,378	8,052	62,934	67,045	31,697	34,979
Percent							
Canada.....	46.7	35.7	37.2	38.5	46.4	50.2	42.1
Mexico.....	50.6	59.8	59.9	51.4	42.8	39.8	49.1
Thailand.....	.1	.3	.3	1.8	2.3	1.7	2.4
Philippines.....	1/	.2	.1	2.0	1.6	1.6	1.2
China.....	1/	.1	.1	1.2	1.2	1.1	.4
Taiwan.....	.1	.2	.2	1.0	.9	.9	.5
Hong Kong.....	1/	.1	.2	.8	.9	.8	.7
Japan.....	.5	1.4	1.1	.6	.8	.7	.9
Indonesia.....	1/	.1	.1	.5	.5	.5	1.2
Germany.....	.6	1.2	.1	.4	.5	.6	.4
Venezuela.....	1/	1/	1/	1/	.5	.4	1/
United Kingdom...	.2	.1	.1	.3	.4	.3	.2
Korea.....	.2	.1	.1	.1	.2	.2	.2
Malaysia.....	1/	1/	1/	.1	.1	.1	.1
Italy.....	1/	.2	1/	.3	.1	.2	1/
All other.....	.8	.6	.5	.7	.8	.8	.8
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	.3	.7	.6	4.5	5.2	4.5	5.0

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 8607.19.03

AXLES FOR LOCOMOTIVES OR ROLLING STOCK

Axles for Locomotives or Rolling Stock

I. Introduction

Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8607.19.03	Axles for locomotives or rolling stock	0.5%	Yes

Description and uses.--Axles for locomotives and rolling stock (railway axles) are steel forgings on which railway wheels are pressed. Together, they form an axle set, which is then mounted under railway locomotives, and freight and passenger cars.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (number)	2	2	2	2	2
Employment (number)	***	***	***	***	***
Shipments (1,000 dollars)	***	***	***	***	***
Exports (1,000 dollars)	1,127	911	940	1,150	16,228
Imports (1,000 dollars)	3,073	4,470	6,849	7,699	9,994
Consumption (1,000 dollars)	***	***	***	***	***
Import-to-consumption ratio (percent)	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***

Comment.--There are two U.S. producers of new axles;¹ one of the U.S. producers is a subsidiary of a large railway car builder, and the other is a small private firm supplying other railway car builders and wheel set producers.² ***. U.S. producers primarily produce standard-size axles (about 95 percent of the market is for standard-size).

¹ The number of producers refers only to those producing new railway axles, although most of the market for axles is supplied by reconditioned axles; reconditioning can be done by virtually any wheel shop or railway car shop.

² Manufacturers of Group D-1 Components, as certified by the Association of American Railroads (AAR).

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	9,994	100	(¹)	***
Imports from GSP countries:				
GSP total	1,165	12	100	***
Poland	646	7	56	***
Brazil	331	3	28	***
South Africa	47	(²)	4	***

¹ Not applicable.

² Less than 0.5 percent.

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

Comment.--Imports from all GSP countries amounted to 12 percent of total imports of axles classified under subheading 8607.19.30 in 1995, and the duty rate is only 0.5 percent ad valorem. ***. Imports from South Africa were less than 1 percent of U.S. imports. Reportedly, there is only one firm in South Africa producing axles classified under subheading 8607.19.30 and production from South Africa is concentrated in the market for smaller-diameter specialty axles; such production is not likely to compete directly with the products of the two U.S. producers.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Poland for all digest products

Ranking as a U.S. import supplier, 1995. 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High Moderate X Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Comment.--U.S. imports from Poland were *** of U.S. consumption in 1995.

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1995. 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. import demand? High Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes No

Does the country have significant export markets besides the
United States? Yes No

Could exports from the country be readily redistributed among
its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Comment.--U.S. imports from Brazil were *** of U.S. consumption in 1995.

Competitiveness indicators for South Africa for all digest products

Ranking as a U.S. import supplier, 1995. 11

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. import demand? High Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes No

Does the country have significant export markets besides the
United States? Yes No

Could exports from the country be readily redistributed among
its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Comment.--U.S. imports from South Africa were approximately \$47,000 in 1995, and reportedly are concentrated in niche markets, which are not likely to compete directly with the majority of products of the two U.S. producers.

Competitiveness indicators for all GSP countries for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No
 What is the price elasticity of U.S. import demand? High Moderate Low
 Can production in the country be easily expanded or contracted
 in the short term? Yes No
 Does the country have significant export markets besides the
 United States? Yes No
 Could exports from the country be readily redistributed among
 its foreign export markets? Yes No
 What is the price elasticity of import supply? High Moderate Low
 Price level compared with--
 U.S. products. Above Equivalent Below
 Other foreign products Above Equivalent Below
 Quality compared with--
 U.S. products. Above Equivalent Below
 Other foreign products Above Equivalent Below

Comment.--U.S. imports from GSP countries were *** of U.S. consumption in 1995.

V. Position of interested parties

Opposition.--A statement in opposition was received from Standard Forged Products, Inc., a division of Trinity Industries, Inc. Standard Forged Products is a U.S. manufacturer of railway axles, and maintains that imports from GSP suppliers are increasing at a rate which causes them concern. They also maintain that GSP supplier countries such as Poland and Russia are reducing the already-low prices of their railcar axle exports to the United States in an effort to achieve greater market penetration. Standard Forged Products states that it believes that the GSP program should not become a means for these exporters to the United States to achieve an even greater price advantage.

VI. Summary of probable economic advice--Addition

* * * * *

Table 1
Digest title: Axles for locomotives or rolling stock
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Japan.....	483	1,027	492	1,825	4,339	1,529	1,258
Canada.....	1,484	1,798	3,844	2,655	2,847	2,160	675
China.....	0	38	2	0	818	102	308
Poland.....	0	200	495	531	646	171	1,037
Brazil.....	597	1,012	1,281	1,723	331	331	0
France.....	27	2	0	439	315	157	254
Germany.....	120	293	108	46	190	53	91
Spain.....	0	0	0	0	183	93	11
Soviet Union.....	2	0	60	0	141	0	475
Sweden.....	1	0	53	38	134	134	0
Rep So Africa....	53	16	332	177	47	30	61
Taiwan.....	0	0	7	0	3	3	0
Mexico.....	0	0	3	1	0	0	0
United Kingdom...	0	0	0	24	0	0	34
Netherlands.....	0	0	0	0	0	0	22
All other.....	308	84	171	238	0	0	213
Total.....	3,073	4,470	6,849	7,699	9,994	4,763	4,439
GSP Total.....	770	1,232	2,337	2,646	1,165	533	1,766
Percent							
Japan.....	15.7	23.0	7.2	23.7	43.4	32.1	28.3
Canada.....	48.3	40.2	56.1	34.5	28.5	45.3	15.2
China.....	.0	.8	1/	.0	8.2	2.1	6.9
Poland.....	.0	4.5	7.2	6.9	6.5	3.6	23.4
Brazil.....	19.4	22.6	18.7	22.4	3.3	7.0	.0
France.....	.9	1/	.0	5.7	3.2	3.3	5.7
Germany.....	3.9	6.5	1.6	.6	1.9	1.1	2.0
Spain.....	.0	.0	.0	.0	1.8	2.0	.3
Soviet Union.....	1/	.0	.9	.0	1.4	.0	10.7
Sweden.....	1/	.0	.8	.5	1.3	2.8	.0
Rep So Africa....	1.7	.4	4.8	2.3	.5	.6	1.4
Taiwan.....	.0	.0	.1	.0	1/	.1	.0
Mexico.....	.0	.0	1/	1/	.0	.0	.0
United Kingdom...	.0	.0	.0	.3	.0	.0	.8
Netherlands.....	.0	.0	.0	.0	.0	.0	.5
All other.....	10.0	1.9	2.5	3.1	.0	.0	4.8
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	25.1	27.6	34.1	34.4	11.7	11.2	39.8

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Axles for locomotives or rolling stock
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Canada.....	778	758	581	919	15,635	1,651	15,488
Korea.....	4	0	1/	37	135	67	0
Sweden.....	0	0	0	0	109	43	30
Mozambique.....	0	0	0	0	95	95	0
Finland.....	0	1/	5	52	81	0	0
Mexico.....	77	25	221	66	75	27	278
Senegal.....	0	0	0	0	43	43	0
Australia.....	38	4	44	18	35	28	42
Pakistan.....	1	3	1	11	11	11	0
Dominican Rep....	0	1	0	0	5	5	0
Germany.....	19	1	1	4	3	3	0
Honduras.....	0	1	0	0	0	0	0
Costa Rica.....	0	1	0	1	0	0	0
Bahamas.....	0	0	1/	0	0	0	0
Jamaica.....	0	1	2	0	0	0	0
All other.....	210	117	84	42	0	0	566
Total.....	1,127	911	940	1,150	16,228	1,974	16,404
GSP Total.....	46	37	48	28	154	154	501
Percent							
Canada.....	69.1	83.2	61.9	79.9	96.3	83.6	94.4
Korea.....	.3	.0	1/	3.2	.8	3.4	.0
Sweden.....	.0	.0	.0	.0	.7	2.2	.2
Mozambique.....	.0	.0	.0	.0	.6	4.8	.0
Finland.....	.0	1/	.5	4.6	.5	.0	.0
Mexico.....	6.8	2.7	23.5	5.7	.5	1.4	1.7
Senegal.....	.0	.0	.0	.0	.3	2.2	.0
Australia.....	3.4	.4	4.7	1.6	.2	1.4	.3
Pakistan.....	.1	.4	.1	1.0	.1	.6	.0
Dominican Rep....	.0	.1	.0	.0	1/	.2	.0
Germany.....	1.6	.1	.1	.3	1/	.1	.0
Honduras.....	.0	.1	.0	.0	.0	.0	.0
Costa Rica.....	.0	.1	.0	.1	.0	.0	.0
Bahamas.....	.0	.0	1/	.0	.0	.0	.0
Jamaica.....	.0	.1	.2	.0	.0	.0	.0
All other.....	18.6	12.8	8.9	3.6	.0	.0	3.5
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	4.1	4.0	5.1	2.4	1.0	7.8	3.1

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 9009.12.00
ELECTROSTATIC PHOTOCOPYING MACHINES

Electrostatic Photocopying Machines

I. IntroductionCompetitive-need-limit waiver Thailand

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
9009.12.00 ¹	Electrostatic photocopying machines	3.7%	Yes

¹ Thailand has been proclaimed by the President to be non-eligible for GSP treatment for articles included under HTS subheading 9009.12.00.

Description and uses.--Electrostatic photocopying machines are devices which produce copies directly from an original. They use optical systems containing lenses, mirrors, and fiber optic devices. A document to be copied is placed on the machine's viewing glass which allows the optical system to transmit an image to a photoconductive receptor that forms the image by electrostatically attracting a substance called "toner" to its surface. The toner is then fixed to the paper by heat or other process. Electrostatic photocopying machines are used by businesses, government, and the public to make copies of documents and articles.

II. U.S. market profileProfile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	**85	**90	**90	**90	**90
Employment (<i>1,000 employees</i>)	**30	**31	**33	**36	**38
Shipments (<i>million dollars</i>)	**2,061	**2,160	**2,309	**2,632	**2,857
Exports (<i>million dollars</i>)	230	247	198	243	252
Imports (<i>million dollars</i>)	1,191	1,448	1,631	1,992	2,355
Consumption (<i>million dollars</i>)	**3,021	**3,361	**3,741	**4,381	**4,960
Import-to-consumption ratio (<i>percent</i>)	**39	**43	**44	**45	**47
Capacity utilization (<i>percent</i>)	**70	**72	**72	**74	**75

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

Comment.--The major U.S. producers of electrostatic photocopying machines have concentrated their production/sales efforts on the high end of the market and often use direct sales forces. Imported products have addressed the low and middle ranges of the market and are often sold by office products dealers rather than being marketed by direct sales forces. U.S.-produced machines enjoy brand recognition and reputation for advanced features.

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total ¹	2,355,422	100	(²)	**47
Imports from GSP countries:				
GSP total	118,567	5	100	**2
Thailand	105,773	5	95	**2

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

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

Comment.--Thailand lost GSP eligibility for HTS item 9009.12.00 on July 1, 1995 as a result of exceeding the competitive-need-limit in 1994.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1995. 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent Below X

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent Below X

 Other foreign products Above Equivalent X Below

V. Position of interested parties

Petitioner.--Canon U.S.A., Inc., one of the petitioners, stated that to the best of its knowledge, it was the only company producing photocopiers in Thailand. Canon stated that it imported eleven models from Thailand; nine models were PC Copiers which were sold through retail outlets such as "office super stores" and two models were NP Copiers which were sold to business customers through dealer networks.

Canon provided specification sheets for the eleven models; nine of the specification sheets had appeared in the Spring 1996 Edition of Buyers Laboratory Copier Fact Sheet. According to Canon, company officials reviewed the information compiled by Buyers Laboratory to determine whether Canon's imports from Thailand competed with other copier models sold in the United States. Following industry standard practice, the factors Canon used were speed (copies per minute), price, recommended monthly volume, and other features (i.e., the ability to make double-sided copies). Canon determined that a number of copiers imported from Japan and China were competitive with the eleven models but that only one model made in the United States was competitive, the Xerox 5016/5026. The Xerox 5016 is a remanufactured machine, according to Canon, and is sold through office super stores on an "order by end-user" basis, meaning that the copier is not held in inventory but must be shipped from the factory following a customer order. This marketing approach is different from that followed by Canon and the rest of the industry, according to the company. In addition, the Xerox 5016 has a faster speed and is sold at a higher price; therefore, there is no direct competition between the Xerox machine and Canon's PC Copiers, according to the company.

There will be no material adverse economic effect on a U.S. company producing a like or directly competitive product, according to Canon, and U.S. consumers will benefit from the lower prices that will prevail if photocopiers from Thailand are permitted to enter duty-free.

Opposition.--Xerox Corp. submitted a letter in opposition to the petition. Xerox stated that by all indications, Thailand was very competitive in the U.S. market for indirect process electrostatic photocopiers and that duty-free treatment was no longer necessary or appropriate to promote the development of Thailand's copier industry. Xerox also stated that granting the waiver would have an adverse impact on Xerox' position in the U.S. market.

Xerox stated that Thailand had consistently been one of the top foreign suppliers of photocopiers to the United States and was the largest foreign supplier among GSP beneficiaries. Imports from Thailand were \$132.8 million in 1994, \$106 million in 1995, and \$45 million (\$90 million annualized) for the first 6 months of 1996. Xerox stated that the dollar volume and market share of these imports indicated that Thailand's photocopier manufacturing industry had attained a size and level of international competitiveness which made continuation of GSP benefits for this product no longer appropriate.

Xerox further stated that the tariff preference rule of origin for these copiers under the NAFTA is a complex five-part rule which requires a high level of national integration and value added labor, and which is more difficult to satisfy than the GSP origin requirement. Continued allowance of GSP treatment for these copiers undermines the NAFTA preference rule and disadvantages North American manufacturers vis-a-vis foreign competitors, according to Xerox.

VI. Summary of probable economic advice--Competitive-need-limit waiver (Thailand)

* * * * *

Table 1 .
Digest title: Electrostatic photocopying machines
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Japan.....	1,033,288	1,232,425	1,333,817	1,413,737	1,570,281	771,079	647,190
China.....	3	5,455	24,501	55,619	262,886	104,408	156,780
Mexico.....	12,051	23,261	28,450	118,658	144,228	79,914	73,893
Hong Kong.....	41,722	47,004	63,628	102,718	126,004	68,411	51,478
Netherlands.....	80,339	88,262	93,770	143,874	121,112	46,576	103,755
Thailand.....	0	32,378	71,532	132,785	105,773	49,089	45,219
Ivory Coast.....	0	0	0	0	7,311	0	8,476
Korea.....	5,398	1,332	0	6,567	6,766	5,501	2,823
Brazil.....	11	37	14	572	4,635	1,375	1,588
United Kingdom...	13,881	12,128	8,811	3,130	2,361	914	3,598
Canada.....	923	550	738	299	1,515	1,415	167
France.....	614	585	958	161	879	699	587
Philippines.....	0	0	0	0	635	346	1,243
Taiwan.....	332	881	1,296	4,361	248	0	0
Indonesia.....	0	0	0	0	187	187	0
All other.....	1,984	3,263	3,127	9,970	602	164	1,620
Total.....	1,190,545	1,447,562	1,630,640	1,992,452	2,355,422	1,130,078	1,098,418
GSP Total.....	1,140	32,548	71,855	133,380	118,567	51,008	57,480
Percent							
Japan.....	86.8	85.1	81.8	71.0	66.7	68.2	58.9
China.....	1/	.4	1.5	2.8	11.2	9.2	14.3
Mexico.....	1.0	1.6	1.7	6.0	6.1	7.1	6.7
Hong Kong.....	3.5	3.2	3.9	5.2	5.3	6.1	4.7
Netherlands.....	6.7	6.1	5.8	7.2	5.1	4.1	9.4
Thailand.....	.0	2.2	4.4	6.7	4.5	4.3	4.1
Ivory Coast.....	.0	.0	.0	.0	.3	.0	.8
Korea.....	.5	.1	.0	.3	.3	.5	.3
Brazil.....	1/	1/	1/	1/	.2	.1	.1
United Kingdom...	1.2	.8	.5	.2	.1	.1	.3
Canada.....	.1	1/	1/	1/	.1	.1	1/
France.....	.1	1/	.1	1/	1/	.1	.1
Philippines.....	.0	.0	.0	.0	1/	1/	.1
Taiwan.....	1/	.1	.1	.2	1/	.0	.0
Indonesia.....	.0	.0	.0	.0	1/	1/	.0
All other.....	.2	.2	.2	.5	1/	1/	.1
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	.1	2.2	4.4	6.7	5.0	4.5	5.2

1/ Less than \$500 or less than 0.05 percent.

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

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

Table 2.
Digest title: Electrostatic photocopying machines
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Canada.....	74,127	95,792	92,972	98,053	91,387	38,367	42,620
Mexico.....	12,841	8,209	18,877	68,699	53,248	25,453	40,801
Brazil.....	6,867	12,609	8,455	14,043	37,288	17,691	10,780
Netherlands.....	71,337	84,034	46,664	31,083	22,686	12,091	9,364
Japan.....	24,157	8,561	1,395	3,491	11,573	3,762	9,781
Belgium.....	401	0	0	4,230	8,414	3,256	226
Chile.....	1,052	872	2,287	2,040	4,527	1,621	2,854
Argentina.....	1,612	2,473	4,568	4,640	3,396	2,114	1,072
Panama.....	314	246	895	853	2,780	1,521	291
Colombia.....	1,655	4,225	3,592	4,186	2,527	1,247	854
Venezuela.....	5,591	2,386	3,713	3,245	2,148	1,278	1,736
Germany.....	6,153	13,124	1,604	21	2,037	1,200	1,828
France.....	2,764	3,907	2,237	502	1,143	318	246
Saudi Arabia.....	1,215	1,177	914	847	1,013	255	717
Peru.....	682	393	733	660	944	403	1,603
All other.....	19,307	8,757	9,327	6,851	7,238	4,051	6,407
Total.....	230,075	246,766	198,233	243,441	252,349	114,628	131,180
GSP Total.....	21,113	25,787	28,765	34,311	58,435	28,586	21,119
Percent							
Canada.....	32.2	38.8	46.9	40.3	36.2	33.5	32.5
Mexico.....	5.6	3.3	9.5	28.2	21.1	22.2	31.1
Brazil.....	3.0	5.1	4.3	5.8	14.8	15.4	8.2
Netherlands.....	31.0	34.1	23.5	12.8	9.0	10.5	7.1
Japan.....	10.5	3.5	.7	1.4	4.6	3.3	7.5
Belgium.....	.2	.0	.0	1.7	3.3	2.8	.2
Chile.....	.5	.4	1.2	.8	1.8	1.4	2.2
Argentina.....	.7	1.0	2.3	1.9	1.3	1.8	.8
Panama.....	.1	.1	.5	.4	1.1	1.3	.2
Colombia.....	.7	1.7	1.8	1.7	1.0	1.1	.7
Venezuela.....	2.4	1.0	1.9	1.3	.9	1.1	1.3
Germany.....	2.7	5.3	.8	1/	.8	1.0	1.4
France.....	1.2	1.6	1.1	.2	.5	.3	.2
Saudi Arabia.....	.5	.5	.5	.3	.4	.2	.5
Peru.....	.3	.2	.4	.3	.4	.4	1.2
All other.....	8.4	3.5	4.7	2.8	2.9	3.5	4.9
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	9.2	10.5	14.5	14.1	23.2	24.9	16.1

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 9032.89.60

AUTOMATIC REGULATING OR CONTROLLING INSTRUMENTS

Automatic Regulating Or Controlling Instruments

I. IntroductionCompetitive-need-limit waiver Philippines

HTS subheading	Short description	Col. 1 rate of duty (1/1/96) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
9032.89.60	Automatic regulating or controlling instruments, nesi	3.6%	Yes

Description and uses.--The automatic regulating or controlling instruments covered under HTS subheading 9032.89.60 are largely used for controlling the flow of liquids and gases utilized in air conditioning, refrigeration, heating, automotive, and other systems. Various process control instruments used to control temperature (excluding thermostats), pressure, and humidity are also covered under the subject HTS subheading. Public utility companies and automotive, manufacturing, construction, and processing industries are the principal consumers of these products.

II. U.S. market profileProfile of U.S. industry and market, 1991-95¹

Item	1991	1992	1993	1994	1995
Producers (number)	**483	**482	**482	**481	**481
Employment (1,000 employees)	**34,351	**32,983	**33,282	**33,713	**33,715
Shipments (1,000 dollars)	**3,525,000	**3,735,750	**4,026,000	**4,334,400	**4,551,120
Exports (1,000 dollars)	628,862	679,334	924,810	1,107,085	1,239,016
Imports (1,000 dollars)	498,478	628,746	710,597	1,004,151	1,250,815
Consumption (1,000 dollars)	**3,394,616	**3,685,162	**3,811,787	**4,231,466	**4,562,919
Import-to-consumption ratio (percent)	**15	**17	**19	**24	**27
Capacity utilization (percent)	*70	*71	*72	*74	**75

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

Comment.--The United States is the world's largest producer and user of automatic regulating or controlling instruments. Although competition between domestic and foreign products is intense in the U.S. and international markets, U.S. producers generally maintain a competitive advantage due to improvements in productivity, an abundance of user-friendly products, advancements in product technology and systems, and ongoing programs that provide after-sale service and effective engineering assistance to customers. U.S. shipments of these instruments increased by 29 percent to \$5 billion during 1991-95, whereas imports rose by 151 percent to \$1 billion during the period and accounted for 27 percent of U.S. consumption in 1995 (compared to 15 percent in 1991).

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	1,250,815	100	(²)	**27
Imports from GSP countries:				
GSP total	112,597	9	100	**2
Philippines	64,464	5	57	**1
Brazil	41,199	3	37	**1

¹ See page 5 of the report for an explanation of an "*" or "***" preceding certain data, which indicates the degree of confidence in the data.

² Not applicable.

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

Comment.--The Philippines and Brazil were the major GSP countries supplying automatic regulating or controlling instruments to the United States in 1995, accounting for 5 and 3 percent, respectively, of total U.S. imports and 57 percent and 37 percent, respectively, of total imports entering from all GSP countries. Imports from the Philippines rose significantly during 1991-95, increasing from \$2 million to \$64 million. Reportedly, most of these imports consisted of electronic control units (ECUs) used by the U.S. automotive industry during the manufacture of antilock brake systems. Total U.S. imports entering the United States from all GSP countries accounted for less than 5 percent of U.S. consumption annually during the 5-year period. Although U.S. imports of digest products from the Philippines did not reach the competitive-need-limit in 1995, trade sources indicate that the potential exists for the Philippines to accelerate shipments of ECUs to the United States in the near future, given the growing demand for these price competitive products.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for the Philippines for all digest products

Ranking as a U.S. import supplier, 1995. 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

 U.S. products. Above Equivalent Below X

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Comment.--The quality of automatic regulating or controlling instruments from the Philippines is generally comparable to like products manufactured in the United States. Producers in the Philippines, however, generally maintain a production cost advantage over U.S. manufacturers that stems primarily from lower labor costs. Therefore, the prices of automatic regulating or controlling instruments manufactured in the Philippines are usually lower than the prices of comparable products manufactured in the United States. Products manufactured in the United States, however, generally have advantages in on-time delivery, quality consistency, and historical customer relationships.

V. Position of interested parties

Petitioner.--The petitioner, Telefunken Microelectronic (Phil.), Inc. (TEMIC), maintains that granting a competitive-need-limit waiver for imports from the Philippines covered under HTS subheading 9032.89.60 will not adversely affect any U.S. industry producing like or directly competitive products. According to the petitioner, legislative history indicates that the Philippines is intended to have trade preferences equal to the most-favored-nation preferences extended to other U.S. trading partners. The petitioner asserts that since no competitive need limits exist for products from Mexico, which qualify for NAFTA duty exemptions, the Philippines is entitled to have an equal trade preference. The loss of GSP eligibility for the subject products would hamper the Philippine production and economy and be contrary to the intent of the preferential trade agreements between the United States and the Philippines.

VI. Summary of probable economic advice--Competitive-need-limit waiver (Philippines)

* * * * *

Table 1.
Digest title: Automatic regulating or controlling instruments
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Mexico.....	106,548	133,653	174,886	235,700	414,082	187,659	199,188
Canada.....	104,402	120,837	140,258	255,893	288,326	160,184	139,202
Japan.....	82,729	116,275	149,519	183,778	178,674	107,156	93,901
Germany.....	43,576	59,117	78,131	77,619	100,089	58,296	51,113
Philippines.....	1,667	1,585	9,144	63,400	64,464	46,657	21,018
United Kingdom...	54,590	79,008	51,692	58,630	57,118	30,392	32,443
Brazil.....	14,888	18,324	19,365	24,232	41,199	20,859	25,992
France.....	36,542	31,191	21,099	11,257	23,787	8,370	9,212
Singapore.....	2,178	4,885	7,577	12,085	10,614	6,443	7,009
Italy.....	3,695	2,714	2,112	7,743	7,588	4,386	6,542
Switzerland.....	6,696	6,172	13,766	8,770	7,452	3,916	2,323
Spain.....	1,172	2,483	2,079	19,412	6,763	3,816	3,810
Sweden.....	10,302	6,664	6,016	4,524	6,521	2,825	5,259
China.....	3,357	5,098	3,699	6,629	5,756	2,678	3,273
Austria.....	1,368	1,571	1,756	2,494	4,926	2,376	3,233
All other.....	24,768	39,170	29,495	31,984	33,457	17,152	16,886
Total.....	498,478	628,746	710,597	1,004,151	1,250,815	663,164	620,404
GSP Total.....	19,556	23,577	34,895	95,957	112,597	72,304	50,421
Percent							
Mexico.....	21.4	21.3	24.6	23.5	33.1	28.3	32.1
Canada.....	20.9	19.2	19.7	25.5	23.1	24.2	22.4
Japan.....	16.6	18.5	21.0	18.3	14.3	16.2	15.1
Germany.....	8.7	9.4	11.0	7.7	8.0	8.8	8.2
Philippines.....	.3	.3	1.3	6.3	5.2	7.0	3.4
United Kingdom...	11.0	12.6	7.3	5.8	4.6	4.6	5.2
Brazil.....	3.0	2.9	2.7	2.4	3.3	3.1	4.2
France.....	7.3	5.0	3.0	1.1	1.9	1.3	1.5
Singapore.....	.4	.8	1.1	1.2	.8	1.0	1.1
Italy.....	.7	.4	.3	.8	.6	.7	1.1
Switzerland.....	1.3	1.0	1.9	.9	.6	.6	.4
Spain.....	.2	.4	.3	1.9	.5	.6	.6
Sweden.....	2.1	1.1	.8	.5	.5	.4	.8
China.....	.7	.8	.5	.7	.5	.4	.5
Austria.....	.3	.2	.2	.2	.4	.4	.5
All other.....	5.0	6.2	4.2	3.2	2.7	2.6	2.7
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	3.9	3.7	4.9	9.6	9.0	10.9	8.1

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

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

Table 2.
Digest title: Automatic regulating or controlling instruments
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	January-June						
	1991	1992	1993	1994	1995	1995	1996
Value (1,000 dollars)							
Canada.....	310,659	330,088	513,996	688,684	788,143	435,686	388,187
Mexico.....	33,292	40,281	64,486	92,770	69,081	38,370	33,456
Japan.....	43,828	38,992	35,718	33,247	45,390	21,982	34,896
Korea.....	11,807	10,396	16,330	22,961	31,755	17,419	13,995
United Kingdom...	27,581	36,605	30,693	30,718	28,661	14,891	16,611
France.....	16,931	20,899	18,131	11,864	25,725	10,203	16,748
China.....	14,389	11,351	11,380	10,675	22,266	11,240	6,557
Hong Kong.....	5,867	10,201	10,906	17,061	21,971	9,648	9,537
Netherlands.....	18,286	17,004	12,913	13,785	21,455	10,822	7,681
Germany.....	23,396	26,258	21,289	18,273	20,912	9,756	10,836
Taiwan.....	10,186	14,967	12,334	15,254	19,456	11,136	10,590
Singapore.....	12,366	16,074	20,052	20,589	19,314	10,825	11,948
Italy.....	12,825	13,093	14,674	15,620	17,295	8,440	10,369
Australia.....	8,787	9,638	12,905	10,905	11,460	5,457	6,130
Brazil.....	4,261	4,366	4,025	4,476	9,315	5,655	4,273
All other.....	74,401	79,121	124,979	100,205	86,815	39,626	52,720
Total.....	628,862	679,334	924,810	1,107,085	1,239,016	661,158	634,534
GSP Total.....	38,617	37,610	87,234	61,491	54,782	24,700	32,036
Percent							
Canada.....	49.4	48.6	55.6	62.2	63.6	65.9	61.2
Mexico.....	5.3	5.9	7.0	8.4	5.6	5.8	5.3
Japan.....	7.0	5.7	3.9	3.0	3.7	3.3	5.5
Korea.....	1.9	1.5	1.8	2.1	2.6	2.6	2.2
United Kingdom...	4.4	5.4	3.3	2.8	2.3	2.3	2.6
France.....	2.7	3.1	2.0	1.1	2.1	1.5	2.6
China.....	2.3	1.7	1.2	1.0	1.8	1.7	1.0
Hong Kong.....	.9	1.5	1.2	1.5	1.8	1.5	1.5
Netherlands.....	2.9	2.5	1.4	1.2	1.7	1.6	1.2
Germany.....	3.7	3.9	2.3	1.7	1.7	1.5	1.7
Taiwan.....	1.6	2.2	1.3	1.4	1.6	1.7	1.7
Singapore.....	2.0	2.4	2.2	1.9	1.6	1.6	1.9
Italy.....	2.0	1.9	1.6	1.4	1.4	1.3	1.6
Australia.....	1.4	1.4	1.4	1.0	.9	.8	1.0
Brazil.....	.7	.6	.4	.4	.8	.9	.7
All other.....	11.8	11.6	13.5	9.1	7.0	6.0	8.3
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	6.1	5.5	9.4	5.6	4.4	3.7	5.0

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

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

DIGEST NO.9609.10.00

PENCILS AND CRAYONS WITH LEADS ENCASED IN A RIGID SHEATH

Pencils and Crayons With Leads Encased in a Rigid Sheath

I. IntroductionRemoval from GSP All countries

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/96)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
9609.10.00	Pencils and crayons with leads encased in a rigid sheath	14¢/gross + 4.3%	Yes

Description and uses.--Cased pencils and crayons are writing and drawing instruments which feature a graphite writing lead in gray or in different colors encased within a wooden (in some cases, plastic) sheath. The wood is usually then covered with quick-drying lacquer and tipped with erasers and ferrules (the small circular bands of metal which affix the eraser to the top of the pencil). Many different types of pencils are produced in the United States, including ordinary writing pencils, golf, novelty, promotional, and carpenter's. Pencils are sold through many channels of trade, including school distributors, office supply wholesalers, specialty advertisers, and mass merchandisers.

II. U.S. market profile

Profile of U.S. industry and market, 1991-95

Item	1991	1992	1993	1994	1995
Producers (<i>number</i>)	10	11	11	11	10
Employment (<i>1,000 employees</i>)	2	2	2	2	2
Shipments (<i>1,000 dollars</i>)	137,800	148,200	161,800	162,400	170,300
Exports (<i>1,000 dollars</i>)	9,325	13,574	15,627	15,226	17,949
Imports (<i>1,000 dollars</i>)	29,276	41,894	42,715	48,170	50,664
Consumption (<i>1,000 dollars</i>)	157,751	176,520	188,888	195,344	203,015
Import-to-consumption ratio (<i>percent</i>)	19	24	23	25	25
Capacity utilization (<i>percent</i>)	80	80	78	78	80

Comment.--The number of companies producing cased pencils and crayons in the United States increased from 10 to 11 in 1992, reflecting the entry of Pentech International (Pentech) into the industry, and remained at that level until 1994. The number of companies decreased by one in 1995 when Sanford, a subsidiary of Newell Co., acquired two of the large producers, Empire Berol Corp. and Faber-Castell Corp. Pentech produces pencils from California incense cedar (also used by other U.S. pencil manufacturers) and from imported raw basswood pencil blanks from China. The top 3 producers fabricate the vast majority of U.S. output. The larger companies are more vertically integrated than small producers and make cores, ferrules, and eraser plugs. They perform all operations, including painting and shipping. Most large companies also manufacture pens, markers, and eraser products. An estimated 80 percent of domestic shipments consisted of cased lead pencils and the remainder were cased colored pencils. The growth in shipments and domestic consumption was largely accounted for by a rise in prices. U.S. exports amounted to 11 percent (\$18 million) of domestic shipments in 1995, the bulk of them going to Canada (62 percent), Brazil (8 percent), and Mexico (6 percent).

III. GSP import situation, 1995

U.S. imports and share of U.S. consumption, 1995

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	50,664	100	(¹)	25
Imports from GSP countries:				
GSP total	22,423	44	100	11
Brazil	12,137	24	54	6
Chile	3,818	8	17	2
Indonesia	3,339	7	15	2
Malaysia ²	1,541	3	7	1

¹ Not applicable.

² Malaysia will be graduated from GSP eligibility effective Jan. 1, 1997.

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

Comment.--GSP-eligible countries accounted for 44 percent of total U.S. imports of digest products in 1995; the remainder came from non-GSP countries with Taiwan and China supplying 34 percent (61 percent of non-GSP imports). In addition to low-cost labor, China has a supply of low-cost but lower quality basswood compared with higher-cost California incense cedar wood used by U.S. producers. However, a dumping order was issued in 1994 on U.S. imports of certain pencils from China, and U.S. imports from China dropped sharply in 1995, falling by \$5.3 million (38 percent) to \$8.5 million. At the same time, no other single country came close to replacing the lost imports from China. However, combined U.S. imports from Brazil and Indonesia, both GSP suppliers, increased by \$4.6 million (42 percent) to \$15.5 million in 1995. U.S. imports from Brazil increased sharply, rising by \$2.9 million (31 percent) to \$12.1 million in 1995. Brazil became the leading supplier in 1995, replacing China, which slipped to third, the rank Brazil had in 1994. U.S. imports from Indonesia more than doubled in 1995, growing by \$1.7 million (105 percent) to \$3.3 million. Cased pencil imports from Italy also grew sharply, expanding by \$1.5 million (52 percent) to \$4.5 million. Thailand, Taiwan, Chile, and Germany experienced notable growth in exports of pencils to the United States. Brazil, Chile, and Indonesia were the major GSP suppliers of cased pencils and crayons, accounting for 39 percent of total imports and 86 percent of imports from all GSP-eligible countries in 1995. Malaysia was the only other significant GSP supplier registering 7 percent of imports supplied by GSP-eligible countries. However, Malaysia will be graduated from GSP eligibility effective January 1, 1997.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1995. 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No

What is the price elasticity of U.S. import demand? High X Moderate Low

Can production in the country be easily expanded or contracted
in the short term? Yes X No

Does the country have significant export markets besides the
United States? Yes X No

Could exports from the country be readily redistributed among
its foreign export markets? Yes X No

What is the price elasticity of import supply? High X Moderate Low

Price level compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above X Equivalent Below

Quality compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above X Equivalent Below

Comment.--Cased lead pencils and crayons imported from Brazil are considered to be better in quality than those imported from most suppliers in Asia but higher in price, according to industry sources. With respect to the U.S. product, Brazilian cased lead pencils and crayons are less

expensive and inferior, partly owing to the use of lower quality and lower cost wood by Brazilian producers. More than half of the total U.S. imports were supplied by non-GSP countries, primarily Taiwan and China. Brazil supplied 24 percent of total U.S. imports in 1995, up from 12 percent in 1991. The increase in U.S. imports from Brazil during Jan.-June 1996 compared with the same period in 1995 may be accounted for by issuance of an anti-dumping order on imports from China, which reportedly enabled Brazil to gain an increased share of the U.S. market. Pencil producers in China have lower manufacturing costs than producers in Brazil.

Competitiveness indicators for Chile for all digest products

Ranking as a U.S. import supplier, 1995. 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. import demand? High Moderate Low

Can production in the country be easily expanded or contracted in the short term? Yes No

Does the country have significant export markets besides the United States? Yes No

Could exports from the country be readily redistributed among its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Comment.--Chile supplied only 8 percent of total U.S. imports in 1995. Chile's competitive advantage is based on its low-cost labor, but the quality of its products is inferior to those produced in the United States. Based on part-year data, U.S. imports from Chile decreased sharply in 1996 compared with the same the same period in 1995, reflecting a rise in the average unit value per gross, which increased by \$3.13 (32 percent) to \$12.95.

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1995. 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No

What is the price elasticity of U.S. import demand? High Moderate Low

Can production in the country be easily expanded or contracted in the short term? Yes No

Does the country have significant export markets besides the United States? Yes No

Could exports from the country be readily redistributed among its foreign export markets? Yes No

What is the price elasticity of import supply? High Moderate Low

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Comment.--Indonesia supplied 7 percent of total U.S. imports in 1995. Indonesia's competitive advantages are based on its low-cost labor and its supply of low-cost jelutong wood. It is believed to be the principal world supplier of this wood for making pencils. However, the quality of its products is inferior to those produced in the United States according to industry sources. Indonesia appears to be benefitting from the antidumping order imposed on certain pencils from China in 1994. Based on part-year data, U.S. imports from Indonesia continued to increase rapidly in 1996 compared with the same period in 1995.

Competitiveness indicators for all GSP countries for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes No
 What is the price elasticity of U.S. import demand? High Moderate Low
 Can production in the country be easily expanded or contracted
 in the short term? Yes No
 Does the country have significant export markets besides the
 United States? Yes No
 Could exports from the country be readily redistributed among
 its foreign export markets? Yes No
 What is the price elasticity of import supply? High Moderate Low
 Price level compared with--
 U.S. products. Above Equivalent Below
 Other foreign products Above Equivalent Below
 Quality compared with--
 U.S. products. Above Equivalent Below
 Other foreign products Above Equivalent Below

Comment.--GSP suppliers accounted for 44 percent of total imports of cased lead pencils and crayons in 1995. The bulk of imports came from non-GSP suppliers such as Taiwan, China, Italy, Germany, the United Kingdom, and Japan. While U.S. imports from countries in the Far East compete in the U.S. market in terms of their cost advantages, imports from Europe compete in terms of quality and product differentiation.

V. Position of interested parties

Petitioner--The Writing Instruments Manufacturers Association (WIMA), Moorestown, NJ, represents producers of virtually all U.S.-made pencils. WIMA stated that GSP status gives undue advantage to low-priced U.S. imports of pencils, especially from East Asian countries--the average unit values per gross of pencils from East Asian sources are far below those of U.S.-made pencils. The U.S. Government did not lower the duty on pencils during the Uruguay Round, making a policy decision to continue minimal protection, WIMA argued. Thus, WIMA concluded that duty-free treatment for GSP imports is contrary to this Government policy. Petitioner stated that total full-year 1996 U.S. imports of pencils from GSP countries, projected from part-year data, would be above the amount of imports from China when the Commission found threat of injury from dumped imports, poor financial conditions and production trends for the domestic industry, and price sensitivity of U.S. imports. The petitioner contended that some U.S. imports shifted from China to GSP countries because of the dumping order. Thus, these countries took over the low-price leadership held by China undercutting the prices of domestic producers. WIMA stated that the competitive condition of the domestic industry *** in 1996 because of very rapid growth in GSP-eligible imports. Although the greatest growth in GSP imports took place during the first half of 1996 (when duty-free treatment under GSP was not in effect, compared with the comparable period in 1995), WIMA contended that the growth would have been even greater with GSP. WIMA asserted that the loss of GSP status of Malaysia on January 1, 1997, will improve the competitive position of U.S. imports supplied by other low-cost GSP countries.

VI. Summary of probable economic advice--Removal (All countries)

* * * * *

Table 1.
Digest title: Pencils and crayons with leads encased in a rigid sheath
U.S. imports for consumption, by principal sources, 1991-95, January-June 1995-96

Source	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Brazil.....	3,627	5,808	5,623	9,244	12,137	5,940	9,997
Taiwan.....	8,241	9,051	7,754	8,144	8,622	4,132	4,536
China.....	7,400	15,142	18,240	13,815	8,519	3,615	5,968
Italy.....	1,661	2,413	656	2,935	4,469	3,022	760
Chile.....	575	801	532	3,410	3,818	1,829	718
Indonesia.....	261	879	590	1,625	3,339	1,819	2,330
Germany.....	1,359	1,707	1,665	1,666	2,039	1,037	503
Malaysia.....	88	633	1,297	1,580	1,541	912	1,552
United Kingdom...	742	869	1,190	1,440	1,321	724	719
Japan.....	928	937	1,218	887	1,007	557	845
Thailand.....	840	553	369	405	990	376	314
Korea.....	1,444	568	756	316	485	140	206
Hong Kong.....	529	471	414	357	474	86	113
France.....	182	420	695	371	450	251	175
Switzerland.....	285	247	288	290	332	129	57
All other.....	1,113	1,396	1,431	1,684	1,122	504	1,139
Total.....	29,276	41,894	42,715	48,170	50,664	25,073	29,931
GSP Total.....	5,525	8,769	8,678	17,063	22,423	11,184	15,339
Percent							
Brazil.....	12.4	13.9	13.2	19.2	24.0	23.7	33.4
Taiwan.....	28.1	21.6	18.2	16.9	17.0	16.5	15.2
China.....	25.3	36.1	42.7	28.7	16.8	14.4	19.9
Italy.....	5.7	5.8	1.5	6.1	8.8	12.1	2.5
Chile.....	2.0	1.9	1.2	7.1	7.5	7.3	2.4
Indonesia.....	.9	2.1	1.4	3.4	6.6	7.3	7.8
Germany.....	4.6	4.1	3.9	3.5	4.0	4.1	1.7
Malaysia.....	.3	1.5	3.0	3.3	3.0	3.6	5.2
United Kingdom...	2.5	2.1	2.8	3.0	2.6	2.9	2.4
Japan.....	3.2	2.2	2.9	1.8	2.0	2.2	2.8
Thailand.....	2.9	1.3	.9	.8	2.0	1.5	1.0
Korea.....	4.9	1.4	1.8	.7	1.0	.6	.7
Hong Kong.....	1.8	1.1	1.0	.7	.9	.3	.4
France.....	.6	1.0	1.6	.8	.9	1.0	.6
Switzerland.....	1.0	.6	.7	.6	.7	.5	.2
All other.....	3.8	3.3	3.4	3.5	2.2	2.0	3.8
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	18.9	20.9	20.3	35.4	44.3	44.6	51.2

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

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

Table 2.
Digest title: Pencils and crayons with leads encased in a rigid sheath
U.S. exports of domestic merchandise, by principal markets, 1991-95, January-June 1995-96

Market	1991	1992	1993	1994	1995	January-June	
						1995	1996
Value (1,000 dollars)							
Canada.....	4,293	7,362	6,783	8,563	11,166	7,575	6,955
Brazil.....	58	22	34	20	1,367	43	4
Mexico.....	1,786	1,747	2,389	2,712	1,059	700	390
United Kingdom...	281	756	953	186	861	94	927
Colombia.....	31	297	751	631	783	83	70
Hong Kong.....	286	274	455	296	381	181	212
Japan.....	778	126	297	28	288	88	22
Norway.....	0	4	4	0	157	155	4
Guatemala.....	23	19	50	63	144	26	5
Venezuela.....	45	82	18	6	139	95	0
Germany.....	43	150	102	49	133	85	86
Costa Rica.....	4	35	48	28	106	31	3
Singapore.....	15	10	0	22	100	96	8
Korea.....	60	74	7	50	97	68	21
Uruguay.....	0	0	15	26	87	87	0
All other.....	1,623	2,615	3,722	2,544	1,082	591	664
Total.....	9,325	13,574	15,627	15,226	17,949	9,998	9,372
GSP Total.....	1,040	1,806	2,673	2,169	3,051	611	270
Percent							
Canada.....	46.0	54.2	43.4	56.2	62.2	75.8	74.2
Brazil.....	.6	.2	.2	.1	7.6	.4	1/
Mexico.....	19.1	12.9	15.3	17.8	5.9	7.0	4.2
United Kingdom...	3.0	5.6	6.1	1.2	4.8	.9	9.9
Colombia.....	.3	2.2	4.8	4.1	4.4	.8	.7
Hong Kong.....	3.1	2.0	2.9	1.9	2.1	1.8	2.3
Japan.....	8.3	.9	1.9	.2	1.6	.9	.2
Norway.....	.0	1/	1/	.0	.9	1.5	1/
Guatemala.....	.2	.1	.3	.4	.8	.3	.1
Venezuela.....	.5	.6	.1	1/	.8	1.0	.0
Germany.....	.5	1.1	.7	.3	.7	.9	.9
Costa Rica.....	1/	.3	.3	.2	.6	.3	1/
Singapore.....	.2	.1	.0	.1	.6	1.0	.1
Korea.....	.6	.5	1/	.3	.5	.7	.2
Uruguay.....	.0	.0	.1	.2	.5	.9	.0
All other.....	17.4	19.3	23.8	16.7	6.0	5.9	7.1
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GSP Total.....	11.2	13.3	17.1	14.2	17.0	6.1	2.9

1/ Less than \$500 or less than 0.05 percent.

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

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

APPENDIX A

UNITED STATES TRADE REPRESENTATIVE'S REQUEST RECEIVED
AUGUST 23, 1996, FOR PROBABLE ECONOMIC EFFECT ADVICE

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

AUG 23 1996

The Honorable Marcia E. Miller
Chairman
United States International Trade
Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Chairman Miller:

The Trade Policy Staff Committee (TPSC) announced in the Federal Register on July 28, 1995, the acceptance of product petitions for modification of the Generalized System of Preferences (GSP) received as part of the 1995 annual review. The list of product petitions announced in the Federal Register on July 28, 1995, has been revised to reflect modifications to the Harmonized Tariff Schedule of the United States (HTS) subsequent to July 28, 1995, and certain cases have been deleted to reflect the graduation of Malaysia from eligibility under the GSP effective January 1, 1997. Modifications to the GSP which may result from this review, which was suspended for a year while GSP was awaiting reauthorization, will be announced in early 1997 and become effective in the spring of 1997. In this connection, I am making the requests listed below.

In accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the Trade Act of 1974, as amended ("the 1974 Act"), and pursuant to the authority of the President delegated to the United States Trade Representative (USTR) by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, I hereby notify the Commission that the articles identified in Part A of the enclosed annex are being considered for designation as eligible articles for purposes of the United States GSP, as set forth in Title V of the 1974 Act.

In accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the 1974 Act, and under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, I request that the Commission provide its advice, with respect to the articles identified in Part A of the enclosed annex, 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 on the articles in Part A of the enclosed annex, I request the Commission to assume that the 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 503(c)(2)(A) of the 1974 Act (except for Cote d'Ivoire in case 95-1 (HTS subheading 0802.90.9090(pt.)).

The Honorable Marcia E. Miller
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Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, I further request:

a) in accordance with section 503(c)(2)(E) of the 1974 Act which exempts from one of the competitive need limits in section 503(c)(2)(A) of the 1974 Act articles for which no like or directly competitive article was being produced in the United States on January 1, 1995, that the Commission provide advice with respect to whether products like or directly competitive with the articles in Part A of the enclosed annex were being produced in the United States on January 1, 1995;

b) with respect to the article listed in Part B of the enclosed annex, that the Commission provided its advice as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers of the removal of the article in Part B of the enclosed annex from eligibility for duty-free treatment under the GSP;

c) with respect to the articles listed in Part C of the enclosed annex, 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 of the removal of the country specified with respect to the articles in Part C from eligibility for duty-free treatment under the GSP for such article;

d) in accordance with section 503(d)(1)(A) of the 1974 Act, that the Commission provide advice on whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for the country specified with respect to the articles in Part D of the enclosed annex, and with respect to Cote d'Ivoire in case 95-1 (HTS subheading 0802.90.9090(pt.)).

With respect to the competitive need limit in section 503(c)(2)(A)(i)(I) of the 1974 Act, the Commission is requested to use the dollar value limit of \$122,141,016.

Under the provisions of the 1974 Act, the Commission has six months to provide the advice requested herein in accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the 1974 Act on Part A of the enclosed annex. However, it would be greatly appreciated if all of the requested advice could be provided by December 2, 1996. To the maximum extent possible, it would be greatly appreciated if the probable economic effect advice and statistics (profile of the United States industry and market and United States import and export data) and any other relevant information or advice be provided separately and individually for each HTS subheading for the cases in this investigation.

The Honorable Marcia E. Miller
Page Three

I direct you to mark as "Confidential" those portions of the Commission's report and related working papers that contain the Commission's advice on the probable economic effect on United States industries producing like or directly competitive articles and on consumers. All other parts of the report are unclassified, but the overall classification marked on the front and back covers of the report should be "Confidential" to conform with the confidential sections contained therein. All business confidential information contained in the report should be clearly identified.

When the Commission's confidential report is provided to my Office, the Commission should issue, as soon as possible thereafter, a public version of the report containing only the unclassified sections, with any business confidential information deleted.

The Commission's assistance in this matter is greatly appreciated.

Sincerely,



Charlene Barshefsky
Acting U.S. Trade Representative

Annex

Case No.	HTS Subheading	Article	Petitioner
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[The bracketed language in this Annex has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences.

Other nuts, fresh or dried, whether or not shelled or peeled:

Other:

Other:

Shelled:

95-1 0802.90.9090(pt.)^{1/}

Kola nuts

McCormick & Company,
Incorporated,
Sparks, MD

Acyclic hydrocarbons:

Unsaturated:

[Articles provided for in subheadings
2901.21.00 through 2901.24.50, inclusive]

Other:

[Derived in whole or in part from
petroleum, shale oil or natural gas]

95-2 2901.29.50

Other

Sasol Alpha Olefins,
South Africa

Amine-function compounds:

Aromatic polyamines and their derivatives; salts thereof:

o-, m-, p-Phenylenediamine, diaminotoluenes,
and their derivatives; salts thereof:

Other:

Other:

95-3 2921.51.50(pt.)

N-(1,3-Dimethylbutyl)-N'-
phenyl-1,4-diaminobenzene

Government of Slovakia;
Duslo a.s. Sala,
Slovakia;
Petrimex a.s.
Bratislava, Slovakia;
Prochimie
International, Inc.,
New York, NY

Nucleic acids and their salts; other heterocyclic compounds:

Compounds containing a benzothiazole ring-system
(whether or not hydrogenated), not further fused:

Other:

Other:

95-4 2934.20.80(pt.)

Benzothiazyl-2-cyclohexyl-
sulfenamide

Government of Slovakia;
Istrochem, Slovakia;
Prochimie
International, Inc.,
New York, NY

^{1/} The petitioner also requests a waiver of the competitive need limit for Cote d'Ivoire on kola nuts provided for in subheading 0802.90.9090.

Annex (con.)

-2-

Case No.	HTS Subheading	Article	Petitioner
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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

		Carpets and other textile floor coverings, knotted, whether or not made up: Of wool or fine animal hair: [Articles provided for in subheadings 5701.10.13 or 5701.10.16]	
		Other: Hand-hooked, that is, in which the tufts were inserted and knotted by hand or by means of a hand tool: Certified hand-loomed and folklore products	
95-5	5701.10.40(pt.)		Government of Nepal; Kuber Handicrafts, Nepal
95-6	6901.00.00	Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals (for example, kieselguhr, tripolite or diatomite) or of similar siliceous earths	Government of Venezuela; Ceramica Carabobo, S.A.C.A., Venezuela
		Reception apparatus for radiotelephony, radiotelegraphy or radiobroadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock: Radiobroadcast receivers not capable of operating without an external source of power, of a kind used in motor vehicles, including apparatus capable of receiving also radiotelephony or radiotelegraphy: [Combined with sound recording or reproducing apparatus]	
		Other: [FM only or AM/FM only] Other	
95-7	8527.29.80		Ford Motor Company, Dearborn, MI
		Parts of railway or tramway locomotives or rolling stock: Truck assemblies, axles and wheels, and parts thereof: Other, including parts: Axles and parts thereof: Axles	
95-8	8607.19.03		Swasap Works, South Africa

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

95-9	9609.10.00	Pencils (other than those pencils of heading 9608), crayons, pencil leads, pastels, drawing charcoals, writing or drawing chalks and tailors' chalks: Pencils and crayons, with leads encased in a rigid sheath	Writing Instrument Manufacturers Association, Moorestown, NJ
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Annex (con.)
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Case No.	HTS Subheading	Article	Petitioner
<p>C. <u>Petitions to remove duty-free status from beneficiary developing country/countries for a product on the list of eligible articles for Generalized System of Preferences. 1/</u></p>			
		Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid:	
		Other:	
		Other:	
		Vegetables:	
95-10	2001.90.39(pt.) (Chile)	Sweet bell-type peppers	Cherokee Products Company, Haddock, GA; Del Mar Food Products Corp., Watsonville, CA; Dunbar Foods Corp., Dunn, NC; Moody Dunbar, Inc., Limestone, TN; Furman Foods, Inc., Northumberland, PA; Monticello Canning Co., Inc., Crossville, TN; Saticoy Foods Corp., Saticoy, CA; The Mancini Packing Co., Zolfo Springs, FL
		Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006:	
		Other vegetables and mixtures of vegetables:	
		Fruits of the genus <u>Capsicum</u> (peppers) or of the genus <u>Pimenta</u> (e.g., allspice):	
		Other:	
95-11	2005.90.5510 (Chile)	Sweet bell-type peppers	do.
		Manganese oxides:	
95-12	2820.10.00 (South Africa)	Manganese dioxide	Ferroalloy Association, Washington, DC
		Glass of heading 7003, 7004 or 7005, bent, edge-worked, engraved, drilled, enameled or otherwise worked, but not framed or fitted with other materials:	
		[Articles provided for in subheading 7006.00.10]	
		Other:	
		[Glass, drawn or blown and not containing wire netting and not surface ground or polished]	
95-13	7006.00.40 (Indonesia)	Other	Glasscraft, Memphis, TN

1/ The country named is the beneficiary developing country specified by the petitioner. While the Trade Policy Staff Committee (TPSC) review will focus on that country, the TPSC reserves the right to address removal of GSP status for countries other than those specified by the petitioner as well the GSP status of the entire article.

Annex (con.)

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Case No.	HTS Subheading	Article	Petitioner
D. <u>Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences.</u>			
95-14	1604.16.10 (Morocco)	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs: Fish, whole or in pieces, but not minced: Anchovies: In oil, in airtight containers: For an aggregate quantity entered in any calendar year not to exceed 3,000 metric tons	Government of Morocco
95-15	1604.16.30 (Morocco)	Other	do.
95-16	2905.11.20 (Venezuela)	Acyclic alcohols and their halogenated, sulfonated, nitrated or nitrosated derivatives: Saturated monohydric alcohols: Methanol (Methyl alcohol): [Imported only for use in producing synthetic natural gas (SNG) or for direct use as a fuel] Other	Petroquimica de Venezuela, S.A., Venezuela
95-17	2909.19.1010 (Venezuela)	Ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxides, ketone peroxides (whether or not chemically defined), and their halogenated, sulfonated, nitrated or nitrosated derivatives: Acyclic ethers and their halogenated, sulfonated, nitrated or nitrosated derivatives: Other: Ethers of monohydric alcohols: Methyl tertiary-butyl ether (MTBE)	Ecofuel, S.p.A., Italy
95-18	2917.37.00 (Romania)	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulfonated, nitrated or nitrosated derivatives: Aromatic polycarboxylic acids, their anhydrides, halides, peroxides, peroxyacids and their derivatives: Dimethyl terephthalate	Government of Romania

Annex (con.)

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Case No.	HTS Subheading	Article	Petitioner
D. <u>Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences.</u> (con.)			
		Heterocyclic compounds with nitrogen hetero-atom(s) only: Compounds containing an unfused pyridine ring (whether or not hydrogenated) in the structure: [Pyridine and its salts; piperidine and its salts]	
		Other: [Articles provided for in subheadings 2933.39.08 through 2933.39.20, inclusive]	
		Other: Pesticides: Herbicides: [o-Paraquat dichloride]	
95-19	2933.39.25 (Brazil)	Other	American Cyanamid Company, Wayne, NJ
		Compounds containing a quinoline or isoquinoline ring-system (whether or not hydrogenated), not further fused: [Articles provided for in subheadings 2933.40.08 through 2933.40.17, inclusive]	
95-20	2933.40.30 (Brazil)	Other: Pesticides	do.
		Leather of bovine or equine animals, without hair on, other than leather of heading 4108 or 4109: Other bovine leather and equine leather, parchment-dressed or prepared after tanning: [Full grains and full grain splits]	
95-22	4104.39.20 (Thailand)	Other: Buffalo	Lackawanna Leather Company, Conover, NC
		Leather of other animals, without hair on, other than leather of heading 4108 or 4109: [Of swine; of reptiles] Of other animals: Fancy	
95-23	4107.90.60 (South Africa)		Government of South Africa
		Articles of apparel and clothing accessories, of leather or of composition leather: Gloves, mittens and mitts: Specially designed for use in sports: Baseball and softball gloves and mitts (including batting gloves): Batting gloves	
95-24	4203.21.20 (Indonesia)		Government of Indonesia

Annex (con.)

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Case No.	HTS Subheading	Article	Petitioner
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D. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)

95-25	6905.10.00 (Venezuela)	Roofing tiles, chimney pots, cowls, chimney liners, architectural ornaments and other ceramic constructional goods: Roofing tiles	Alfareria El Volcan, C.A., Venezuela; Interclay Corporation, Miami, FL
95-26	7614.90.20 (Venezuela)	Stranded wire, cables, plaited bands and the like, including slings and similar articles, of aluminum, not electrically insulated: [With steel core] Other: Not fitted with fittings and not made up into articles: Electrical conductors	Government of Venezuela; Conal, C.A., Venezuela; Sural C.A., Venezuela
95-27	8414.30.40 (Brazil)	Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters; parts thereof: Compressors of a kind used in refrigerating equipment (including air conditioning): Not exceeding 1/4 horsepower	Whirlpool Corporation, Benton Harbor, MI
95-28	8469.12.00 (Indonesia)	Typewriters other than printers of heading 8471; word processing machines: Automatic typewriters and word processing machines: Automatic typewriters	Government of Indonesia

Annex (con.)

-7-

Case No.	HTS Subheading	Article	Petitioner
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D. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)

Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included:

[Articles provided for in subheadings 8471.10.00 or 8471.30.00]

Other digital automatic data processing machines:
[Articles provided for in subheading 8471.41.00]

Other, entered in the form of systems:
[Articles provided for in subheading 8471.49.10]

Input or output units, entered with the rest of a system, whether or not containing storage units in the same housing:

[Combined input/output units]

Other:

[Keyboards]

Display units:

Other:

With color cathode-ray tube (CRT)

95-30A 8471.49.26
(Thailand)

Government of Thailand;
Apple Computer, Inc.,
Cupertino, CA

Input or output units, whether or not containing storage units in the same housing:

[Combined input/output units]

Other:

[Keyboards]

Display units:

Other:

With color cathode-ray tube (CRT)

95-30B 8471.60.35
(Thailand)

do.

Electrical apparatus for line telephony or line telegraphy, including line telephone sets with cordless handsets and telecommunication apparatus for carrier-current line systems or for digital line systems; videophones; parts thereof:

Telephone sets; videophones:

[Line telephone sets with cordless handsets]

Other:

Videophones

95-32A 8517.19.40
(Thailand)

Government of Thailand

95-32B 8517.19.80
(Thailand)

Other

do.

Annex (con.)

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Case No.	HTS Subheading	Article	Petitioner
D. <u>Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences.</u> (con.)			
95-34	8517.21.00 (Thailand)	Electrical apparatus for line telephony or line telegraphy, including line telephone sets with cordless handsets and telecommunication apparatus for carrier-current line systems or for digital line systems; videophones; parts thereof (con.): Facsimile machines and teleprinters: Facsimile machines	Cal-Comp Electronic (Thailand) Company Limited, Thailand; Canon U.S.A., Inc., Lake Success, NY; Sharp Appliances (Thailand) Limited, Thailand; Sharp Electronics Corporation, Mahwah, NJ
95-37	8521.10.60 (Thailand)	Video recording or reproducing apparatus, whether or not incorporating a video tuner: Magnetic tape-type: Color, cartridge or cassette type: [Not capable of recording] Other	Government of Thailand; Orion Sales, Inc., Olney, IL; World Electric (Thailand) Ltd., Thailand
95-38	8527.21.10 (Brazil)	Reception apparatus for radiotelephony, radiotelegraphy or radiobroadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock: [Articles provided for in subheading 8527.11 or 8527.19] Radiobroadcast receivers not capable of operating without an external source of power, of a kind used in motor vehicles, including apparatus capable of receiving also radiotelephony or radiotelegraphy: Combined with sound recording or reproducing apparatus: Radio-tape player combinations	Ford Motor Company, Dearborn, MI

Annex (con.)

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Case No.	HTS Subheading	Article	Petitioner
D. <u>Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences.</u> (con.)			
		Reception apparatus for radiotelephony, radiotelegraphy or radiobroadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock (con.): Other radiobroadcast receivers, including apparatus capable of receiving also radiotelephony or radiotelegraphy: Combined with sound recording or reproducing apparatus: [Articles provided for in subheading 8527.31.05]	
95-40	8527.31.40 (Indonesia)	Other: Combinations incorporating tape players which are incapable of recording	Government of Indonesia
		Other apparatus: [Articles provided for in subheading 8527.90.40]	
		Other: [Articles provided for in subheading 8527.90.50]	
95-41	8527.90.90 (Philippines)	Other	Government of the Philippines Uniden America Corporation, Fort Worth, TX; Uniden Philippines, Inc., Philippines
		Insulated (including enameled or anodized) wire, cable (including coaxial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fiber cables, made up of individually sheathed fibers, whether or not assembled with electric conductors or fitted with connectors: Ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	
95-42	8544.30.00 (Thailand)		Government of Thailand; American Yazaki Corporation, Canton, MI
		Photocopying apparatus incorporating an optical system or of the contact type and thermocopying apparatus; parts and accessories thereof: Electrostatic photocopying apparatus: Operating by reproducing the original image via an intermediate onto the copy (indirect process)	
95-44	9009.12.00 (Thailand)		Canon U.S.A., Inc, Lake Success, NY; Canon Hi-Tech (Thailand), Ltd., Thailand

Annex (con.)
-10-

Case No.	HTS Subheading	Article	Petitioner
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D. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)

Automatic regulating or controlling instruments and apparatus; parts and accessories thereof:

[Thermostats; manostats]

Other instruments and apparatus:

[Hydraulic and pneumatic]

Other:

[Automatic voltage and voltage-current regulators]

95-45 9032.89.60
(Philippines)

Other

Telefunken
Microelectronic
(Phil.), Inc.,
Philippines

APPENDIX B

U.S. INTERNATIONAL TRADE COMMISSION NOTICE OF
INVESTIGATION AND HEARING

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

(Investigation No. 332-369)

ADVICE CONCERNING POSSIBLE MODIFICATIONS TO
THE U.S. GENERALIZED SYSTEM OF PREFERENCES

AGENCY: United States International Trade Commission

ACTION: Institution of investigation and scheduling of hearing

SUMMARY: On August 23, 1996, the Commission received a request from the United States Trade Representative (USTR) for an investigation under section 332(g) of the Tariff Act of 1930 for the purpose of providing advice concerning possible modifications to the Generalized System of Preferences (GSP).

Following receipt of the request and in accordance therewith, the Commission instituted Investigation No. 332-369 in order to provide as follows--

- (1) in accordance with sections 503(a)(1)(A), 503(e), and 131(a) of the Trade Act of 1974 (1974 Act), with respect to each article listed in Part A of the attached annex, advice 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 GSP;
- (2) in accordance with section 503(c)(2)(E) of the 1974 Act, which exempts from one of the competitive need limits in section 503(c)(2)(A) of the 1974 Act articles for which no like or directly competitive articles was being produced in the United States on January 1, 1995, advice as to whether products like or directly competitive with the articles in Part A of the attached annex were being produced in the United States on January 1, 1995;
- (3) with respect to the article listed in Part B of the attached annex, advice as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the removal of the article in Part B of the attached annex from eligibility for duty-free treatment under the GSP;
- (4) with respect to the articles listed in Part C of the attached annex, advice as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the removal of the country specified with respect to the articles in Part C from eligibility for duty-free treatment under the GSP for such article;
- (5) in accordance with section 503(d)(1)(A) of the 1974 Act, advice as to whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for the country specified with respect to the articles in Part D of the attached annex, and with respect to Cote d'Ivoire in case 95-1 (HTS subheading 0802.90.9090 (pt)).

In providing its advice under (1), the Commission will assume, as requested by USTR, that the 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 503© (2)(A) of the 1974 Act (except for Cote d'Ivoire in case 95-1 (HTS subheading 0802.90.9090 pt.). With respect to the competitive need limit in section 503(c)(2)(A)(i)(I) of the 1974 Act, the Commission, as requested, will use the dollar value limit of \$122,141,016.

As requested by USTR, the Commission will seek to provide its advice not later than December 2, 1996.

EFFECTIVE DATE: September 9, 1996

FOR FURTHER INFORMATION CONTACT:

- (1) Agricultural and forest products, Lowell Grant (202-205-3312)
- (2) Energy, chemicals, and textiles, Robert Randall (202-205-3366)
- (3) Minerals, metals, machinery, and miscellaneous manufactures, Charles Yost (202-205-3432)
- (4) Services, electronics, and transportation, John Davitt (202-205-3407)

All of the above are in the Commission's Office of Industries. For information on legal aspects of the investigation contact William Gearhart of the Commission's Office of the General Counsel at 202-205-3091.

BACKGROUND: The USTR letter noted that the Trade Policy Staff Committee (TPSC) announced on July 28, 1995 in the *Federal Register* the acceptance of product petitions for modification of the Generalized System of Preferences (GSP) received as part of the 1995 annual review. The letter stated that modifications to the GSP which may result from this review will be announced in the spring of 1997, and become effective in the summer of 1997.

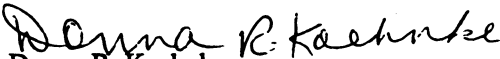
The 1995 annual review was not conducted because the authority for the GSP program terminated on July 31, 1995. Legislation amending the GSP provisions and extending the program was signed by the President on August 20, 1996 (Public Law 104-188, 110 Stat. 1755) (Small Business Job Protection Act of 1996--for the GSP related provisions, see subtitle J of title I of the Act). The amendments apply to articles entered on or after October 1, 1996.

PUBLIC HEARING: A public hearing in connection with this investigation is scheduled to begin at 9:30 a.m. on October 9, 1996, at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, D.C. The hearing may, if necessary, continue on October 10 and 11. All persons 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 a letter asking to testify with the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, not later than the close of business (5:15 p.m.) on September 20, 1996. In addition, persons testifying should file prehearing briefs (original and 14 copies) with the Secretary by the close of business on September 25, 1996. Posthearing briefs should be filed with the Secretary by close of business on October 18, 1996. In the event that no requests to appear at the hearing are received by the close of business on September 20, 1996, the hearing will be canceled. Any person interested in attending the hearing as an observer or non-participant may call the Secretary to the Commission (202-205-1816) after September 30, 1996 to determine whether the hearing will be held.

WRITTEN SUBMISSIONS: In lieu of or in addition to appearing 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 October 18, 1996. 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) 205-1810.

By order of the Commission.


Donna R. Koehnke
Secretary

Issued: September 10, 1996

Attachment

Annex I (HTS Subheadings)¹

A. Petition to add products to the list of eligible articles for the Generalized System of Preference (GSP).

0802.90.9090(pt)	2921.51:50(pt)	5701.10.40(pt)	8527.29.80
2901.29.50	2934.20.80(pt)	6901.00.00	8607.19.03

B. Petitions to remove a product from the list of eligible articles for the GSP.

9609.10.00

C. Petitions to remove duty-free status from beneficiary countries for products on the list of eligible articles for the GSP.²

2001.90.39(pt) (Chile)	2820.10.00 (South Africa)
2005.90.5510 (Chile)	7006.00.40 (Indonesia)

D. Petitions for waiver of competitive need limit for products on the list of eligible products for the specified country.

0802.90.9090 (Cote d'Ivoire)	4107.90.60 (South Africa)	8517.19.80 (Thailand)
1604.16.10 (Morocco)	4203.21.20 (Indonesia)	8517.21.00 (Thailand)
1604.16.30 (Morocco)	6905.10.00 (Venezuela)	8521.10.60 (Thailand)
2905.11.20 (Venezuela)	7614.90.20 (Venezuela)	8527.21.10 (Brazil)
2909.19.1010 (Venezuela)	8414.30.40 (Brazil)	8527.31.40 (Indonesia)
2917.37.00 (Romania)	8469.12.00 (Indonesia)	8527.90.90 (Philippines)
2933.39.25 (Brazil)	8471.49.26 (Thailand)	8544.30.00 (Thailand)
2933.40.30 (Brazil)	8471.60.35 (Thailand)	9009.12.00 (Thailand)
4104.39.20 (Thailand)	8517.19.40 (Thailand)	9032.89.60 (Philippines)

¹See USTR Federal Register notice of July 28, 1995, (60 F.R. 38856) for article description.

²While the Trade Policy Staff Committee (TPSC) review will focus on the designated country(ies), the TSPC reserves the right to address removal of GSP status for countries other than those specified as well as GSP status for the entire article.

APPENDIX C

LIST OF WITNESSES APPEARING AT THE COMMISSION HEARING

CALENDAR OF PUBLIC HEARINGS

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject : ADVICE CONCERNING POSSIBLE
MODIFICATIONS TO THE U.S.
GENERALIZED SYSTEM OF
PREFERENCES

Inv. No. : 332-369

Date and Time : October 9, 1996 - 9:30 a.m.

Sessions were held in connection with the investigation in the Main hearing room 101, 500 E Street, S.W., Washington, D.C.

<u>ORGANIZATION AND WITNESS</u>	<u>COMMODITY</u>	<u>TIME CONSTRAINTS</u>
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Panel 1

Akin, Gump, Strauss, Hauer and Feld, L.L.P. Washington, D.C. <u>on behalf of</u>	certain petrochemicals alpha olefins 2901.29.50	10 minutes
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Sasol Alpha Olefins

C. Eric Spore, Vice President of Sales
Marketing, Sasol Alpha Olefins
North America, Incorporated

Patrick F.J. Macrory--OF COUNSEL

-MORE-

C-3

ORGANIZATION AND WITNESS

COMMODITY

TIME
CONSTRAINTS

Panel 2

Pepper, Hamilton and Scheetz
Washington, D.C.
on behalf of

certain rubber
chemical products
2921.51.5000
2934.20.8000

10 minutes

Flexsys America, L.P.

William D. Woodyard, Commercial
Director, Flexsys America, L.P.

David C. Minc, Legal Counsel, Flexsys
America, L.P.

Gregory C. Dorris--OF COUNSEL

Neville, Peterson and Williams
New York, New York
on behalf of

certain rubber
chemical products
3-dimethylbutyl
4-diaminobenzene
2921.51.50

10 minutes

Uniroyal Chemical Company,
Incorporated

Peter Welch, Worldwide Director
of Rubber Chemicals, Uniroyal
Chemical Company

benzothiazyl-2-
cyclohexyl-
sulfenamide
2934.80

George W. Thompson--OF COUNSEL

--MORE--

ORGANIZATION AND WITNESS

COMMODITY

TIME
CONSTRAINTS

Kirkland and Ellis
Washington, D.C.
on behalf of
Bayer Corporation

certain rubber
chemical products
6PPD (VULKANOX 40 20)
2921.51.5000

10 minutes

Carl L. Clay, Director of Marketing,
Bayer Corporation

CBS (VULKACIT CZ)
2934.20.8000

Paul R. Berry, Vice President and
Associate General Counsel

Janet A. Forest--OF COUNSEL

Panel 3

Neville, Peterson and Williams
New York, New York
on behalf of

cased pencils
9609.10.00

10 minutes

Writing Instrument Manufacturers
Association, Incorporated ("WIMA")

George W. Thompson--OF COUNSEL

Panel 4

Ablondi, Foster, Sobin and
Davidow, P.C.
Washington, D.C.
on behalf of

glass tabletops
7006.00.40

10 minutes

Astra Mitra Americas, Incorporated
Baltimore, MD

Alan Marcus, Vice President, Astra
Mitra Americas, Incorporated

Irwanto Guanawan, President, Grand
Glass Company

Peter Koenig--OF COUNSEL

--MORE--

APPENDIX D

MODEL FOR EVALUATING PROBABLE ECONOMIC EFFECTS OF
CHANGES IN GSP STATUS

Model for Evaluating Probable Economic Effects of Changes in GSP Status

Commission GSP investigations examine the probable economic effects of changing the GSP status of certain commodities and, in some cases, of certain commodities from particular countries. The major cases involve adding products or products from certain countries to the list of articles eligible for GSP duty-free treatment, or removing products or products from certain countries from the eligibility list.

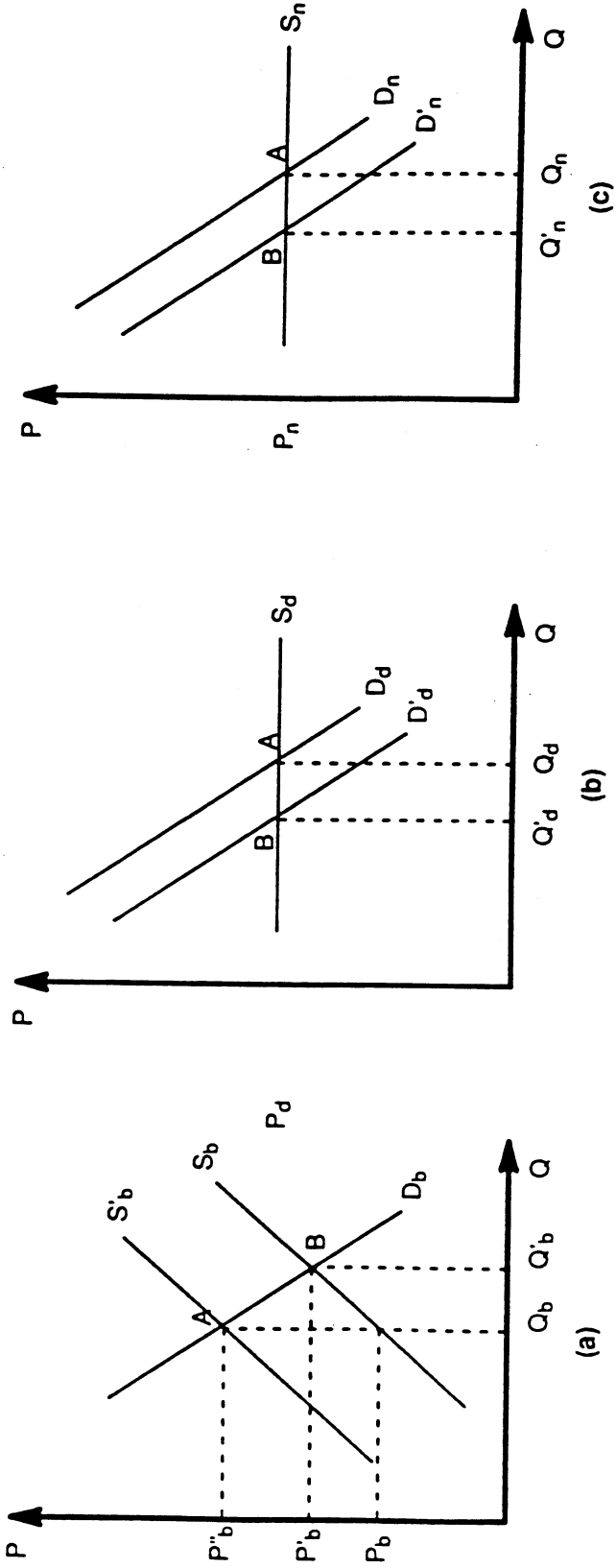
The following model illustrates the case of granting a product GSP duty-free status. The illustration is for a product for which domestic production, GSP imports, and non-GSP imports are imperfect substitutes, and shows the basic results of a tariff removal on a portion of imports.

Derivation of import, industry, and consumer effects

Consider the market for GSP imports illustrated in fig. C-1, panel a. The line labeled D_b is the U.S. demand for GSP imports, the line labeled S_b' is the supply of imports from GSP countries with the tariff in place, the line labeled S_b is the supply of imports from GSP countries without the tariff (i.e. the product is receiving duty-free treatment under GSP), point A is the equilibrium with the tariff in place, and point B is the equilibrium without the tariff. Q_b and Q_b' are equilibrium quantities at A and B, respectively.¹

¹ The subscript "b" is used to denote GSP beneficiaries. The subscript "d" will be used to denote U.S. domestic production, prices, etc., and "n" will be used to denote non-beneficiaries.

Figure C-1
 U.S. markets for GSP beneficiary imports (panel a), domestic production (panel b), a nonbeneficiary imports (panel c)



P_b'' and P_b' are equilibrium prices at A and B, respectively, and P_b is the price received by GSP producers when the tariff is in place. The relationships among the equilibrium variables can be represented as follows:

$$\text{Demand } \frac{Q_b'}{Q_b} = \left(\frac{P_b'}{P_b''} \right)^{-\eta} \quad (1)$$

$$\text{Supply } \frac{Q_b'}{Q_b} = \left(\frac{P_b'}{P_b} \right)^\epsilon, \quad (2)$$

where η is the price elasticity of demand for imports from GSP countries (absolute value--all demand own-price elasticities in this appendix are in absolute value terms unless otherwise specified) and ϵ is the price elasticity of supply for imports from GSP countries. Noting that $P_b'' = P_b(1+t)$, where t is the ad valorem tariff rate, substituting this into (1), and equating (1) and (2) to establish equilibrium values, and then solving for P_b' we obtain

$$P_b' = P_b(1+t)^{\eta/(\eta+\epsilon)}, \text{ or} \quad (3)$$

$$P_b'/P_b = (1+t)^{\eta/(\eta+\epsilon)}. \quad (3')$$

To find the ratio of the customs value at equilibrium B to the customs value at equilibrium A, $P_b'Q_b'/P_bQ_b$, equations (3) and (2) can be used to obtain

$$\frac{P_b'Q_b'}{P_bQ_b} = (1+t)^{\eta(\epsilon+1)/(\eta+\epsilon)}. \quad (4)$$

Taking natural logarithms on each side of (4) we obtain

$$\ln \left(\frac{P_b'Q_b'}{P_bQ_b} \right) = \frac{\eta(\epsilon+1)}{\eta+\epsilon} \ln(1+t). \quad (4')$$

Noting that the left side of (4') is the percentage change in customs value and that $\ln(1+t)$ is approximately equal to t for small values of t , we have

$$P_b'Q_b' - P_bQ_b = \Delta P_bQ_b = P_bQ_b \frac{\eta(\epsilon+1)}{\eta+\epsilon} t. \quad (4'')$$

which forms the general basis for estimates of increased import values from GSP countries.²

In the model, a tariff reduction leads to a decrease in the price of the imported good and to an increase in sales of the good in the United States. The lower price paid for the import in the United States leads to a reduction in the demand for U.S. production of the good, as well as for imports from non-GSP countries. These demand shifts, along with supply responses to the lower demand, determine the reduction in U.S. output and non-GSP imports.

The changes that take place in panel a. lead to the changes seen in panels b. and c., where the demand curves shift from D_d and D_n to D'_d and D'_n , respectively. Equilibrium quantity in the market for domestic production moves from Q_d to Q'_d , and similarly for the market for nonbeneficiary imports, equilibrium quantity would fall from Q_n to Q'_n . Panels b. and c. are constructed with perfectly elastic supply curves for domestic production and nonbeneficiary imports.³

² Eq. 4" can also be expressed in terms of the percentage change in GSP imports as follows:

$$\frac{\Delta P_b Q_b}{P_b Q_b} = \frac{\eta(\epsilon+1)}{(\eta+\epsilon)} t, \text{ where the left side of the equation is the}$$

percentage change in GSP imports.

³ The assumption of horizontal supply curves in the markets for domestic production and nonbeneficiary imports greatly simplifies the illustration and analysis, without making a big difference in the conclusions that can be reached with this model. If an upward-sloping domestic supply curve exists, the expected increase in GSP imports would be smaller, the drop in the quantity of domestic output would be smaller, and the domestic price would fall.

The demand shifts are traditionally measured by cross-price elasticities of demand, which measure the extent to which products can substitute for each other (or the extent to which they are complements) and can be used in PE-type studies to estimate the displacement of competing U.S. production and nonbeneficiary imports that result from tariff concessions. Cross-price elasticities have not been used explicitly in PE studies, but they are implicit in the method used to estimate the displacement of U.S. industry.

There are several ways to estimate cross-price elasticities and/or the displacement of U.S. production and non-GSP imports from limited information that have been used in the Economics literature. The method used in GSP PE exercises is a variation of the methods developed in articles by Baldwin and Murray and Rousslang and Parker.⁴ A key assumption of the model is that U.S. industry production is offset dollar-for-dollar by the increase in the customs value of total imports. The relative substitutability of GSP imports with U.S. production and non-GSP imports is considered in estimating the change in total imports. Consider the extremes--if GSP imports are highly substitutable with non-GSP imports, and nonsubstitutable with the U.S. product, then GSP imports will displace only non-GSP imports, total U.S. imports will not change, and there will be no effect on U.S. production. At the other extreme, if GSP imports are highly substitutable with the U.S. product and nonsubstitutable with non-GSP imports, then increased GSP imports will

⁴ Robert Baldwin and Tracy Murray, "MFN Tariff Reductions and LDC Benefits Under GSP," Economic Journal 87 (March 1977), pp.30-46, and Donald J. Rousslang and Stephen Parker, "Cross-price Elasticities of U.S. Import Demand," The Review of Economics and Statistics, LXVI (August 1984), pp. 518-523.

displace only U.S. output, total imports will increase by the value of increased GSP imports, and U.S. production will decrease by the value of increased GSP imports. As noted by Rousslang and Parker, this method tends to produce estimates that overstate the actual effects. The overstatement is relatively small when GSP imports are a small share of U.S. consumption, but the overstatement is relatively more pronounced at higher GSP market shares. Industry employment, profits, firm entry/exit, and the extent of effects in the industry are factors also considered in assigning industry PE codes.

Consumer effects are estimated in terms of the portion of the duty reduction that is passed on to U.S. consumers on the basis of the import demand and supply elasticity estimates. The formula for determining the division of the duty savings between U.S. consumers and GSP exporters is

$S = \frac{\eta}{(\eta + \epsilon)}$, (based on eq. 3) where S is the percentage of duty savings retained by GSP exporters. The new price received by producers and paid by consumers is $P_b' = P_b(1+t)^{\eta/(\eta + \epsilon)}$ (eq. 3). Taking the natural logarithm of both sides of eq. 3' we obtain $\ln\left(\frac{P_b'}{P_b}\right) = \frac{\eta}{(\eta + \epsilon)} \ln(1+t)$. Noting that the left side of the equation can be approximated by $\frac{(P_b' - P_b)}{P_b}$, and that $\ln(1+t)$ is approximately equal to t for small values of t, we obtain

$\frac{(P_b' - P_b)}{P_b} = \frac{\eta}{(\eta + \epsilon)} t$ or $(P_b' - P_b) = P_b \frac{\eta}{(\eta + \epsilon)} t$, indicating the portion of the tariff retained by GSP producers. An "A" code indicates that more than 75 percent of the duty savings are retained by GSP exporters ($\eta/(\eta + \epsilon) > .75$), and less than 25 percent passed through to U.S. consumers. A "B" code covers the

range between 75 percent and 25 percent ($.75 > \eta/(\eta+\epsilon) > .25$). A "C" code covers the case where less than 25 percent of the duty savings are retained by GSP exporters and more than 75 percent of the savings are passed through to U.S. consumers ($.25 > \eta/(\eta+\epsilon)$).

