

Bangladesh's Testimony to GSP Hearing on Sleeping Bags
USITC, 1 December 2010

In the annual GSP review process 2010 for sleeping bags, we would like to request the committee to consider Bangladesh's observations on several points. Those are:

- (1) **Import Sensitivity:** Sleeping Bag is not import sensitive; even though Exxel claimed it is. Exxel clearly failed to provide enough evidences on its claim of import sensitivity. Thinking that as sleeping bags are made with textile components, Exxel asserts that it should be excluded from the GSP program. But they ignored the clear requirement of the GSP statute that for a textile product to be excluded, it must be "*subject to textile agreements*".

The meaning of "*subject to textile agreements*" is explained in the history of Trade Act of 1974. The Senate Report No-93-1298, page 224 mentioned "*The committee has received assurances that sensitive products would be excluded from receiving preferences. Ambassador Eberle's letter ... indicates that textile and apparel products subject to international textile agreement would be excluded, along with footwear, watches, certain steel products and other sensitive items*". By the by, Ambassador W.D Eberle was the special Trade Representative of USA at that time.

In 1974, the "*international textile agreements*" to which the committee was referring was the Multifiber Arrangements (MFA) to which USA was a party and which came into force on January 1, 1974. MFA originally covered cotton, man-made fiber, wool textile and apparel products. Over time, textile and apparel products made from ramie, linen and silk were included in MFA. *But sleeping bags was never included in MFA.* Also at the Uruguay Round negotiations during 1986-1992 period, the US Govt. had to identify the full list of products '*subject to textile agreements*' by HTS classification *where sleeping bags was not included.* And you know that the same negotiation led to the Agreement on Textiles and Clothing (ATC) of WTO in 1994. *If the sleeping bags was 'import sensitive,' it surely would have been included in the list of US Govt. that time.*

Now coming to 2010, if '*import sensitivity*' needs to be reconsidered by the US Govt, the context and spirit of the very GSP program must be considered. Issues such as which beneficiary countries are using the GSP, what's their socio-economic conditions, how much of their import shares to USA, etc. needs to be judged. On that ground, we don't think that any scope exists for withdrawal of GSP for sleeping bags.

- (2) **Competitive Need Limitation (CNL):** Petitioner's appeal to exclude Bangladesh from GSP goes against CNL provision. CNL provision of GSP statute requires at least 50% of imports for sleeping bag, or specified threshold level of \$140 million imports in 2010 from Bangladesh. But Bangladesh's share is only about 5% with import of only \$3.1 million in the first 8 months of 2010-far below the ceiling. So the petition doesn't hold ground for excluding Bangladesh from the GSP facilities on sleeping bags.
- (3) **Bangladesh exports mostly without GSP :** In Jan-Aug 2010 period of 8 months, Bangladesh exported worth of only \$3.1 million of sleeping bags to USA of which only 40% (in value) availed GSP facilities. So, there is no scope to blame GSP scheme for the increase in import of sleeping bags from Bangladesh and other countries. And mere withdrawal of GSP from sleeping bags would not address the competitiveness issue for Exxel. Since 90% of imports for sleeping bags is coming from China, Exxel should have focused on tackling the surge of imports from there – rather than targeting Bangladesh which is a tiny supplier. But Exxel, having its significant operations in China, is morally weak in its position to address the real cause of concerns from the perspective of ongoing US economic recession.
- (4) **Consumer welfare:** From an economic sense, allowance of GSP facilities is positively contributing to keep prices of sleeping bags lower than it is without GSP. That lower costs for sleeping bags are making consumers to pay less which she/he can spend for other products. That additional consumer welfare due to existing GSP facilities, should also be taken into account while reviewing the GSP status for sleeping bags.
- (5) **Bangladesh's products not identical with that of Exxel:** The existing supplies of sleeping bags from Bangladesh are not identical to that Exxel Outdoor Inc. Even though sleeping bags from both sources are called in the same name, they vary in shape, size, texture, quality and prices. That can be evidenced by physical samples of sleeping bags from the two sources .
- (6) **Exxel's comment on working atmosphere not correct:** Exxel has made their own comments about the lack of regulation and also low labor cost in the free zones of Bangladesh where companies produce sleeping bags. Sleeping bags industry in the 'Export Processing Zones (EPZs)' is a small segment of various export-oriented industries regulated by a statute under the close supervision of Bangladesh Export Processing Zones

Authority (BEPZA). BEPZA strictly enforces rules and regulations for industries within its own jurisdiction. Also labor cost in Bangladesh is rising rapidly, as reflected BEPZA's in official circular on minimum wages just a month back.

- (7) **Adverse impacts on withdrawal of GSP:** Bangladesh is a Least Developing Country (LDC) where almost half of people live under poverty, i.e. less than a \$ a day, and its unemployment rate is about 40%. Despite many obstacles, Bangladesh is on its way towards poverty alleviation, social development and in the process achievement of Millennium Development Goals (MDG). On the other hand, USA is in charge of world leadership in guiding the course of actions across the world. Given that reality, withdrawal of GSP by USA is likely to give a wrong signal to the exporters and investors, damaging prospects of enhanced bilateral trade between USA and Bangladesh.

In conclusion, we like to emphasize that there is no justifiable reason for withdrawing GSP against sleeping bags. So, the petition should be denied.

Government of People's Republic of Bangladesh
Ministry of Commerce

November 15, 2010

To,
Chairman,
GSP Sub-Committee
Trade Policy Staff Committee
Office of the U.S. Trade Representative
Annex, Room F-220
1724 F Street, NW
Washington, DC 20508

Reference: Federal Register No. FR Doc. 2010-27093 filed on 10-25-10 and (Doc No. USTR-2010-0017)

Subject: Generalized System of Preferences (GSP): Notice Regarding the 2010 Annual Product Review: Acceptance of Product Petitions

Product under consideration: Sleeping bag (HTSUS No. 9404.30.80)

Dear Sir,

The Government of Bangladesh has come to know that Trade Policy Staff Committee has accepted a petition submitted by Exxel Outdoors, Inc., of Haleyville, Alabama on August 2, 2010 for withdrawal of GSP eligibility of certain types of sleeping bags (9404.30.80 of the Harmonized Tariff Schedule of the United States (HTS)). This submission is being made in response to your invitation for comments on the petition vide a notice regarding the 2010 Annual Product Review: Acceptance of Product Petitions (Federal Register No. FR Doc. 2010-27093 filed on 10-25-10).

Please recall that similar petition was submitted by Exxel Outdoors Inc. on January 15, 2010 and we submitted our comments on it on March 02, 2010 (USTR-2010-0004-0030), which we believe, still holds ground for consideration. Our earlier submission is attached herewith for ready reference.

We are providing the comments below on behalf of the Government of Bangladesh in strong opposition to the unjustified petition for review and request for withdrawal of GSP facilities on certain sleeping bags classified under HTSUS 9404.30.80.

I. Absence of rationale in the petition for withdrawing designation of sleeping bags under US GSP program

The petitioner, Exxel Outdoors Inc. has requested to withdraw GSP facility on sleeping bags from all beneficiary countries and in support of the request it has attempted to provide evidence on surge of imports from Bangladesh. However, it did not furnish any information on the import program under which sleeping bags are being imported into the US. It is our understanding that 15 C.F.R.2007.1(b)(10) requires the petitioner to submit an "analysis of the effect **imports receiving duty-free treatment under the GSP** have on competition and the business of the interest on whose behalf the request is made" for making any request to withdraw, limit or suspend eligibility with respect to designated articles. Needless to say that such analysis requires furnishing information on

import of eligible article under GSP and casual link between import under GSP and competitiveness and business interest of the domestic industry. The petitioner has not furnished any information on import of sleeping bags either from Bangladesh or other beneficiary countries under GSP¹. It is therefore evident that establishment of any linkage between imports under GSP and competitiveness and business interest of parties is totally absent in the petition, which in our understanding constitutes a fundamental flaw in the petition. It is also observed that request for withdrawal of GSP from all countries has been made on the basis of alleged surge of import from one single country - Bangladesh leaving all other beneficiary countries outside the purview, which in our opinion is not tenable under the statute. We therefore, hold that the petition does not have any merit for consideration under the statute.

II. The Import Sensitive provisions of the statute does not provide a basis for withdrawal of GSP facility on Sleeping bag

Provision 2463 (b)(G) of the Statute stipulates that the President may not designate any article as an eligible article, which the President determines to be import-sensitive in the context of the Generalized System of Preferences. The petitioner has failed to provide any evidence, which may lead to determine that sleeping bag is to be considered as **an import-sensitive product in the context of Generalized System of Preferences**. Rather data available from the USITC reveals that import of sleeping bag under GSP constitutes only 5.0% and 3.3% of total import of sleeping bag in terms of quantity and value respectively during the period between January to August 2010. Moreover, it is observed that there has been an increase in import of sleeping bags as a whole in quantity and such increase is mainly due to the increase of MFN import, which constitutes 70.5% of the total increase. Hence, even if there is a threat to domestic industry due to increase in import, it should be attributed to MFN increase. *Therefore, it is certain that import of sleeping bag under GSP does not pose a threat to the domestic industry as claimed by the petitioner and thus sleeping bag cannot be considered as an import-sensitive product in the context of generalized system of preferences.*

Table 1. US Import of Sleeping bag under various programs

Unit	Import Program	2007	2008	2009	Jan-Aug 2009	Jan-Aug 2010		Increase between Jan-August 2009 and 2010	
		Qty/Value	Qty/Value	Qty/Value	Qty/Value	Qty/Value	Share	Qty/Value	Share
Quantity in Million Pcs	MFN	11.43	9.80	6.90	4.53	5.13	94.9%	0.61	70.5%
	GSP	0.02	0.01	0.01	0.01	0.27	5.0%	0.26	30.2%
	FTA	0.03	0.01	0.01	0.01	0.00	0.0%	-0.01	-0.7%
	Total	11.47	9.82	6.92	4.54	5.41	100.0%	0.86	100.0%
Value in US\$ million	MFN	95.48	83.48	65.48	45.46	53.81	96.6%	8.36	83.0%
	GSP	0.22	0.08	0.18	0.17	1.86	3.3%	1.69	16.8%
	FTA	0.12	0.11	0.05	0.03	0.06	0.1%	0.02	0.2%
	Total	95.82	83.67	65.71	45.66	55.73	100.0%	10.07	100.0%

Source: USITC website

¹ Import data under GSP is publicly available from USITC and hence there is no valid reason for not providing this information in the public version on grounds of confidentiality.

III. Competitive need limitation provision of the statute does not provide a basis for withdrawal of GSP facility on Sleeping bag exported by Bangladesh

Section 2463(c)(2) of the statute provides the basis for withdrawal of GSP facility from a beneficiary country on account of Competitive need limitation. It mandates the President not to apply Competitive need limitation provision to any least-developed beneficiary country or any beneficiary sub-Saharan African country. Bangladesh does not qualify for withdrawal of GSP facility under competitive need limitation under section 2463(c)(2)(A) as import from Bangladesh is only US\$ 3.1 million during the period between January to August 2010, which is far below the threshold level of US\$ 140 million in 2010. It also does not qualify for withdrawal of GSP facility under 2463(c)(2)(D) as a least developed country. It is noteworthy that the petitioner perhaps is either not aware of import program under which Bangladesh has been exporting sleeping bag to the US or suppressing facts on import from Bangladesh under various import programs. US import data on sleeping bag from Bangladesh show that 40% of Bangladesh's export of sleeping bag face MFN duty in the US and the rest enter under GSP. Moreover, increase of MFN import from Bangladesh in percentage terms is much higher than import under GSP (Table 2). Thus, the petitioner's claim that import under GSP from Bangladesh is posing a threat to domestic industry is totally unfounded.

Table 2. Import of Sleeping Bag (HTSUS No. 9404.30.80) into the US from Bangladesh

Unit	Import Program	2008	2009	Jan-Aug 2009	Jan-Aug 2010		Percent Change Jan-August 2009 and 2010
					Value	Share	
Quantity in Numbers	MFN	2,352	107,791	1,950	84,390	23.7%	4227.7%
	GSP	0	11,224	11,224	272,110	76.3%	2324.4%
	Total	2,352	119,015	13,174	356,500	100.0%	2606.1%
Value in US\$ million	MFN	0.02	0.45	0.03	1.24	40.0%	4333.4%
	GSP	0.00	0.16	0.16	1.86	60.0%	1041.9%
	Total	0.02	0.61	0.19	3.10	100.0%	1524.8%

Source: USITC

IV. Arguments put forward by the petitioner do not support its claim for withdrawal of GSP facility on sleeping bag

The petitioner has claimed that the sleeping bags are assembled in "free zones", meaning that no duty is paid on the Chinese fabrics and other raw materials. It has also claimed that Bangladesh manufacturing will not be hurt by removing GSP treatment for sleeping bags and that due to their low labor rates and lack of regulation, Bangladesh factories are still able to compete for sleeping bag manufacturing business. It is our understanding that duty free treatment under GSP is offered to any article irrespective of whether it is produced in a free zone or not. Moreover, cost of labor in Bangladesh has also substantially increased in recent years with the rising cost of living due to price hike of agricultural products and fuel. You may be aware that industries in Export Processing Zones (EPZ) in Bangladesh are creating job opportunities for local people and contributing to the reduction of poverty and unemployment in the country. Sleeping bag industry in EPZs is a small segment of various export oriented industries regulated by a statute under the close supervision of Bangladesh

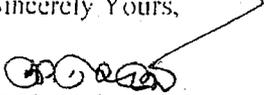
Export Processing Zone Authority (BEPZA). Withdrawal of GSP treatment on sleeping bag will undermine our effort to achieve Millennium Development Goals by reducing poverty and unemployment.

Repeated claims of Exxel Indor Inc. for considering sleeping bag as import-sensitive within the meaning of the provision 2463(b)(1)(A) of the statute, as we indicated in our previous submission, are not valid and was also not validated by the findings of the USITC in its report regarding "Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2010 Special Review, Certain Sleeping Bags", where it is stated "HTS subheading 9404.30.80 was added into the GSP program on July 1, 1992 in response to a request from the Government of Czechoslovakia, as part of a special GSP review of products requested by producers in Central and Eastern Europe. *This HTS subheading is not (and has never been) subject to a 3-digit textile category number, which would indicate its coverage by the U.S. Multifiber Arrangement.*"

V. Conclusion

From the foregoing it is clearly evident that there is no justifiable reason for considering withdrawal of sleeping bags from GSP scheme. We earnestly request you to consider the observations made by us in this submission during the review process and respectfully urge the Sub-Committee that the petition be denied as it does not have any merit for consideration under the statute and there is no scope for considering sleeping bag as an import-sensitive article in the context of Generalized System of Preferences.

Sincerely Yours,


(Md Ghulam Hussain)
Permanent Secretary

**Government of People's Republic of Bangladesh
Ministry of Commerce**

18 February 2010

To:

Ms. Merideth Sandler
Executive Director, Generalized System of Preferences (GSP) Program,
and Chair, GSP Sub-Committee
Office of the U.S. Trade Representative
Annex, Room F-220
1724 F Street, NW
Washington, DC 20508

Reference: Federal Register No. 2010-01325 posted on 26 January 2009

Subject: Generalized System of Preferences (GSP): Notice Regarding the Review of a Petition to Withdraw the Eligibility of Certain Sleeping Bags under the GSP Program

Product under consideration: Sleeping bag (HTSUS No. 9404.30.80)

Dear Ms. Sandler,

We refer to the communication dated 26 January 2009 requesting comments on the "Review of a Petition to Withdraw the Eligibility of Certain Sleeping Bags under the GSP Program"

Pursuant to your request for comments on the petition submitted by Exxel Outdoors Inc. to withdraw GSP facility for sleeping bags classified under HTSUS 9404.30.00, I have the honor to submit for your consideration the comments below, on behalf of the Government of the People's Republic of Bangladesh.

Exxel Outdoors Inc. in the public version of their petition expressed the view that "the subject sleeping bags are an import-sensitive product for which GSP eligibility should be removed generally, the immediate cause of the need for removal is the sudden and significant impact of duty-free sleeping bags from Bangladesh". In support of their views they have alleged that huge increase in imports of sleeping bags from Bangladesh (5,000%) during the period January-November 2009 was due to the duty free treatment enjoyed by Bangladesh on this product under GSP program. They also argued that sleeping bags are highly import-sensitive products belonging to textiles group under Textile Agreements and that under Article 2463 (b) of Trade Act of 1974 import-sensitive products cannot be considered for GSP treatment. Based on these arguments, they have opined that sleeping bags are incorrectly included in the GSP program. Therefore, in their view, sleeping bags should be excluded from GSP designation as a matter of law. In this context, we would like to put forward our observations on some specific views expressed by Exxel Outdoors Inc.

A. Surge of Import of Sleeping Bags from Bangladesh in 2009 due to GSP treatment

Exxel Outdoor Inc in their petition made the following statements on surge of import from Bangladesh:

- *"While it is Exxel's view that the subject sleeping bags are an import-sensitive product for which GSP eligibility should be removed generally, the immediate cause of the need for*

removal is the sudden and significant impact of duty-free sleeping bags from Bangladesh.” (Page 4 of the public version of the petition)

- *“The most damaging element of this huge market entry is that the sleeping bags from Bangladesh enjoy U.S. duty-free treatment under the GSP program” (Page 4 of the public version of the petition)*
- *“The fact that Bangladeshi sleeping bags are entering the United States free of duty has enormous consequences for Exxel because that 9 percent [] on the part of the Bangladeshi imports which, in the low-price market of family camping sleeping bags presents an insurmountable commercial barrier to Exxel”. (Page 5 and 6 of the public version of the petition)*
- *“Exxel has already lost several major bids or programs in a very short period to importers of Bangladesh product and the duty-free status that has been and continues to be the crucial defining term in the competition.” (Page 6 of the public version of the petition)*
- *“The new shift of competitors’ production from some Chinese plants to Bangladesh threatens to upset this competitive situation due to the duty-free status currently being extended to such imports from Bangladesh” (Page 6 of the public version of the petition)*
- *“Based on Bangladesh’s price advantage due to absence of duty, there is an imminent surge in imports that will, unquestionably, be devastating to Exxel...” (Page 21 of the public version of the petition)*

It is clear from the above statement that Exxel is of the view that there was a surge of import from Bangladesh due to GSP treatment provided by the US on Sleeping bags. In support of this, they have also shown that imports of sleeping bags from Bangladesh increased to 119,015 pcs in the first eleven months of 2009 from 2,352 pcs in the same period in 2008.

In order to verify the alleged import surge from Bangladesh, let us first examine the global imports of sleeping bags by the US under MFN Duty, GSP preference and also under FTAs (Table 1 below). As can be seen from the data presented in Table 1, there is no evidence of surge of import of sleeping bags under GSP treatment. Rather the beneficiary developing countries could not fully utilize the GSP benefit provided to them. In fact, imports of sleeping bags from GSP beneficiary countries have gradually declined since 2004 both in terms of absolute quantity and share of total imports of this item.

Table 1. Import of sleeping bags (HTSUS9404.30.80) into the US under various programs in pieces

	US Program	2004	2005	2006	2007	2008	Jan_Nov_2008	Jan_Nov_2009
Number	GSP	68,239	14,943	10,503	16,393	5,719	2,579	12,464
	MFN	10,514,837	11,265,246	11,889,353	11,429,809	9,800,419	9,340,440	6,521,478
	FTA	33,384	17,514	22,383	25,969	11,351	10,464	10,387
	Total	10,616,460	11,297,703	11,922,239	11,472,171	9,817,489	9,353,483	6,544,329
Share in Total Import (%)	GSP	0.64	0.13	0.09	0.14	0.06	0.03	0.19
	MFN	99.04	99.71	99.72	99.63	99.83	99.86	99.65
	FTA	0.31	0.16	0.19	0.23	0.12	0.11	0.16
	Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: USITC website

Now, while examining the imports of sleeping bags from Bangladesh to the US, a similar situation has emerged. As can be seen from the statistics presented in Table 2, during the years 2004 and 2006 although bulk of the sleeping bags were imported from Bangladesh under GSP facility (whatever small the volume was), **100% of the imports in the years 2005, 2007, 2008 and almost 90% of the imports in Jan-Nov 2009 period were under MFN rate.** Hence, increase of imports in 2009 should not be attributed to duty free treatment under GSP.

Table 2. Import of sleeping bags (HTSUS9404.30.80) in pieces from Bangladesh into the US under various programs

	US Program	2004	2005	2006	2007	2008	Jan_Nov_2008	Jan_Nov_2009
Number	GSP	13,321	0	1,766	0	0	0	11,224
	MFN	0	200	0	1,641	2,352	2,352	107,791
	Total	13,321	200	1,766	1,641	2,352	2,352	119,015
Share in imports from Bangladesh (%)	GSP	100.0	0.0	100.0	0.0	0.0	0.0	9.4
	MFN	0.0	100.0	0.0	100.0	100.0	100.0	90.6
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: USITC website

B. Sleeping bags are highly import-sensitive products

Exxel Outdoors Inc. claimed that “sleeping bags are indisputably highly import-sensitive as a matter of fact” (Page 5 of the public version of the petition). However, as stated by Exxel during review of GSP program by US International Trade Commission in 1992, no one claimed sleeping bags as import-sensitive. Accordingly, the item was granted duty-free treatment. If sensitivity is judged in the current situation, it is observed that in 2009 global imports of sleeping bags into the US have slumped to almost half the quantity imported into the US in 2006. Moreover, import under GSP also declined drastically since 2004 (Table 1). Under these circumstances, considering sleeping bags as import-sensitive appears unjustified.

C. Sleeping bags are textile products and are products subject to textile agreements

Exxel claims that sleeping bags are textile products and are products subject to textile agreements. The basic purpose of such claim is to consider these as import-sensitive items under 19 U.S.C. 2463(b)(1)(A) of Trade Act of 1974, which reads as follows:

“(b) Articles that may not be designated as eligible articles

(1) Import-sensitive articles

The President may not designate any article as an eligible article under subsection (a) of this section if such article is within one of the following categories of import-sensitive articles:

(A) Textile and apparel articles which were not eligible articles for purposes of this subchapter on January 1, 1994, as this subchapter was in effect on such date.”

It appears to us that 19 U.S.C. 2463(b)(1)(A) of Trade Act of 1974 refers to textile and apparel articles **which were not eligible articles for purposes of this subchapter on January 1, 1994.** Thus, one should examine which textile and apparel articles were not eligible on January 1, 1994. It appears to us that the list of textile and apparel articles maintained by the Committee on Implementation of Textile Agreements (CITA) on January 1, 1994 should be the main reference point for the determining the eligibility of any items as CITA was established to supervise the implementation of all textile trade agreements. It may be seen that the list of textile articles maintained by CITA on January 1, 1994 did not include sleeping bags as a textile article. As regards MFA, it is to be mentioned that WTO Agreement on Textiles and Clothing which replaced the MFA also does not include sleeping bags in the list of textiles and apparel articles. It is to be further noted that list of GSP eligible textiles and apparel products maintained by USTR¹ also does not include sleeping bags as non-textile products.

D. Withdrawal of GSP Treatment requested by Exxel

Exxel have requested for removal of sleeping bags under HTSUS 9404.30.80 from duty free treatment under GSP. In this context it is to be mentioned that 19 U.S.C. 2463(c) (A), (D) and (F) of Trade Act of 1974 maintains basis for withdrawal of GSP treatment, which are as follows:

“(A) Basis for withdrawal of duty-free treatment

(i) In general

Except as provided in clause (ii) and subject to subsection (d) of this section, whenever the President determines that a beneficiary developing country has exported (directly or indirectly) to the United States during any calendar year beginning after December 31, 1995--

(I) a quantity of an eligible article having an appraised value in excess of the applicable amount for the calendar year, or

(II) a quantity of an eligible article equal to or exceeding 50 percent of the appraised value of the total imports of that article into the United States during any calendar year,

the President shall, not later than July 1 of the next calendar year, terminate the duty-free treatment for that article from that beneficiary developing country.

(ii) Annual adjustment of applicable amount

For purposes of applying clause (i), the applicable amount is--

(I) for 1996, \$75,000,000, and

(II) for each calendar year thereafter, an amount equal to the applicable amount in effect for the preceding calendar year plus \$5,000,000.

(D) Least-developed beneficiary developing countries and beneficiary sub-Saharan African countries

¹ Available at <http://www.ustr.gov/trade-topics/trade-development/preference-programs/generalized-system-preferences-gsp/gsp-program-i-0>

Subparagraph (A) shall not apply to any least-developed beneficiary developing country or any beneficiary sub-Saharan African country."

(F) De minimis waivers

(i) In general

The President may disregard subparagraph (A)(i)(II) with respect to any eligible article from any beneficiary developing country if the aggregate appraised value of the imports of such article into the United States during the preceding calendar year does not exceed the applicable amount for such preceding calendar year.

(ii) Applicable amount

For purposes of applying clause (i), the applicable amount is--

(I) for calendar year 1996, \$13,000,000, and

(II) for each calendar year thereafter, an amount equal to the applicable amount in effect for the preceding calendar year plus \$500,000.

As we understand from the provision 2463(c) (D), GSP facility provided to Bangladesh as an LDC cannot be withdrawn. Even in order to withdraw any article from GSP treatment from any country it is required that the quantity of an eligible article must be equal to or in excess of 50 percent of the appraised value of the total imports of that article into the United States during any calendar year. As can be seen from the import data, presented in Table 3, import of sleeping bags under GSP from all GSP beneficiary countries taken together is far below the competitive limit as defined in 2463(c) (A)(i)(II).

Table 3. Global Import of sleeping bags (HTSUS9404.30.80) into the US under various programs in US\$

	US Program	2004	2005	2006	2007	2008	Jan_Nov_2008	Jan_Nov_2009
US\$	GSP	955,817	224,840	221,212	224,405	84,998	41,038	181,677
	MFN	88,626,271	101,311,448	101,130,487	95,478,698	83,475,454	79,511,130	61,052,900
	FTA	604,630	313,789	149,991	117,048	112,889	85,727	52,170
	Total	90,186,718	101,850,077	101,501,690	95,820,151	83,673,341	79,637,895	61,286,747
Share in Total Import (%)	GSP	1.1	0.2	0.2	0.2	0.1	0.1	0.3
	MFN	98.3	99.5	99.6	99.6	99.8	99.8	99.6
	FTA	0.7	0.3	0.1	0.1	0.1	0.1	0.1
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: USITC website

E. Impact of GSP treatment on Sleeping bags on Exxel

We have not been able to assess the effect of GSP facility provided to sleeping bags on Exxel as information on various parameters of Exxel has been kept confidential in public version of the petition. However, given the overall scenario stated above it is difficult for us to understand how import of sleeping bags under GSP with its tiny share (only 1.82%) in total imports in the US could pose a threat to the existence of Exxel.

F. End Note

From the above mentioned analysis there is no justified reason for considering withdrawal of sleeping bags from GSP treatment. You may be aware that industries in Export Processing Zones (EPZ) in Bangladesh are creating job opportunities for local people and contributing to the reduction of unemployment in the country. Sleeping bag industry in EPZs is a small segment of various export oriented industries regulated under the close supervision of Bangladesh Export Processing Zone Authority (BEPZA).

We thus earnestly request you to consider the observations made by us in this submission during the review process.

Sincerely Yours,

(Md Ghulam Hussain)
Permanent Secretary