

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

**Report to the President
on Investigation Nos.
TA-503(a)-8 and 332-118
Under Sections 131 and 503
of the Trade Act of 1974
and Section 332 of the
Tariff Act of 1930**

USITC PUBLICATION 1156

JUNE 1981

United States International Trade Commission / Washington, D.C. 20436



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

Introduction

On October 10, 1980, in accordance with sections 503(a) and 131(a) of the Trade Act of 1974 (hereinafter referred to as "the Act") and pursuant to the authority of the President delegated to him by Executive Order 11846, as amended by Executive Order 11947, the United States Trade Representative (USTR) furnished the United States International Trade Commission the attached list of articles (pp.2-17 of this report) which are being considered for designation as eligible articles for purposes of the United States Generalized System of Preferences (GSP) set forth in Title V of the Act. On January 9, 1981, the Commission received a request from the USTR to expedite the investigation. 1/

Specifically, the USTR has requested that the Commission provide its advice, with respect to each article listed in Annex I, as to the probable economic effects on United States industries producing like or directly competitive articles and on consumers of the elimination of the United States import duties under the GSP. 2/

In providing its advice, the USTR requested the Commission to assume that benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the "competitive-need" limitations specified in section 504(c) of the Act.

Section 504(d) of the Act exempts from one of the competitive-need limits in section 504(c) articles for which no like or directly competitive article was being produced in the United States on the date of enactment of the Act. Accordingly, pursuant to the authority of section 332(g) of the Tariff Act of 1930, as amended (19 U.S.C. 1332 (g)), and in conformity with the delegation of authority from the President to him of Executive Order 11846 as amended by Executive Order 11947, the USTR requested that the Commission also provide advice with respect to whether products like or directly competitive with any products described in Annexes I and II were being produced in the United States on January 3, 1975. 3/

In accordance with the provisions of section 503(a) and 131(b) of the Act and section 332(g) of the Tariff Act of 1930, as amended, the Commission, on October 29, 1980, instituted investigation Nos. TA-503(a)-8 and 332-118 for the purpose of obtaining, to the extent practicable, information of the kind described in section 131(d) of the Act.

A public hearing in connection with the investigation was held in Washington, D.C., on January 13, 1981. All interested parties were afforded an opportunity to appear by counsel or in person, to produce evidence, and to be heard. A transcript of the hearing and copies of briefs submitted by interested parties in connection with the investigation are attached. 4/

1/ The USTR requests are included as app. A. A listing of the parties petitioning for GSP modifications is included as app. B.

2/ A USTR Federal Register notice of October 14, 1980 (45 F.R. 67810) deleted TSUS item 169.13(pt) from the list of items being considered for designation as GSP eligible articles.

3/ App. C contains a listing of the articles under consideration with an indication of whether like or directly competitive products were being produced in the United States on Jan. 3, 1975.

4/ A listing of witnesses appearing at the public hearing is included as app. D.

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ANNEX I

Articles being considered for designation as eligible articles
for purposes of the Generalized System of Preferences

TSUS or TSUSA item	Article
	<p>[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.]</p> <p>Fish, prepared or preserved in any manner, not in oil, in airtight containers:</p> <p>Sardines:</p> <p style="padding-left: 40px;">In containers weighing with their contents not over 15 pounds each:</p> <p style="padding-left: 80px;">In immediate containers weighing with their contents 15 ounces each, in tomato sauce</p> <p>Other cheeses, and substitutes for cheese:</p> <p>[Cheeses made from sheep's milk]</p> <p>Other:</p> <p style="padding-left: 40px;">Valued over 25 cents per pound:</p> <p style="padding-left: 80px;">[Colby]</p> <p style="padding-left: 80px;">Other:</p> <p style="padding-left: 120px;">[Cheese and substitutes for cheese, whether or not in original loaves, containing or processed from Romano, Reggiano, Parmesano, Provoloni, Provolette, Sbrinz, and Goya, all the foregoing made from cow's milk]</p> <p style="padding-left: 80px;">Other:</p> <p style="padding-left: 120px;">[Provided for in item 950.07; provided for in item 950.08A; provided for in item 950.08B; provided for in item 950.09B; provided for in item 950.10A]</p> <p style="padding-left: 80px;">Other:</p> <p style="padding-left: 120px;">[Of the types provided for in item 950.10C; 950.10D; 950.10E]</p>
112.22 pt.	Other
117.3875	Other

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ANNEX I

Articles being considered for designation as eligible articles
for purposes of the Generalized System of Preferences--Con.

TSUS or TSUSA item	Article
121.50 pt.	<p>Leather, in the rough, partly finished, or finished: [Chamois; patent; upholstery leather]</p> <p>Other: [Calf and kip] Pig and hog, in sheets of at least 5 square feet</p>
121.64	<p>Other: Fancy: Goat and kid</p>
135.61	<p>Vegetables, fresh, chilled, or frozen (but not reduced in size nor otherwise prepared or preserved): Celery: [If imported and entered during the period from April 15 to July 31, inclusive, in any year]</p> <p>Other</p>
136.20	<p>Eggplant: If entered during the period from April 1 to November 30, inclusive, in any year</p>
136.22	<p>Other</p>
137.10	<p>Peppers</p>

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Articles being considered for designation as eligible articles
for purposes of the Generalized System of Preferences--Con.

TSUS or TSUSA item	Article
137.8782 pt.	Vegetables, fresh, chilled, or frozen, etc. (con.): Other: Other: Water chestnuts, frozen
138.4510	Vegetables, fresh, chilled, or frozen, and cut, sliced, or otherwise reduced in size (but not otherwise pre- pared or preserved): [Broccoli, cauliflower and okra; kidney beans, frozen; rutabagas; yucca] Other: Fresh or chilled
138.4570	Frozen: [Asparagus]
or 138.4570 pt.	Other or Sliced bamboo shoots
or 138.4570 pt.	or Sliced water chestnuts
140.70	Vegetables, dried, desiccated, or dehydrated, whether or not reduced in size or reduced to flour (but not otherwise prepared or preserved): Reduced to flour: Potatoes
145.50	Other edible nuts, shelled or not shelled, blanched, or otherwise prepared or preserved: Shelled, blanched, or otherwise prepared or preserved: Pecans
145.58 pt.	Other edible nuts: Macadamia, shelled or blanched

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Articles being considered for designation as eligible articles
for purposes of the Generalized System of Preferences--Con.

TSUS or TSUSA item	Article
	<p>Berries, fresh, or prepared or preserved: Fresh or in brine: Strawberries:</p>
146.58	<p>If entered during the period from June 15 to September 15, inclusive, in any year</p>
146.60	<p>If entered at any other time</p>
	<p>Melons, fresh, or prepared or preserved: Fresh: Watermelons</p>
148.24	
<u>1/</u> 169.13 pt.	<p>Rum (including <u>cana paraguaya</u>): Cachaca or <u>aguardente de cana</u> in containers each holding not over 1 gallon</p>
170.63	<p>Cigarettes: Containing clove</p>
182.49	<p>Shrimp chips</p>
184.51	<p>Soy bean and other vegetable oil cake and oil-cake meal: Rapeseed oil cake and oil-cake meal</p>

1/ A USTR Federal Register notice of October 14, 1980 (45 F.R. 67810) deleted TSUS item 169.13(pt) from the list of items being considered for designation as GSP eligible articles.

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Articles being considered for designation as eligible articles
for purposes of the Generalized System of Preferences--Con.

TSUS or TSUSA item	Article
240.17	<p>Plywood, whether or not face finished: Not face finished, or face finished with a clear or transparent material which does not obscure the grain, texture, or markings of the face ply: With a face ply of Philippine mahogany (<u>almon</u> (<u>Shorea almon</u>)), bagtikan (<u>Parashorea plicata</u>), red Lauan (<u>Shorea necrosensis</u>), white Lauan (<u>Pentacme contorta</u> and <u>P. mindanensis</u>), mayapis (<u>Shorea squamata</u>), tangila (<u>Shorea polysperma</u>) and tiaong (<u>Shorea spp.</u>); meranti (<u>Shorea spp.</u>); red seraya (<u>Shorea spp.</u>); and white seraya (<u>Parashorea spp.</u>) or With a face ply of meranti (<u>Shorea spp.</u>)</p>
or 240.17 pt.	
353.5012	<p>Ornamented fabrics, in the piece, and ornamented motifs, not specially provided for: Of cotton by weight: Woven</p>
360.05	<p>Floor coverings of pile or tufted construction, of textile materials: In which the pile was inserted or knotted during weaving or knitting: With pile hand-inserted or hand-knotted: With over 50 percent by weight of the pile being hair of the alpaca, guanaco, huarizo, llama, misti, suri, or any combination of these hairs</p>

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Articles being considered for designation as eligible articles
for purposes of the Generalized System of Preferences--Con.

TSUS or TSUSA item	Article
	<p>Floor coverings composed of braids, cords, fabric strips, and similar materials in continuous lengths, sewn or otherwise bound together but not woven, of textile materials: [Wholly or in part of braids (except tubular braids with a core)]</p> <p>Other: [With over 50 percent by weight of the fibers, exclusive of any core, being of wool]</p> <p>[With over 50 percent by weight of the fibers, exclusive of any core, being cotton, man-made fibers, or cotton and man-made fibers]</p> <p>[With over 50 percent by weight of the fibers, exclusive of any core, being jute]</p> <p>Other: In chief weight of the named material: Vegetable fibers, except cotton [Wool; man-made fibers]</p>
361.2210	
361.2245	Other
	<p>Other bedding, not ornamented: Of wool: [Blankets]</p>
363.75 or 363.75 pt.	<p>Other or Hand-woven or folklore pillow covers</p>

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Articles being considered for designation as eligible articles
for purposes of the Generalized System of Preferences--Con.

TSUS or TSUSA item	Article
367.3025	<p>Other furnishings, not ornamented: Of wool: [Knit (except pile or tufted construction); pile or tufted construction; nonwoven felt]</p> <p>Other: Wall hangings</p>
386.0430 or 386.0430 pt.	<p>Articles not specially provided for, of textile materials: Lace or net articles, whether or not ornamented, and other articles ornamented: Of cotton: [Shoe uppers]</p> <p>Other or Hand-woven hammocks</p>
386.5040 or 386.5040 pt.	<p>Other articles, not ornamented: Of cotton: [Knit (except pile or tufted construction); pile or tufted construction]</p> <p>Other: [Shoe uppers; inked ribbons]</p> <p>Other or Hand-woven hammocks</p>
387.34 or 387.34 pt.	<p>Of vegetable fibers, except cotton: [Knit (except pile or tufted construction); pile or tufted construction]</p> <p>Other: [Of jute]</p> <p>Other or Of coir</p>

Articles being considered for designation as eligible Articles
for purposes of the Generalized System of Preferences--Con.

TSUS or TSUSA item	Article
411.60 pt.	<p>Products suitable for medicinal use, and drugs: Obtained, derived, or manufactured in whole or in part from any product provided for in sub- part A or B of Schedule 4 of the Tariff Schedules of the United States:</p> <p>Drugs: [13 specified drugs or categories of drugs]</p> <p>Other: [Alkaloids and their salts and other derivatives; antihistamines, including those chiefly used as antinauseants]</p> <p>Anti-infective agents: Antibiotics: Ampicillin trihydrate</p> <p>Drugs primarily affecting the central nervous system, except alkaloids and their derivatives: Analgesics, antipyretics, and nonhormonal anti- inflammatory agents: [Propoxyphene hydro- chloride]</p>
412.22 or 412.22 pt.	<p>Other or Naproxen and naproxen sodium</p>
412.70 pt.	<p>[Autonomic drugs, except alkaloids and their derivatives; cardiovascular drugs, except alkaloids and their derivatives; dermatological agents and local anesthetics; drugs primarily affecting the central nervous system, except alkaloids and their derivatives; hormones, synthetic substitutes, and antagonists; vitamins, pro- vitamins, and their analogs and derivatives used primarily for their vitamin activity]</p> <p>Other: [Products provided for in the Chemical Appendix to the Tariff Schedules]</p> <p>Catheter lubrication jelly</p>

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Articles being considered for designation as eligible articles
for purposes of the Generalized System of Preferences--Con.

TSUS or TSUSA item	Article
425.9940 or 425.9940 pt.	<p>Acids: [Acetic; chloroacetic; citric; formic; gallic; lactic acid; naphthenic; oxalic; propionic acid and sorbic acid; pyrogallic; tartaric; valeric]</p> <p>Other: Carboxylic acids: [Carboxylic acids with other oxygen functions; thioglycolic acid]</p> <p>Other carboxylic acids (including mercapto acids) or Monobromo acetic acid</p>
472.12	<p>Barium sulfate: Natural (barytes): Ground</p>
490.12	<p>Fatty substances, not sulfonated or sulfated, and not specially provided for: Fatty acids: Of animal (including marine animal) origin: Stearic acid</p>
533.22	<p>Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients: Of fine-grained earthenware (except articles provided for in item 533.15) or of fine- grained stoneware: Household ware available in specified sets: In any pattern for which the aggregate value of the articles listed in headnote 2(b) of subpart C of part 2 of Schedule 5 of the Tariff Schedules of the United States is not over \$38</p>

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Articles being considered for designation as eligible articles for purposes of the Generalized System of Preferences--Con.

TSUS or TSUSA item	Article
533.64	<p>Articles chiefly used for preparing, etc. (con.): Of chinaware or of subporcelain: Household ware: Of nonbone chinaware or of subporcelain: Available in specified sets: In any pattern for which the aggregate value of the articles listed in headnote 2(b) of subpart C of part 2 of Schedule 5 of the Tariff Schedules of the United States is over \$56</p>
533.76	<p>Not available in specified sets: Candy boxes, decanters, punch bowls, pretzel dishes, tidbit dishes, tiered servers, bonbon dishes, egg cups, spoons and spoon restr., oil and vinegar sets, tumblers, and salt and pepper shaker sets</p>
533.78	<p>Cups valued over \$8 per dozen; saucers valued over \$5.25 per dozen; soups, oatmeals, and cereals valued over \$9.30 per dozen; plates not over 9 inches in maximum diameter and valued over \$8.50 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued over \$11.50 per dozen; platters or chop dishes valued over \$40 per dozen; sugars valued over \$23 per dozen; creamers valued over \$20 per dozen; and beverage servers valued over \$50 per dozen</p>

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Articles being considered for designation as eligible articles for purposes of the Generalized System of Preferences—Con.

TSUS or TSUSA item	Article
546.64	<p>Articles chiefly used in the household or elsewhere for preparing, serving, or storing food or beverages, or food or beverage ingredients; smokers' articles, household articles, and art and ornamental articles, all the foregoing not specially provided for:</p> <p>[Glassware made of glass containing by weight over 24 percent lead monoxide]</p> <p>[Glassware, other than the foregoing, decorated with metal flecking, glass pictorial scenes, or glass thread- or ribbon-like effects, any of the foregoing embedded or introduced into the body of the glassware prior to its solidification; millefiori glassware]</p> <p>[Glassware, other than the foregoing, colored prior to solidification, and characterized by random distribution of numerous bubbles, seeds, or stones, throughout the mass of the glass]</p> <p>[Glassware, other than the foregoing, pressed and toughened (specially tempered), chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients]</p> <p>Other glassware:</p> <p>[Smokers articles; perfume bottles fitted with ground glass stoppers]</p>
546.68	<p>Other:</p> <p>Valued over \$3 each:</p> <p>Cut or engraved:</p> <p>Valued over \$5 each</p> <p>Other:</p> <p>Valued over \$5 each</p>

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Articles being considered for designation as eligible articles
for purposes of the Generalized System of Preferences--Con.

TSUS or TSUSA item	Article
650.4920	<p>Forks, spoons, and ladles, all the foregoing which are kitchen or table ware, with or without their handles:</p> <p>Forks:</p> <p> With their handles: [With silver or silver-plated handles; with stainless steel handles; with animal horn, bone, ivory, mother-of-pearl, or shell handles; with rubber or plastics handles]</p> <p> Other: [Barbecue forks with wood handles]</p> <p> Other: Table forks (including table serving forks)</p>
687.5810	<p>Electronic tubes (except X-ray tubes); photocells; transistors and other related electronic crystal components; mounted piezo-electric crystals; all the foregoing and parts thereof: [Television picture tubes]</p> <p>Other: [Cathode-ray tubes and parts thereof (including parts of television picture tubes)]</p> <p>Other: Electronic tubes, except cathode-ray tubes: Receiving tubes</p>
687.5811	Gas and vapor electron tubes
687.5813	Diodes, triodes, and tetrodes
687.5815	Microwave tubes: Magnetron
687.5817	Klystron
687.5819	Other
687.5821	Light-sensing tubes
687.5823	Other Transistors and related electronic crystal components; mounted piezo- electric crystals:
687.5825	Transistors: With a dissipation rating of less than 1 watt

Articles being considered for designation as eligible articles
for purposes of the Generalized System of Preferences--Con.

TSUS or TSUSA item	Article
	Electronic tubes (except X-ray tubes); photocells; transistors and other related electronic crystal components; mounted piezo-electric crystals; all the foregoing and parts thereof (con.): Other (con.): Other (con.): Transistors and related electronic crystal components; mounted piezo- electric crystals (con.): Transistors (con.): With a dissipation rating of 1 watt or greater Monolithic integrated circuits: Linear Other: Bipolar: Memory Other: Transistor- transistor logic Emitter coupled logic Other Metal oxide silicon: Memory: Random access: Less than 9,000 bits 9,000 bits and greater Other Microprocessor Other Other Other integrated circuits
687.5827	
687.5831	
687.5833	
687.5835	
687.5838	
687.5840	
687.5841	
687.5842	
687.5844	
687.5845	
687.5847	
687.5848	
687.5853	

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Articles being considered for designation as eligible articles for purposes of the Generalized System of Preferences--Con.

TSUS or TSUSA item	Article
	Electronic tubes (except X-ray tubes); photocells; transistors and other related electronic crystal components; mounted piezo-electric crystals; all the foregoing and parts thereof (con.):
	Other (con.):
	Other (con.):
	Transistors and related electronic crystal components; mounted piezo-electric crystals (con.):
	Diodes and rectifiers:
	Photo-sensitive:
	Solar cells
	Other
	Zener
	Microwave
	Thyristors
	Other:
687.5854	With a maximum current of
687.5856	0.500 amperes or less
687.5859	
687.5861	Other
687.5862	Mounted piezo-electric crystals
	Other
687.5866	Other, including parts not specially provided for:
	Parts of semi-conductors:
	Chips, dice, and wafers
	Other:
687.5867	Other
687.5868	Mounted piezo-electric crystals
687.5870	Other
	Other, including parts not specially provided for:
	Parts of semi-conductors:
	Chips, dice, and wafers
	Other:
687.5881	Other
687.5883	
687.5886	
	Gloves of rubber or plastics:
	With textile fabric fourchettes or sidewalls; or with the outer surface thereof (except as to applied cuffs, if any) wholly of plastics, and the seams of which are heat sealed and not sewn or stitched:
	[With textile fabric fourchettes or sidewalls]
	Other:
705.8540	Disposable gloves
or	or
705.8540 pt.	Disposable surgical and medical gloves

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ANNEX I

Articles being considered for designation as eligible articles for purposes of the Generalized System of Preferences--Con.

TSUS or TSUSA item	Article
	<p>Luggage and handbags, whether or not fitted with bottle, dining, drinking, manicure, sewing, traveling, or similar sets; and flat goods: Of textile materials (except yarns, of paper), whether or not ornamented: [Wholly or in part of braid]</p> <p>Other: Of vegetable fibers and not of pile or tufted construction: [Of cotton]</p>
706.2380	<p>Other: Flat goods [Of cotton]</p>
706.2460	<p>Of other textile materials: Flat goods</p>
706.30 pt.	<p>Flat goods of reinforced or laminated plastics</p> <p>Of other materials: [Handbags; flat goods, of metal]</p>
706.6045	<p>Other: Flat goods</p>
	<p>Apparatus with watch or clock movements or with synchronous motors, for recording the time of day, or for measuring, recording, or otherwise indicating intervals of time: [Pigeon timers]</p>
715.53 pt.	<p>Other: Chronometric time locks, valued over \$10 each</p>

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ANNEX II

Articles being considered for designation as not like or directly competitive with any article produced in the United States on January 3, 1975, for purposes of section 504(d) of the Trade Act of 1974

TSUS or TSUSA item	Article
	<p>[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.]</p>
	<p>Leather in the rough, partly finished, or finished: [Chamois; patent; upholstery leather] Other: [Calf and kip; pig and hog] Other: Not fancy: Buffalo [Reptilian] Other: Goat and kid</p>
121.55	
121.62	
	<p>Vegetables (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved (except vegetables in subpart B of part 8 of Schedule 1 of the Tariff Schedules of the United States):</p>
141.70	<p>Water chestnuts</p>
	<p>Game machines, including coin or disc operated game machines and including games having mechanical controls for manipulating the action, and parts thereof:</p>
	<p>[Video games and parts thereof] Other: [Coin or disc operated game machines]</p>
734.2040 pt.	<p>Hand-held electronic game machines</p>

SARDINES, IN TOMATO SAUCE, IN AIRTIGHT CONTAINERS WEIGHING WITH THEIR CONTENTS
AT LEAST 8 OUNCES BUT NOT OVER 15 POUNDS EACH

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1	Current col. 2 (1/1/81)
112.2200 (pt.)	Sardines, in tomato sauce, in airtight containers weighing with their contents at least 8 ounces but not over 15 pounds each.	6.25% ad val.	<u>1/</u>	25% ad val.

1/ This rate of duty was not subject to concessions in the recent multilateral trade negotiations.

II. Comment

Description and uses

TSUS item 112.22 covers sardines, not in oil, in airtight containers weighing with their contents at least 8 ounces but not more than 15 pounds each. Most trade in sardines consists of sardines in airtight containers weighing with their contents under 8 ounces each, but there is significant trade in canned sardines in containers holding larger quantities such as those falling in TSUS item 112.22. Sardines produced domestically are usually packed in oil but they may also be packed in tomato sauce or mustard sauce. Most imports entered under TSUS item 112.22 are believed to consist of canned sardines packed in tomato sauce.

The petitioner requested GSP treatment for sardines in 15-ounce net weight containers containing tomato sauce. However, the description provided by the USTR was for sardines of TSUS item 112.22, "In immediate containers weighing with their contents 15 ounces each, in tomato sauce." This description would exclude the 15 ounce net weight container requested by the petitioner since with the weight of the immediate container, the requested article would weigh more than 15 ounces. Since, most trade in TSUS item 112.22 consists of sardines in 15-ounce net weight containers, this digest covers all sardines in TSUS item 112.22 packed in tomato sauce.

U.S. tariff treatment

The column 1 rate of duty for TSUS item 112.22 is 6.25 percent ad valorem. This item was not subject to concessions in the recent round of multilateral trade negotiations. However, TSUS item 112.22, in its entirety, along with many other items, was included in TAD No. 1011, Certain Fish, prepared for Investigation No. 332-113, where TSUS item 112.22 was considered for duty reductions under section 124 and for designation as an eligible article for GSP duty-free treatment.

U.S. consumption, production, producers, exports, and imports

The production and imports of sardines in tomato sauce, in containers weighing with their contents at least 8 ounces but not over 15 pounds each, are not separately reported. There is a small domestic output of sardines in tomato sauce, but nearly all such production is believed to be in containers of less than 8 ounces. There are virtually no exports. The vast bulk of the imports under item 112.22 are sardines in tomato sauce; mostly imports under

this item are sardines in tomato sauce in containers of 15 ounces net weight. The small domestic output of sardines in tomato sauce, as well as a small output of sardines in mustard sauce, is produced in Maine, and both are supplemental to a large domestic production of sardines in oil.

U.S. imports under TSUS item 112.22 in 1979 amounted to 18 million pounds valued at \$7 million (table A). Most of these sardines are believed to have been packed in tomato sauce. Peru accounted for about half and Mexico about one-fifth of U.S. imports. These two sources are the principal suppliers of sardines in tomato sauce in cans of 15 ounces net weight.

Position of interested parties

During the course of this investigation, there were no representations from interested parties. However, a letter of May 16, 1980, from the petitioner—Toluca Corp. of Salt Lake City—to STR argues for GSP status. In addition, the domestic sardine industry has historically opposed the reduction of duties on all forms of sardines; the executive director of the domestic trade association, the Maine Sardine Council, repeated this stand to an ITC employee this past fall.

III. Probable Economic Effects of Application of GSP to
Sardines in Tomato Sauce

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Table A.--Sardines, canned, not in oil, in containers of 8 ounces to 15 pounds: U.S. imports for consumption, by principal sources, 1976-79 and January-June 1979 and 1980

Source	1976	1977	1978	1979	January-June 1979	January-June 1980
	Quantity (pounds)					
Peru.....	593,898	5,341,316	7,527,433	11,583,108	4,861,426	8,301,159
Mexico.....	834,025	1,831,299	5,326,985	3,161,204	2,095,793	850,769
Japan.....	345,075	131,741	1,526,211	1,693,945	529,600	974,664
Chile.....	0	607,500	405,373	410,707	293,707	669,305
Kor Rep.....	0	0	93,937	263,375	84,600	0
Norway.....	92,624	146,633	143,780	124,143	73,936	56,726
Ecuador.....	0	0	32,490	180,141	168,945	48,501
Canada.....	45,100	0	1,200	44,500	2,000	12,200
All other.....	15,527,181	8,492,616	1,167,846	320,932	156,395	46,861
Total.....	17,437,903	16,551,105	16,225,255	17,781,155	8,266,402	10,960,185
	Value (\$1,000 dollars)					
Peru.....	119	1,267	2,403	3,758	1,642	3,024
Mexico.....	331	641	2,249	1,528	964	476
Japan.....	131	58	776	985	294	557
Chile.....	-	154	140	161	108	308
Kor Rep.....	-	-	57	143	43	-
Norway.....	74	201	138	129	71	71
Ecuador.....	-	-	17	85	81	18
Canada.....	36	-	1	64	2	9
All other.....	5,273	2,808	601	176	83	36
Total.....	5,963	5,129	6,382	7,029	3,289	4,499
	Unit value (per pound)					
Peru.....	\$0.20	\$0.24	\$0.32	\$0.32	\$0.34	\$0.36
Mexico.....	0.40	0.35	0.42	0.48	0.46	0.56
Japan.....	0.38	0.44	0.51	0.58	0.56	0.57
Chile.....	-	0.25	0.35	0.39	0.37	0.46
Kor Rep.....	-	-	0.60	0.54	0.51	-
Norway.....	0.79	1.37	0.96	1.04	0.96	1.25
Ecuador.....	-	-	0.54	0.47	0.48	0.37
Canada.....	0.80	-	0.85	1.45	0.85	0.71
All other.....	0.34	0.33	0.51	0.55	0.53	0.76
Average.....	0.34	0.31	0.39	0.40	0.40	0.41

1/ Less than 500.

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

CHEESES NOT SPECIALLY PROVIDED FOR (N.S.P.F.) CLASSIFIABLE IN ITEM 117.8875

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1	Current col. 2 (1/1/81)
117.8875	Cheeses n.s.p.f., valued over 25 cents: per pound. <u>2/</u>	10% ad val.	<u>1/</u>	35% ad val.

1/ The rate of duty on cheeses, n.s.p.f., and classifiable in TSUSA item 117.8875 was not subject to concessions in the Tokyo round of multilateral trade negotiations.

2/ Although substitutes for cheeses are classifiable in the product description, there are no known substitutes for cheese. Hence, substitutes for cheese are not hereinafter discussed.

II. Comment

Description and uses

The cheeses included here consist of those not specially provided for and classifiable in item 117.8875 of the Tariff Schedules of the United States Annotated. They are not subject to quotas under section 22 of the Agricultural Adjustment Act, as amended. The cheeses mostly consist of soft-ripened cow's milk cheese such as Camembert and Brie, and cheeses not containing cow's milk e.g., goat's milk cheeses, n.s.p.f. 1/ These cheeses, whether imported or domestic, are consumed mostly as hors'd'oeuvres or dessert cheeses. They generally are considered to be high-priced, specialty-type cheeses of which there is only limited domestic production. Indeed, the specific soft-ripened varieties of cheeses for which GSP treatment is

1/ Sheep's milk cheeses are not included in item No. 117.8875 and, therefore, are not considered here.

requested, so-called Azores Islands cheeses, are not known to be produced in the United States. Soft-ripened cow's milk cheeses, which account for the bulk of consumption of the cheeses considered here are high in moisture and therefore perishable. These cheeses are usually shipped under refrigeration and marketed shortly after they are produced. Because the imported varieties of the cheeses considered here usually sell at substantial premiums above the domestic cheeses, the imports generally are considered as being only slightly competitive with the domestic cheeses.

U.S. tariff treatment

The column 1 rate of duty shown above (10 percent ad valorem) applies to imports from all countries or areas except those designated as being under Communist control or domination, imports from which are subject to the column 2 rate of duty (35 percent ad valorem).

Unlike imports of most other cheeses, the cheeses considered here are not subject to quotas under section 22 of the Agricultural Adjustment Act, as amended. For several years prior to January 1, 1980, however, the soft-ripened cow's milk cheeses had been subject to section 22 quotas depending upon their purchase price. Under title VII of the Trade Agreements Act of 1979, the purchase price quota system formerly applicable to certain cheeses, including soft-ripened cow's milk cheeses, was discontinued and the soft-ripened cow's milk cheeses were made quota-free.

U.S. production and consumption

Data on U.S. production and consumption of the cheeses considered here are not separately reported, but rather included in a statistical classification which provides for many varieties of miscellaneous cheeses. During 1976-79, production of cheeses in this classification increased from 44 million to 54 million pounds. Production of all cheeses, meanwhile, increased from 4.3 billion to 4.7 billion pounds. Although data are not available, trade sources believe that soft-ripened cow's milk cheeses are among the cheese varieties showing the fastest rate of growth in consumption in the United States.

Most of the U.S. production of the soft-ripened cheeses is accounted for by six or seven producers some of which have plants located throughout the United States. Most producers operate modern and efficient plants; some are subsidiaries of large multinational conglomerates. Production is generally concentrated near the areas of consumption because spoilage easily occurs while the cheeses are being transported and marketed.

U.S. exports and imports

U.S. exports of the cheeses considered here are believed to be nil. Data on U.S. imports were not separately reported prior to January 1, 1980, the date when the cheeses that account for most of the imports became quota-free. No reliable data are available for estimates. Imports for the period January-August 1980, by principal sources, as reported in the official statistics of the U.S. Department of Commerce, are shown in the following tabulation.

Source	Quantity	Value	Unit value
	<u>Pounds</u>	<u>dollars</u>	<u>Per pound</u>
France	4,415,170	8,560	\$1.94
Denmark	197,867	429	2.17
Azores	41,743	59	1.41
Guatemala	13,018	22	1.72
Dominican Republic	12,835	18	1.38
Switzerland	6,275	14	2.17
All other	111,939	242	2.16
Total or average	4,798,847	9,344	1.95

France supplied about 92 percent of the imports and Denmark supplied 5 percent; neither of these countries is eligible for GSP treatment. Imports from countries eligible for GSP treatment amounted to only 40,000 pounds during January-August 1980. Guatemala and the Dominican Republic were the major suppliers of such imports.

Position of interested parties

The National Cheese Institute, Inc., believes that cheeses classifiable in item 117.8875 should continue to be found import sensitive and thereby not considered for designation as eligible articles for purposes of GSP.

III. Probable Economic Effects of Application of GSP to Cheeses, N.S.P.F.,
Classifiable in Item 117.8875

* * * * *

CERTAIN LEATHER

I. TSUS(A) item number; brief description; rates of duty

TSUS(A): item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/ (1/1/81)	Current col. 2 (1/1/81)
121.50	Pig and hog leather <u>2/</u> (pt.)	5.6% ad val.	4.2% ad val.	25% ad val.
121.64	Fancy goat and kid leather.	5.6% ad val.	4.2% ad val.	30% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective in 8 equal annual stages. The first stage became effective on Jan. 1, 1980, and the last stage will become effective on Jan. 1, 1987.

2/ Only pig and hog leather in sheets of at least 5 square feet is being considered for GSP designation.

II. Comment

Description and uses

Pig and hog leather (item 121.50 (pt.)) is used in a variety of articles of wearing apparel (e.g., shoes, gloves, and hats) and in small leather goods (e.g., billfolds and card cases); it is made both in smooth and suede-like finishes. Fancy goat and kid leathers (item 121.64) are generally regarded as being strong, flexible, and somewhat elastic--properties which make them particularly suitable for items of wearing apparel. Goat and kid leathers are also used in a variety of manufactured products including bookbinding and handicrafts. Some leathers are embossed, printed, otherwise decorated, or have the original grain pattern accentuated; such leathers are termed "fancy leather for tariff purposes.

U.S. tariff treatment

The tariff rate of duty applicable to pig and hog leather is 5.6 percent ad valorem under the column 1 rate of duty and 25 percent ad valorem under the

column 2 rate of duty. The rates for fancy goat and kid leathers are 5.6 percent ad valorem and 30 percent ad valorem, respectively.

U.S. consumption, production, and producers

U.S. consumption of pig and hog leather amounted to about 24 million square feet in 1979, the only year for which detailed data are available; production in 1979 was estimated at 25 million square feet. Imports, at 8.3 million square feet, equaled about one-third of U.S. consumption in that year. There are only a few producers of hog and pig leather in the United States.

Data are not available concerning U.S. production or consumption of fancy goat and kid leathers; however, such production is believed to be small. There are only a few domestic producers of fancy goat and kid leathers; most are believed to be located in New England and to produce other types of leathers in addition to fancy goat and kid. Domestic tanners of goat and kid leather appear to face a shortage of raw materials, as domestic production is low, and foreign suppliers have tended in recent years to ship tanned leathers rather than raw hides.

U.S. exports

In 1979, the only year for which detailed statistics are available, U.S. exports of hog and pig leather amounted to 7.5 million square feet, equal to about 30 percent of U.S. consumption. The leading export markets were Mexico and the United Kingdom. Data are not available concerning U.S. exports of fancy goat or kid leathers, however, such exports are believed to be negligible or nil.

U.S. imports

U.S. imports of pig and hog leather have nearly doubled in recent years, rising from an average of 4.3 million square feet annually in 1976 and 1977 to 8.3 million square feet in 1979. Most U.S. imports of pig and hog leather are from Eastern Europe, Brazil, and in earlier years, from Japan. During January-November 1980, the latest period for which data are available about one-third of U.S. imports were from countries eligible for GSP treatment, with Yugoslavia the largest single GSP supplier.

U.S. imports of goat and kid leather have fluctuated irregularly, ranging from 325,000 square feet in 1977 to 196,000 square feet in 1979; during January-July 1980, imports were 208,000 square feet (table A). During January-November 1980, 17 percent of U.S. imports were from countries eligible for GSP treatment, with India the largest single GSP supplier. In most years, India and the United Kingdom supplied for the bulk of the imports.

Position of interested parties

During investigation 332-118 the Commission heard testimony from representatives of the Florsheim Shoe Company requesting GSP treatment for fancy goat and kid leather. The representatives contend that the only realistic source for the type and quality of material they need is India and they cannot obtain such material from domestic producers. Further, they also contend that GSP treatment would increase production in the domestic footwear industry and that the American consumer would benefit from cost savings passed along by footwear manufacturers.

The Commission received written testimony from representatives of Yugoslav interests requesting GSP treatment for certain pig and hog leather. The Yugoslav interests contend that GSP treatment would enable Yugoslavia to

compete more effectively in the U.S. market against imports from countries that are not eligible for GSP treatment. Further, they contend that there is no domestic industry producing the type of pig and hog leather for which they are requesting GSP treatment, and that U.S. meat packers would benefit from an increased export market for pig skins for tanning and U.S.-leather garment manufactures would benefit from increased production because of an additional source of leather.

III. Probable Economic Effects of Application of GSP to Pig and Hog Leather
and Fancy Goat and Kid Leather

* * * * *

Table A -- Leather, goat, and kid, fancy; U.S. imports for consumption, by principal sources, 1976-79 and January-June 1979 and 1980

Source	1976	1977	1978	1979	January-June 1979	1980
	Quantity (square feet)					
Italy.....	9,548	1,819	18,615	55,413	53,102	16,456
U King.....	154,507	69,056	63,266	51,520	21,483	22,112
India.....	43,353	168,714	89,024	37,457	37,457	42,517
Spain.....	0	0	0	8,051	4,644	1,994
FR Germ.....	12,420	27,406	25,930	12,764	12,764	7,242
Hg Kong.....	0	0	460	11,535	0	0
Argent.....	0	617	26,057	8,498	0	0
Canada.....	3,251	9,129	0	6,614	0	115,623
All other.....	7,952	48,222	15,451	3,738	3,738	2,077
Total.....	231,031	324,963	238,803	195,590	133,168	204,441
	Value (1,000 dollars)					
Italy.....	22	4	39	147	141	65
U King.....	196	96	108	69	45	38
India.....	53	153	88	43	43	51
Spain.....	-	-	-	31	19	6
FR Germ.....	16	46	51	22	22	17
Hg Kong.....	-	-	1	9	-	-
Argent.....	3	5	20	8	-	-
Canada.....	11	34	20	7	-	127
All other.....	300	344	327	342	277	310
	Unit value (per square foot)					
Italy.....	62.28	62.00	62.10	62.66	62.66	63.87
U King.....	1.27	1.39	1.71	1.34	2.09	1.71
India.....	1.22	0.91	0.99	1.16	1.16	1.19
Spain.....	-	-	-	3.83	4.10	3.06
FR Germ.....	1.28	1.69	1.96	1.76	1.76	2.35
Hg Kong.....	-	-	1.00	0.76	-	-
Argent.....	-	1.46	0.76	0.90	-	-
Canada.....	0.90	0.51	-	1.05	-	1.09
All other.....	1.43	0.82	1.22	1.61	1.61	1.33
Average.....	1.30	1.06	1.37	1.75	2.08	1.69

1/ Less than 500.

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

FRESH CELERY

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
	Vegetables, fresh, chilled, or frozen (but not reduced in size nor otherwise prepared or preserved): Celery: /If imported and entered during the period from April 15 to July 31, inclus- ive, in any year/.			
135.61	Other	1¢/lb		2¢/lb

1/ Fresh celery provided for in TSUS item 135.61 was not subject to concessions in the recent round of multilateral trade negotiations.

II. Comment

Description and uses

Celery is a biennial, herbaceous plant grown as an annual for its elongated leaf stalks which grow in a cluster. It is grown in many countries of the world mainly for domestic consumption; its export shipments are limited by the perishable nature of the product and by the cost of the special packing and handling required.

In the fresh form, celery is used in salads or as an appetizer, usually chopped into small sections or "sticks." These celery sticks are sometimes stuffed with cheese or egg products.

When cooked, celery can be served as a main vegetable or, more often, as part of a vegetable dish. It is used extensively in Chinese cooking to add crispness to vegetable sautees and other dishes. Cooked celery is also valuable as a flavoring in soups, stews, and, particularly, in stuffing.

U.S. tariff treatment

Fresh or chilled celery which is not reduced in size nor otherwise prepared or preserved, if imported and entered during the period from August 1 to the following April 14, inclusive, is dutiable under item 135.61 at the column 1 rate of duty of 1 cent per pound and the column 2 rate of 2 cents per pound. No concessions were granted on celery during the recent MTN negotiations.

The average ad valorem equivalent (AVE) of the column 1 specific rate of duty, based on imports entered in 1979, was 11.4 percent, compared with an average AVE of 10.5 percent and 9.7 percent, respectively, in 1976 and 1977.

U.S. consumption, production, and producers

From 1975/76 to 1979/80, U.S. consumption of celery during the period August 1 to the following April 14 remained unchanged, averaging 1.2 billion pounds each period (table A). Nearly all of the U.S. consumption of fresh celery is supplied by domestic production. Imports, almost entirely from Canada, have accounted for less than 0.5 percent of domestic consumption in recent years. The United States is by far a net exporter of this product, with the bulk of the exports earmarked for Canadian markets.

Domestic production of fresh celery during the August-April period increased from 1.1 billion pounds in 1975/76 to 1.3 billion pounds in 1979/80. California and Florida account for virtually all of the domestic crop produced during this period. The August-April crop of celery accounts for about 70 percent of the annual total.

Fresh celery is harvested from less than 500 farms. The largest farms producing fresh-market celery are located in Florida and California.

U.S. exports

U.S. exports of fresh celery during August-April of 1975/76 to 1979/80 ranged from 81 million pounds to 95 million pounds and averaged 89 million pounds each marketing period (table B). During 1979/80, exports of 89 million pounds were valued at \$10 million. Canada by far has been the principal export market for U.S.-produced celery in recent years. Other markets, but of considerably less importance, include Hong Kong, Singapore, and Sweden.

U.S. imports

The volume of celery imports rose sharply during August 1-April 14 of 1975/76 to 1979/80, from a low of 1.1 million pounds in 1975/76 to a high of 5.1 million pounds in 1978/79 (table C). Imports in 1979/80 were 4.3 million pounds, valued at \$376,000. In recent years, over 90 percent of the annual U.S. imports have entered during the period from August 1 in any year through the following April 14 (item 135.61).

Canada is the only important supplier of fresh celery to the U.S. market, having accounted for over 95 percent of all shipments from 1975/76 to 1979/80 (table C). In 1979/80, less than 1 percent of the imports came from GSP-eligible countries (table D).

Position of interested parties

AGREXCO of Israel petitioned for GSP treatment of fresh celery and thus would favor such treatment.

The Florida Fruit and Vegetable Association opposes the designation of fresh celery as an article for GSP benefits. According to the association, growers of celery fear the sudden elimination of import duties will encourage greater imports of fresh celery into the U.S. marketplace and thereby compound an already distressed marketing situation.

Probable Economic Effects of Application of GSP to Fresh Celery

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Table A.—Celery, fresh, chilled, or frozen (if entered August 1-April 14): U.S. production, foreign trade, apparent consumption, and ratio of imports to consumption, marketing periods 1975/76 to 1979/80

Period	Pro- duction	Exports	Imports	Apparent consump- tion	Ratio (per- cent) of imports to consumption
Quantity (1,000 pounds)					
1975/76	1,103,250	80,866	1,145	1,023,500	$\frac{1}{I}$
1976/77	1,190,967	90,121	1,209	1,102,100	$\frac{1}{I}$
1977/78	1,198,533	91,379	1,187	1,108,300	$\frac{1}{I}$
1978/79	1,274,717	94,601	5,093	1,185,200	$\frac{1}{I}$
1979/80	1,277,500	88,607	4,301	1,193,200	$\frac{1}{I}$
Value (1,000 dollars)					
1975/76	102,619	8,756	119	94,000	$\frac{1}{I}$
1976/77	107,015	10,078	115	97,100	$\frac{1}{I}$
1977/78	102,019	9,896	124	92,200	$\frac{1}{I}$
1978/79	136,808	12,221	766	125,400	$\frac{1}{I}$
1979/80	101,632	10,469	376	91,500	$\frac{1}{I}$
Unit value (per pound)					
1975/76	\$0.09	\$0.11	\$0.10	-	-
1976/77	.09	.11	.10	-	-
1977/78	.09	.11	.10	-	-
1978/79	.11	.13	.15	-	-
1979/80	.08	.12	.09	-	-
1/ Less than 0.5 percent..					

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

Table B.--Celery, fresh or chilled, not reduced in size: U.S. exports of domestic merchandise, by principal markets, marketing period of August 1 to the following April 14, 1975/76 to 1979/80

Market	1975/76	1976/77	1977/78	1978/79	1979/80
Quantity (pounds)					
Canada-----	74,086,895	81,392,324	80,878,913	82,658,168	73,750,019
All other-----	6,779,150	8,728,724	10,500,357	11,943,008	14,857,138
Total-----	80,866,045	90,121,048	91,379,270	94,601,176	88,607,157
Value (1,000 dollars)					
Canada-----	7,852	8,907	8,398	10,060	9,046
All other-----	904	1,171	1,498	2,161	1,423
Total-----	8,756	10,078	9,896	12,221	10,469
Unit value (per pound)					
Canada-----	\$0.11	\$0.11	\$0.10	\$0.12	\$0.12
All other-----	.13	.13	.14	.18	.10
Average-----	.11	.11	.11	.13	.12

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

Table C.—Calery, fresh or chilled, not reduced in size, imported from August 1 in any year to the following April 14: U.S. imports for consumption, by principal sources, marketing periods 1975/76 to 1979/80

Source	1975/76	1976/77	1977/78	1978/79	1979/80
Quantity (pounds)					
Canada	1,144,000	1,209,000	1,132,384	5,082,770	4,284,628
Federal Republic of Germany	0	0	0	0	3,375
Mexico	0	0	55,106	3,391	11,923
China	0	0	0	6,370	1,560
France	806	0	0	0	0
Total	1,144,806	1,209,000	1,187,490	5,092,531	4,301,486
Value (1,000 dollars)					
Canada	118	115	119	763	371
Federal Republic of Germany	-	-	-	-	3
Mexico	-	-	5	1	2
China	-	-	-	2	1/
France	1/	-	-	-	-
Total	119	115	124	766	376
Unit value (per pound)					
Canada	\$0.10	\$0.10	\$0.11	\$0.15	\$0.09
Federal Republic of Germany	-	-	-	-	.87
Mexico	-	-	.09	.35	.18
China	-	-	-	.25	.29
France	.35	-	-	-	-
Average	.10	.10	.10	.15	.09

1/ Less than \$500.

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

Table D.--Celery, fresh or chilled, not reduced in size, imported from August 1 in any year to the following April 14: U.S. imports by certain world areas including designated GSP countries, marketing periods 1975/76 to 1979/80

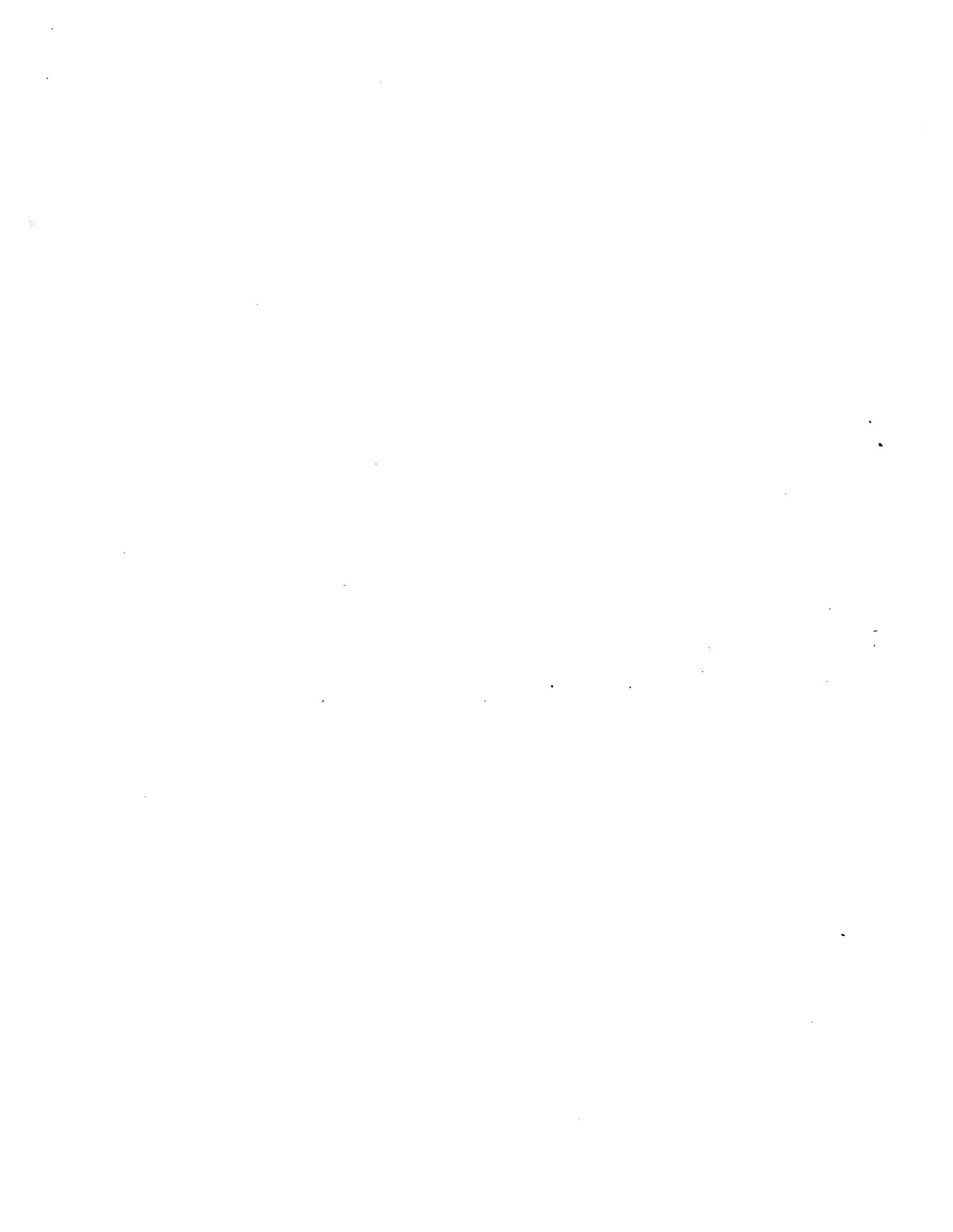
(Quantity in thousands of pounds; value in thousands of dollars)

Item	1975/76	1976/77	1977/78	1978/79	1979/80	1979/80 percentage distribution
Quantity						
Gross imports-----	1,144,806	1,209,000	1,187,490	5,092,531	4,301,486	100
26 developed countries, total-----	1,144,806	1,209,000	1,132,384	5,082,770	4,288,003	100
GSP countries, total---	0	0	55,106	3,391	11,923	1/
Mexico-----	0	0	55,106	3,391	11,923	1/
Other-----	0	0	0	6,370	1,560	1/
Value						
Gross imports-----	119	115	124	766	376	100
26 developed countries, total-----	119	115	119	763	374	99
GSP countries, total---	-	-	5	1	2	1/
Mexico-----	-	-	5	1	2	1/
Other-----	-	-	-	2	2/	1/

1/ Less than 0.5 percent.

2/ Less than \$500.

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



FRESH EGGPLANT

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
	Vegetables, fresh, chilled, or frozen (but not reduced in size nor otherwise prepared or preserved):			
136.20	Eggplant: If entered during the period from April 1 to November 30, inclusive, in any year.	1.5¢/lb		1.5¢/lb
136.22	Other	1.1¢/lb		1.5¢/lb

1/ Fresh eggplant provided for in TSUS items 136.20 and 136.22 was not subject to concessions in the recent round of multilateral trade negotiations.

II. Comment

Description and uses

Eggplant is the round, cylindrical, or bell-shaped fruit, usually purple or black in color, of a bush-type plant native to the tropics. Because of its sensitivity to light frosts or to extended periods of cool weather, the eggplant is grown commercially in only a few States. Most eggplant is sold through fresh market outlets but small quantities are processed—mainly by freezing.

Eggplant is usually served as a vegetable side dish or meat substitute. It may be cut into slices or strips which are fried, baked, or broiled, or it may be served whole (e.g., baked stuffed eggplant).

U.S. tariff treatment

The current column 1 rate of duty for fresh eggplant entered during the period from April 1 to November 30, inclusive (item 136.20), is 1.5 cents per pound, and the column 1 rate for eggplant entered during other months of the year (item 136.22) is 1.1 cents per pound. The column 2 rate of duty for eggplant entered during either period is 1.5 cents per pound. No concessions were granted on eggplant during the recent MTN negotiations.

The ad valorem equivalents (AVE) of the column 1 rates of duty on imports entering under items 136.20 and 136.22 in 1979 were 7.7 percent and 6.7 percent, respectively. The average of the AVE has declined in recent years owing to a change in customs valuation procedure and to the effects of inflation. Under the new customs procedure, shipments of fresh vegetables to the United States on a consignment basis are assigned values, based on monthly values determined by Customs, that more accurately reflect U.S. market conditions at the time of entry; these changes have resulted in higher average unit values and lower AVE's for imports. Thus, the AVE for imports entered under item 136.20 in 1976 was 27.0 percent, and for those in 1977 it was 6.8 percent; the AVE for imports entered under item 136.22 in 1976 was 20.5 percent, and for those in 1977 it was 18.3 percent.

U.S. consumption, production, and producers

During 1976-79, annual U.S. consumption of fresh eggplant increased irregularly reaching 106 million pounds in 1979 (table A). Imports accounted for 38 percent of consumption in 1979. About 60 percent of the fresh eggplant consumed annually is consumed during April through November (coinciding with the period covered by item 136.20), with imports providing about 15 percent of the eggplant consumed during this 8-month period.

U.S. production of fresh eggplant during 1976-79 showed no marked upward or downward trend, ranging from 64 million pounds in 1977 to 73 million pounds in 1979. The fluctuations in annual output tend to reflect the cool-weather sensitivity of the crop in the spring and fall seasons.

Florida is the major domestic producer of fresh eggplant, providing about 40 percent of the annual domestic crop. Florida's output accounts for virtually all of the winter and spring marketings of domestic eggplant as well as the bulk of the late fall crop. New Jersey is another important producer, with shipments concentrated in the July-October period. California ranks third in importance, marketing from June through November.

Fresh eggplant was harvested from about 1,700 farms in 1974, representing about 4,300 acres of land. The largest farms producing eggplant for the fresh market were located in Florida, with an average size of 11 acres, and California, with an average size of about 5 acres. The balance of the States had farms averaging less than 4 acres of eggplant production per farm.

U.S. exports

Virtually all U.S. exports of fresh eggplant go to Canada; data on U.S. exports are not available. Canadian statistics show that during 1976-79 Canadian imports of fresh eggplant from the United States ranged from 6 million to 8 million pounds annually (table A).

U.S. imports

During 1976-79, annual U.S. imports of fresh eggplant rose from 30 million pounds in 1976 to 42 million pounds in 1978, with 40 million pounds in 1979; the value of imports entered during 1979 was \$7 million (table B). Through the first 8 months of 1980, imports amounted to 36 million pounds,

compared with 32 million pounds entered during the corresponding period in 1979. In recent years, about one-fourth of the annual imports have entered during April through November (item 136.20), with the balance entering during the remaining winter months.

Mexico is by far the principal foreign supplier of fresh eggplant to the U.S. market (table C), having accounted for over 99 percent of all shipments during 1976-79.

Position of interested parties

The Government of Morocco petitioned for GSP treatment of fresh eggplant and thus would favor such treatment.

The Florida Fruit and Vegetable Association opposes the designation of fresh eggplant as an article for GSP benefits. According to the association, removal of the duties on fresh eggplant causes domestic growers great concern because they may have to contend with a new foreign competitor other than Mexico that might be encouraged to take advantage of the GSP provisions.

III. Probable Economic Effects of Application of GSP to Fresh Eggplant

* * * * *

Table A.—Eggplant, fresh or chilled: U.S. production, foreign trade, apparent consumption, and ratio of imports to consumption, 1976-79, January-August 1979, and January-August 1980

Period	Pro- duction	Exports ^{1/}	Imports	Apparent consump- tion	Ratio (per- cent) of imports to consumption
Quantity (1,000 pounds)					
1976	70,200	8,150	29,907	92,000	33
1977	64,100	6,450	32,265	89,900	36
1978	64,500	5,716	41,895	100,700	42
1979	72,900	6,622	40,005	106,300	38
January-August:					
1979	42,300	<u>2/</u>	31,785	<u>2/</u>	<u>2/</u>
1980	46,530	<u>2/</u>	36,193	<u>2/</u>	<u>2/</u>
Value (1,000 dollars)					
1976	7,317	1,088	1,616	<u>3/</u>	<u>3/</u>
1977	7,058	1,262	3,321	<u>3/</u>	<u>3/</u>
1978	8,105	1,526	7,559	<u>3/</u>	<u>3/</u>
1979	11,621	1,311	6,958	<u>3/</u>	<u>3/</u>
January-August:					
1979	6,710	<u>2/</u>	5,401	<u>3/</u>	<u>3/</u>
1980	7,381	<u>2/</u>	5,859	<u>3/</u>	<u>3/</u>
Unit value (per pound)					
1976	\$0.10	\$0.13	\$0.05		
1977	.11	.20	.10		
1978	.13	.27	.18		
1979	.16	.20	.17		
January-August:					
1979	.16	<u>2/</u>	.17		
1980	.16	<u>2/</u>	.16		

^{1/} Data on exports to countries other than Canada are unavailable, but such exports are believed to be nil.

^{2/} Not available.

^{3/} Not meaningful.

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

Table B.--Eggplant, fresh, chilled, or frozen, not reduced in size: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

Source	Quantity (pounds)				Value (1,000 dollars)	Unit value (per pound)
	1976	1977	1978	1979		
Mexico.....	29,718,544	31,871,333	41,759,389	39,702,170	31,595,697	35,782,390
Canada.....	0	0	22,628	135,917	104,995	19,562
Dom Rep.....	141,273	239,868	112,542	151,941	132,735	388,484
Thailand.....	0	0	0	4,966	0	0
Mauritn.....	0	0	0	7,976	0	0
Greece.....	441	0	0	1,146	1,146	0
Guatmal.....	0	0	0	1,025	0	0
Bahamas.....	30,025	153,386	0	0	0	0
All other....	16,814	0	0	0	0	2,508
Total.....	29,907,097	32,264,587	41,894,559	40,005,141	31,784,573	36,192,944
Mexico.....	1,594	3,278	7,537	6,912	5,366	5,817
Canada.....	-	-	2	21	17	2
Dom Rep.....	18	32	19	19	17	37
Thailand.....	-	-	-	3	-	-
Mauritn.....	-	-	-	2	-	-
Greece.....	1/	-	-	1	1	-
Guatmal.....	-	-	-	1/	-	-
Bahamas.....	2	11	-	-	-	-
All other....	1	-	-	-	-	3
Total.....	1,616	3,321	7,559	6,958	5,401	5,859
Mexico.....	\$0.05	\$0.10	\$0.18	\$0.17	\$0.17	\$0.16
Canada.....	-	-	0.11	0.16	0.16	0.11
Dom Rep.....	0.13	0.14	0.17	0.12	0.13	0.10
Thailand.....	-	-	-	0.54	-	-
Mauritn.....	-	-	-	0.20	-	-
Greece.....	0.73	-	-	0.72	0.72	-
Guatmal.....	-	-	-	0.25	-	-
Bahamas.....	0.07	0.07	-	-	-	-
All other....	0.05	-	-	-	-	1.20
Average..	0.05	0.10	0.18	0.17	0.17	0.16

1/ Less than 500.

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

Table C.--Eggplant, fresh, chilled, or frozen, not reduced in size: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity (pounds)					
Gross imports	22,207,097	32,264,587	41,894,559	40,005,141	36,192,944	100
26 developed cties, total	0	0	22,628	135,917	19,562	1/
GSP countries, total	22,206,656	32,264,587	41,871,931	39,868,078	36,173,382	100
Mexico	29,718,544	31,871,333	41,759,389	39,702,170	35,782,390	99
Dom Rep	141,273	239,868	112,542	151,941	388,484	1
Thailand	0	0	0	4,966	0	
Mauritn	0	0	0	7,976	0	
Guatmal	0	0	0	1,025	0	
Bahamas	30,025	153,386	0	0	0	
Colomb	16,814	0	0	0	0	
Phil R	0	0	0	0	2,508	1/
Other	441	0	0	1,146	0	
	Value (1,000 dollars)					
Gross imports	1,616	3,321	7,559	6,958	5,852	100
26 developed cties, total	-	-	2	21	2	1/
GSP countries, total	1,615	3,321	7,556	6,935	5,857	100
Mexico	1,594	3,278	7,537	6,912	5,817	99
Dom Rep	18	32	19	19	37	1
Thailand	-	-	-	3	-	
Mauritn	-	-	-	2	-	
Guatmal	-	-	-	2/	-	
Bahamas	2	11	-	-	-	
Colomb	1	-	-	-	-	
Phil R	-	-	-	-	3	1/
Other	2/	-	-	1	-	

1/ Less than 0.5 percent.

2/ Less than 500.

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

FRESH PEPPERS

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
137.10	Vegetables, fresh, chilled, or frozen (but not reduced in size nor otherwise prepared or preserved): Peppers	2.5¢/lb		2.5¢/lb

^{1/} Fresh peppers provided for in TSUS item 137.10 was not subject to a concession in the recent round of multilateral trade negotiations.

II. Comment

Description and uses

Peppers are the fruit of highly frost-sensitive, annual plants belonging to the genus Capsicum. These peppers, extremely variable in fruit size, shape, and color, are unrelated to the perennial vine Piper nigrum, the fruit of which is the black and white pepper of commerce.

There are two principal kinds of peppers of the types considered here--those with sweet or mild-flavored flesh and those with hot or pungent-flavored flesh. Production and trade data presented herein are limited almost entirely to sweet peppers and more specifically to the familiar green, bell-shaped peppers of commerce. Virtually all exports and most of the imports reported as fresh peppers are of this type. Such peppers are sold primarily through fresh-market outlets.

Fresh sweet peppers are generally consumed raw in salads or cooked in casseroles and as stuffed peppers. Pungent peppers are generally used in sauces or to impart hot flavoring to other foods, while some are consumed in the fresh state in limited quantities relative to sweet peppers.

U.S. tariff treatment

Fresh, chilled, or frozen peppers which are not reduced in size nor otherwise prepared or preserved are dutiable under item 137.10 in both column 1 and column 2 at 2.5 cents per pound. No concessions were granted on peppers during the recent MTN negotiations.

The average ad valorem equivalent of the specific rate of duty, based on imports entered in 1979, was 9.6 percent. The average of the AVE has declined in recent years owing to a change in customs valuation procedure and to the effects of inflation. Under the changed customs procedure, shipments of fresh vegetables to the United States on a consignment basis are assigned values, based on monthly values determined by Customs, that more accurately reflect U.S. market conditions at the time of entry, resulting in higher average unit values and lower AVE's for imports. Thus, the AVE for imports of such peppers in 1976 was 20.3 percent and for those in 1977 it was 13.2 percent.

U.S. consumption, production, and producers

U.S. consumption of fresh peppers rose irregularly from 528 million pounds in 1976 to 566 million pounds in 1979, with an annual average of 555 million pounds during this period (table A). Per capita consumption of fresh peppers has remained constant in the past 10 years, with overall consumption fluctuating partly in response to variations in supply of domestically grown peppers.

Annual domestic production of fresh peppers increased from 473 million to 481 million pounds and averaged 475 million pounds. The value of production in 1979 was \$96 million.

About 70 percent of annual U.S. imports have entered in recent years during the January-March period, when domestic production is virtually all Florida-based. Florida output during these months represents 10 to 15 percent of annual domestic production. Foreign suppliers plan their shipments to the U.S. market to coincide with the winter and spring seasons, when domestic production is low and high prices generally prevail.

In recent years, California, Florida, New Jersey, Texas, and North Carolina have produced over 75 percent of the annual domestic crop, with California and Florida each accounting for about 20 percent of the total. In 1974, fresh peppers were harvested from 6,000 farms, representing over 48,000 acres of land. The largest farms producing fresh-market peppers were located in California, Florida, Texas, and Delaware, with an average size of 38, 34, 31, and 23 acres, respectively. The remaining States had farms averaging less than 10 acres of pepper production per farm.

U.S. exports

U.S. exports of fresh peppers increased from 39 million pounds, valued at \$7 million, in 1976 to 59 million pounds, valued at \$9 million, in 1979 (table B). During January-August 1980, exports amounted to 30 million pounds, compared with 41 million pounds shipped during the same period of 1979. In 1979, exports were equivalent to about 12 percent of the U.S. commercial production. Canada is by far the principal export market and accounted for 82 percent of exports, by value, of fresh peppers in 1979. Other markets for domestic fresh peppers included the Netherlands, Sweden, and Hong Kong.

U.S. imports

During the period 1976-79, U.S. imports of fresh peppers ranged from a low of 94 million pounds, valued at \$12 million, in 1976 to a high of 156 million pounds, valued at \$34 million, in 1978 (table C). In 1979, imports amounted to 144 million pounds, valued at \$37 million. During January-August 1980, imports totaled 163 million pounds, compared with 126 million pounds in the corresponding period of 1979. In 1979, imports were equivalent to about 25 percent of U.S. consumption of fresh peppers. Mexico is the principal source of imported peppers, accounting for 96 percent of U.S. imports during 1976-79 (table D).

Position of interested parties

AGREXLO of Israel petitioned for GSP treatment of fresh peppers and thus would favor such treatment.

The Florida Fruit and Vegetable Association opposes the designation of fresh peppers as an article for GSP benefits. According to the association, Florida's production capacity is limited by escalating production costs and severe competition from Mexico, and GSP imports from other foreign suppliers would weaken the domestic growers' economic position and put them at a distinct financial disadvantage.

Probable Economic Effects of Application of GSP to Fresh Peppers

* * * * *

Table A.--Peppers, fresh, chilled, or frozen: U.S. production, foreign trade, apparent consumption, and ratio of imports to consumption, 1976-79, January-August 1979, and January-August 1980

Period	Pro- duction	Exports	Imports	Apparent consump- tion	Ratio (per- cent) of imports to consumption
Quantity (1,000 pounds)					
1976	472,950	39,489	94,145	527,600	18
1977	479,970	41,962	121,485	559,500	22
1978	464,220	51,783	156,144	568,600	27
1979	481,320	59,043	143,658	565,900	25
January-August					
1979	290,010	41,309	126,287	375,000	34
1980	1/	29,926	162,580	1/	1/
Value (1,000 dollars)					
1976	79,423	6,572	11,571	2/	2/
1977	78,873	6,407	22,945	2/	2/
1978	90,238	8,718	34,433	2/	2/
1979	96,449	9,201	37,220	2/	2/
January-August					
1979	59,634	6,345	32,662	2/	2/
1980	1/	6,017	51,502	2/	2/
Unit value (per pound)					
1976	\$0.17	\$0.17	\$0.12		
1977	.16	.15	.19		
1978	.19	.17	.22		
1979	.20	.16	.26		
January-August					
1979	.21	.15	.26		
1980	1/	.20	.32		

1/ Not available.

2/ Not meaningful.

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

Table B.—Peppers, fresh, chilled, or frozen, not reduced in size: U.S. exports of domestic merchandise, by principal markets, 1976-79, January-August 1979, and January-August 1980

Market	Quantity (pounds)			
	1976	1977	1978	1979
Canada	34,609,250	39,031,872	45,520,706	53,165,842
Nethlds	1,874,392	506,472	3,675,031	2,988,074
Sweden	1,242,154	435,651	1,078,183	814,316
Hg Kong	234,310	743,326	325,748	888,220
Denmark	0	40,426	134,278	289,607
Mexico	149,343	32,524	130,534	321,830
Barbado	0	54,416	3,532	174,850
France	69,163	45,797	0	80,028
All other	1,309,964	1,071,732	914,947	309,715
Total	39,488,576	41,962,216	51,782,959	59,043,235
				41,309,273
				29,926,044
				25,703,260
				2,424,488
				524,220
				234,297
				0
				88,547
				295,766
				655,466
				29,926,044
				41,309,273
				29,926,044
				25,703,260
				2,424,488
				524,220
				234,297
				0
				88,547
				295,766
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				29,926,044
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				88,547
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				41,309,273
				29,926,044
				25,703,260
				2,424,488
				524,220
				234,297
				0
				88,547
				295,766
				655,466
				29,926,044
				41,309,273
				29,926,044
				25,703,260
				2,424,488
				524,220
				234,297
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				88,547
				295,766
				655,466
				29,926,044
				41,309,273
				29,926,044
				25,703,260
				2,424,488
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				234,297
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				655,466
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				41,309,273
				29,926,044
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				234,297
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				41,309,273
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				234,297
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				88,547
				295,766
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				41,309,273
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				25,703,260
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				524,220
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				25,703,260
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				234,297
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				88,547
				295,766
				655,466
				29,926,044
				41,309,273
				29,926,044
				25,703,260
				2,424,488
				524,220
				234,297
				0
				88,54

Table D.--Peppers, fresh, chilled, or frozen, not reduced in size: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity (pounds)					
Gross imports	94,144,692	121,484,895	156,144,160	143,657,615	162,579,872	100
26 developed ctries, total	24,275	96,105	124,922	876,090	236,288	1/
GSP countries, total	24,097,269	121,383,180	155,993,224	142,730,889	162,343,584	100
Mexico	88,416,043	112,872,785	144,616,934	135,319,030	157,380,740	97
Dom Rep	5,624,382	8,396,758	8,212,134	6,403,566	4,916,421	3
Bahamas	0	0	3,100,244	960,290	4,484	1/
Trinidad	28,409	50,335	45,358	25,076	17,403	1/
Thailand	1,708	1,260	2,985	15,552	1,654	1/
Jamaica	0	0	2,985	1,650	3,969	1/
Belize	0	0	0	1,162	0	1/
Colomb	20,736	0	3,750	2,407	7,263	1/
Other GSP	5,991	62,042	10,895	2,156	11,650	1/
Other	23,148	5,610	26,014	50,636	0	
	Value (1,000 dollars)					
Gross imports	11,571	22,945	34,433	37,220	51,502	100
26 developed ctries, total	10	19	32	132	71	1/
GSP countries, total	11,549	22,926	34,394	37,077	51,431	100
Mexico	10,485	21,450	32,530	35,837	50,748	98
Dom Rep	1,037	1,429	1,370	1,100	904	2
Bahamas	0	0	460	104	1	1/
Trinidad	20	27	27	20	24	1/
Thailand	1	1	2	13	3	1/
Jamaica	0	0	0	1	5	1/
Belize	0	0	0	1	0	1/
Colomb	2	0	1	1	3	1/
Other GSP	4	20	3	1	9	1/
Other	12	1	7	11	0	

1/ Less than 0.5 percent.

2/ Less than \$500.

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

FROZEN WATER CHESTNUTS AND CERTAIN FRESH, CHILLED, OR FROZEN REDUCED-IN-SIZE
VEGETABLES

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1	Current col. 2 (1/1/81)
137.8782 (pt.)	Water chestnuts, frozen (but not reduced in size nor otherwise prepared or preserved). Vegetables, fresh, chilled, or frozen, and cut, sliced, or other- wise reduced in size (but not otherwise prepared or preserved): /Broccoli, cauli- flower, and okra; kidney beans, frozen; rutabagas; yucca/.	25% ad val.	<u>1/</u>	50% ad val.
138.4510	Other: Fresh or chilled Frozen: /Asparagus/	17.5% ad val.	<u>1/</u>	35% ad val.
138.4570	Other or			
138.4570 (pt.)	Sliced bamboo shoots. or			
138.4570 (pt.)	Sliced water chestnuts.			

1/ No concessions granted.

Note.—The bracketed language is included only to clarify the scope of the
numbered items which are being considered.

II. Comment

Description and uses

The articles covered herein include frozen water chestnuts not reduced in size nor otherwise prepared or preserved (TSUS item 137.8782 (pt.)); frozen, sliced water chestnuts (item 138.4570 (pt.)); frozen, sliced bamboo shoots (item 138.4570 (pt.)); and all fresh, chilled, or frozen vegetables which are cut, sliced, or otherwise reduced in size (but not otherwise prepared or preserved), except broccoli, cauliflower, okra, frozen kidney beans, rutabagas, yucca, and frozen asparagus (items 138.4510 and 138.4570).

Water chestnuts (Eleocharis dulcis) are the edible corms of certain aquatic plants originally cultivated throughout the temperate parts of eastern and southern China. They were first introduced into the United States in 1934. The plants are grasslike in appearance, growing to a height of 5 feet, and are cultivated somewhat like paddy rice. The corms have a chestnut brown skin color, a somewhat flattened spherical shape, and a firm, white flesh that is unusually crisp, like that of an apple. Corms vary considerably in size, depending upon growing conditions, with the most acceptable size being 1-1/4 inches or more in diameter.

Water chestnuts are considered an ethnic food, being widely used in oriental cuisine, where they are standard ingredients of many Chinese dishes. Water chestnuts are best used in combinations with other foods and are sometimes used in a number of American dishes, such as omelets, gravies, meat and vegetable stews, soups, casseroles, and mixed salads.

Bamboo shoots are the tender, young shoots of the hardy Chinese and Japanese bamboos, which are dug when the shoot tips are just emerging from the soil surface. The shoots may range from a few inches to 10 inches in length,

with a diameter of about 1 inch. The sprouts are crisp in texture and are usually without pronounced flavor; however, a number of varieties have tips with a bitter or acrid flavor that is removed by boiling before eating.

The outer covering, or sheath layer, must be removed before the tips can be used. The more tender middle and upper shoot parts may be sliced into quarter-inch sections or cut into various shapes. Prepared bamboo shoots are used in food preparations consisting of various vegetables with or without meat. They also may be served with melted butter; some are pickled in vinegar. Bamboo shoots are considered an ethnic food, or specialty item, and quite often sell at a premium price.

The miscellaneous fresh, chilled, or frozen vegetables included here (items 138.4510 and 138.4570) have, within the tariff meaning, been reduced in size by cutting, slicing, or other methods but have not been otherwise prepared or preserved. Well known examples of the vegetables included here are cut corn, spinach, beans, and carrots. The vegetables included here usually are marketed in a frozen condition since they are usually considerably less perishable in that condition than when fresh or chilled. Notable exceptions are tossed salad and cole slaw mixtures, which are usually marketed in a chilled condition.

Some of the major frozen vegetables are not included here because, for tariff purposes, they are considered to have been further processed (e.g., most frozen french fried potatoes) or they are not considered to be reduced in size (e.g., frozen peas which have been shelled and brussels sprouts which have had the outer leaves removed and the bases cut).

U.S. tariff treatment

Frozen water chestnuts, not reduced in size nor otherwise prepared or preserved, (TSUS item 137.8782 (pt.)) are dutiable at 25 percent ad valorem in

column 1 and 50 percent ad valorem in column 2. The other vegetables covered by this digest are included in item 138.45, miscellaneous vegetables, fresh, chilled, or frozen, and cut, sliced, or otherwise reduced in size (but not otherwise prepared or preserved), and are dutiable at 17.5 percent ad valorem in column 1 and 35 percent ad valorem in column 2.

U.S. consumption, production,
producers, and exports

Firms that prepare reduced-in-size fresh, chilled, or frozen (but not otherwise prepared or preserved) vegetables are usually located near the major U.S. growing areas for these vegetables. In 1977 over 100 firms are estimated to have prepared such vegetables. Typically, most of these firms also process other vegetables and fruits, usually by freezing. There is no known U.S. production of the frozen water chestnuts included here.

Most of the domestic output of reduced-in-size fresh, chilled, or frozen (but not otherwise prepared or preserved) vegetables is sold in a frozen condition, but a small share is marketed fresh or chilled. The domestic production of the frozen vegetables included here averaged about 1.0 billion pounds annually in 1976-79 (table A). In 1979 such frozen vegetables accounted for about 15 percent of the 6.9 billion pound total output of frozen vegetables; the other 85 percent consisted of frozen vegetables not considered to have been reduced in size (e.g., whole green peas and brussels sprouts) and of vegetables that had been reduced in size but had also been otherwise prepared or preserved (e.g., french fried potatoes). Data on the domestic production of the fresh or chilled vegetables included in this digest are not available; however, such production is small in comparison to the production of such vegetables in a frozen condition.

Domestic production supplies virtually all of the domestic consumption of fresh, chilled, or frozen vegetables that have been reduced in size but not otherwise prepared or preserved, as well as significant quantities for export--virtually all in the frozen form. Data on exports of such frozen vegetables, however, are reported under an export classification that also includes frozen vegetables not included in this digest. In 1979 total exports of frozen vegetables amounted to 208 million pounds, valued at \$56 million. It is believed that less than a third of these exports were of the type of vegetables included here. Japan, Canada, and the United Kingdom are the principal markets.

U.S. imports

Data are not available on U.S. imports of frozen water chestnuts, not reduced in size nor otherwise prepared or preserved (item 137.8782 (pt.)); frozen sliced water chestnuts (item 138.4570 (pt.)); or frozen sliced bamboo shoots (item 138.4570 (pt.)). Imports of such frozen vegetables are believed to have been small.

Imports of the fresh or chilled and reduced-in-size vegetables included here (item 138.4510) amounted to 1.3 million pounds, valued at \$206,000, in 1978 and 1.1 million pounds, valued at \$164,000, in 1979. Mexico supplied nearly 80 percent of the imports, by value, in 1978 and 1979 (table C-1).

Imports of the frozen reduced-in-size vegetables included here averaged about 26 million pounds, valued at \$5.9 million, in 1978 and 1979 (table C-2). Canada, Mexico, Costa Rica, and Taiwan are the principal sources, together supplying over 85 percent of the imports in 1979.

Total imports of the reduced-in-size vegetables included here increased irregularly during 1976-79 from 15.7 million pounds, valued at \$3.1 million in 1976 to a high of 28.1 million pounds, valued at \$6.1 million in 1978 (table C-3); in 1979 imports amounted to 26.3 million pounds, valued at \$6.0 million.

GSP beneficiary countries supplied 62 percent of the imports of fresh or chilled reduced-in-size vegetables (by value) in January-August 1980 (table D-1). Virtually all of those imports were from Mexico. GSP countries supplied 71 percent of the imports of frozen reduced-in-size vegetables considered here in that period (table D-2); Taiwan, with 30 percent of the imports, was the leading supplier. Taiwan also was the leading supplier, with 30 percent of total imports, of the combined fresh, chilled, and frozen reduced-in-size vegetables included here (table D-3).

Position of interested parties

La Choy Food Products, a division of Beatrice Foods Company, the petitioner, requests duty-free GSP treatment for whole, frozen water chestnuts (item 137.8782 (pt.)), and sliced, frozen water chestnuts and sliced, frozen bamboo shoots (item 138.4570 (pt.)). They state that there is no domestic production of a like or directly competitive product.

Mr. Gerald G. Dull of Horticultural Specialties, Inc., of Athens, Ga., the only known U.S. producer of fresh water chestnuts, is not opposed to the granting of duty-free GSP treatment on frozen, whole or frozen, sliced water chestnuts.

The Washington Asparagus Growers Association and the Imperial Valley Asparagus Growers Association oppose the inclusion of TSUS items 137.87 and 141.88 in the list of articles being considered for duty-free GSP treatment. They propose, alternatively, that breakouts be created so that asparagus in any form is excluded from any such list of articles being so considered.

III. Probable Economic Effects of Application of GSP to Frozen Water Chestnuts
and Certain Fresh, Chilled, or Frozen Reduced-in-Size Vegetables

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Table A.—Certain fresh, chilled, or frozen vegetables, reduced in size, but not otherwise prepared or preserved: U.S. production, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

Period	Pro- duction ^{1/}	Exports	Imports	Apparent consump- tion ^{2/}	Ratio (per- cent) of imports to consumption
Quantity (1,000 pounds)					
1976	929,236	$\frac{3/}{}$	15,685	944,921	1.7
1977	1,076,746	$\frac{3/}{}$	21,425	1,098,171	2.0
1978	1,096,270	$\frac{3/}{}$	28,120	1,124,390	2.5
1979	1,056,694	$\frac{3/}{}$	26,280	1,082,974	2.4
January-August:					
1979	$\frac{3/}{}$	$\frac{3/}{}$	17,355	$\frac{3/}{}$	$\frac{3/}{}$
1980	$\frac{3/}{}$	$\frac{3/}{}$	10,473	$\frac{3/}{}$	$\frac{3/}{}$
Value (1,000 dollars)					
1976	$\frac{3/}{}$	$\frac{3/}{}$	3,134	$\frac{3/}{}$	$\frac{3/}{}$
1977	$\frac{3/}{}$	$\frac{3/}{}$	4,549	$\frac{3/}{}$	$\frac{3/}{}$
1978	$\frac{3/}{}$	$\frac{3/}{}$	6,089	$\frac{3/}{}$	$\frac{3/}{}$
1979	$\frac{3/}{}$	$\frac{3/}{}$	6,043	$\frac{3/}{}$	$\frac{3/}{}$
January-August:					
1979	$\frac{3/}{}$	$\frac{3/}{}$	4,087	$\frac{3/}{}$	$\frac{3/}{}$
1980	$\frac{3/}{}$	$\frac{3/}{}$	2,558	$\frac{3/}{}$	$\frac{3/}{}$
Unit value (cents per pound)					
1976	$\frac{3/}{}$	$\frac{3/}{}$	20	$\frac{3/}{}$	
1977	$\frac{3/}{}$	$\frac{3/}{}$	21	$\frac{3/}{}$	
1978	$\frac{3/}{}$	$\frac{3/}{}$	22	$\frac{3/}{}$	
1979	$\frac{3/}{}$	$\frac{3/}{}$	23	$\frac{3/}{}$	
January-August:					
1979	$\frac{3/}{}$	$\frac{3/}{}$	24	$\frac{3/}{}$	
1980	$\frac{3/}{}$	$\frac{3/}{}$	24	$\frac{3/}{}$	

^{1/} Pack of frozen green and wax beans, carrots, corn, kale, collards, mustard greens, spinach, turnips, turnip greens, bell peppers, and summer squash.

^{2/} Production plus imports. Data shown do not take into account exports, which are not separately reported but which are believed to be larger than the imports.

^{3/} Not available.

Source: Production estimated from data published by the American Frozen Food Institute; imports compiled from official statistics of the U.S. Department of Commerce.

Table B.--Vegetables, frozen: U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980

Market	Quantity (pounds)				Value (1,000 dollars)	Unit value (per pound)				
	1976	1977	1978	1979		1979	1979	1980	1980	
Japan.....	58,136,968	61,452,470	102,435,967	119,192,874	11,561	14,853	25,335	30,436	17,887	28,706
Canada.....	22,322,814	16,779,130	28,249,323	32,500,872	4,141	3,732	5,730	7,444	5,769	5,297
U King.....	30,660,015	15,357,091	5,081,456	9,860,896	6,615	4,130	1,726	2,925	2,230	2,189
Hg Kong.....	3,592,097	5,395,036	7,738,364	9,158,085	771	1,325	2,404	2,390	1,418	2,665
Sweden.....	589,552	1,020,226	1,778,756	5,835,062	158	295	600	1,933	842	569
Austral.....	6,870,269	3,124,344	3,721,056	4,782,915	2,213	955	1,308	1,594	1,061	907
S Arab.....	981,164	1,878,298	2,018,198	2,652,701	438	861	1,006	1,564	1,024	1,083
N Antil.....	612,332	1,404,249	2,193,072	2,541,568	243	526	737	859	527	690
All other....	16,355,711	22,181,373	21,893,700	21,306,837	4,217	6,652	6,335	7,350	5,160	6,453
Total....	140,102,222	128,680,217	175,102,822	207,211,810	31,058	33,336	45,181	56,425	35,218	48,542
Value (1,000 dollars)										
Japan.....	11,561	14,853	25,335	30,436	11,561	14,853	25,335	30,436	17,887	28,706
Canada.....	4,141	3,732	5,730	7,444	4,141	3,732	5,730	7,444	5,769	5,297
U King.....	6,615	4,130	1,726	2,925	6,615	4,130	1,726	2,925	2,230	2,189
Hg Kong.....	771	1,325	2,404	2,390	771	1,325	2,404	2,390	1,418	2,665
Sweden.....	158	295	600	1,933	158	295	600	1,933	842	569
Austral.....	2,213	955	1,308	1,594	2,213	955	1,308	1,594	1,061	907
S Arab.....	438	861	1,006	1,564	438	861	1,006	1,564	1,024	1,083
N Antil.....	243	526	737	859	243	526	737	859	527	690
All other....	4,217	6,652	6,335	7,350	4,217	6,652	6,335	7,350	5,160	6,453
Total....	31,058	33,336	45,181	56,425	31,058	33,336	45,181	56,425	35,218	48,542
Unit value (per pound)										
Japan.....	0.20	0.24	0.25	0.26	0.20	0.24	0.25	0.26	0.26	0.26
Canada.....	0.19	0.22	0.20	0.23	0.19	0.22	0.20	0.23	0.22	0.27
U King.....	0.21	0.25	0.31	0.26	0.21	0.25	0.31	0.26	0.28	0.32
Hg Kong.....	0.27	0.29	0.34	0.33	0.27	0.29	0.34	0.33	0.35	0.41
Sweden.....	0.32	0.31	0.35	0.33	0.32	0.31	0.35	0.33	0.35	0.29
Austral.....	0.45	0.46	0.50	0.59	0.45	0.46	0.50	0.59	0.59	0.48
S Arab.....	0.40	0.35	0.34	0.34	0.40	0.35	0.34	0.34	0.32	0.39
N Antil.....	0.30	0.30	0.29	0.34	0.30	0.30	0.29	0.34	0.34	0.37
Average..	0.22	0.26	0.26	0.27	0.22	0.26	0.26	0.27	0.27	0.28

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

Note: This table includes all exports of frozen vegetables; only about a third of these exports are believed to be included in this digest.

Table C-3.--Vegetables, not specially provided for, fresh, chilled, or frozen, and cut, sliced, or otherwise reduced in size; U.S. imports for consumption, by principal sources, 1976-79, January-August 1979, and January-August 1980

Source	Quantity (pounds)				Value (1,000 dollars)		Unit value (per pound)	
	1976	1977	1978	1979	1979	1980	1979	1980
Canada.....	1,951,337	8,730,629	8,317,978	8,133,758	2,983,429	3,857,271		
Mexico.....	3,849,295	5,053,383	8,338,898	6,640,996	5,801,539	1,684,751		
C. Rica.....	6,961,541	5,472,644	4,986,723	5,692,424	3,147,138	2,925,154		
Taiwan.....	649,662	784,400	1,199,468	2,411,652	2,336,296	1,426,937		
N. Zealand.....	0	0	1,336,484	1,447,824	1,447,824	0		
Dom. Rep.....	1,264,432	918,531	3,480,116	1,315,341	1,183,715	309,317		
Netherlands.....	166,984	90,480	357,168	153,336	134,736	73,830		
U. Kingdom.....	1,268	2,394	0	182,472	182,472	1,680		
All other.....	840,755	372,466	103,481	301,952	137,572	124,305		
Total.....	15,685,274	21,424,927	28,120,316	26,279,755	17,354,721	10,473,245		
Value (1,000 dollars)								
Canada.....	369	1,895	1,704	1,711	619	657		
Mexico.....	1,011	1,145	1,674	1,376	1,163	368		
C. Rica.....	978	733	840	1,159	648	577		
Taiwan.....	278	400	581	964	917	758		
N. Zealand.....	-	-	256	301	301	-		
Dom. Rep.....	246	215	681	257	228	72		
Netherlands.....	81	65	291	135	119	66		
U. Kingdom.....	3	1	-	56	56	3		
All other.....	162	25	62	84	38	58		
Total.....	3,134	4,549	6,082	6,043	4,087	2,558		
Unit value (per pound)								
Canada.....	0.19	0.22	0.20	0.21	0.21	0.17		
Mexico.....	0.26	0.23	0.20	0.21	0.20	0.22		
C. Rica.....	0.14	0.13	0.17	0.20	0.21	0.20		
Taiwan.....	0.43	0.51	0.48	0.40	0.39	0.53		
N. Zealand.....	-	-	0.19	0.21	0.21	-		
Dom. Rep.....	0.19	0.23	0.20	0.20	0.19	0.23		
Netherlands.....	0.49	0.72	0.81	0.88	0.88	0.89		
U. Kingdom.....	2.16	0.52	-	0.31	0.31	1.69		
All other.....	0.20	0.25	0.60	0.28	0.27	0.30		
Average.....	0.20	0.21	0.22	0.23	0.24	0.24		

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

Table D-1.--Vegetables, not specially provided for, fresh or chilled, and cut, sliced, or otherwise reduced in size: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (pounds)						
Gross imports	1/1	1,352,252	1,142,632	570,622	100	
26 developed cttries, total	1/1	146,096	80,550	67,200	12	
GSP countries, total	1/1	1,128,003	1,062,082	586,282	85	
Mexico	1/1	1,176,859	1,039,591	485,749	85	
Taiwan	1/1	0	22,491	0		
Jamaica	1/1	3,697	0	0		
Dom Rep	1/1	11,200	0	0		
Chile	1/1	5,247	0	0		
Phil R	1/1	0	0	540	2/	
Hg Kong	1/1	1,000	0	0		
Other	1/1	5,850	0	17,140	3	
Value (1,000 dollars)						
Gross imports	1/1	206	165	68	100	
26 developed cttries, total	1/1	40	18	21	31	
GSP countries, total	1/1	165	146	42	62	
Mexico	1/1	158	130	41	61	
Taiwan	1/1	-	16	-		
Jamaica	1/1	1	-	-		
Dom Rep	1/1	3	-	-		
Chile	1/1	-	-	-		
Phil R	1/1	-	-	1/	1	
Hg Kong	1/1	1	-	-		
Other	1/1	3	-	5	8	

1/ Not available.
 2/ Less than 0.5 percent.
 3/ Less than 500.

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

Table D-3.--Vegetables, not specially provided for, fresh, chilled, and cut, sliced, or otherwise reduced in size; U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	Quantity (pounds)				Jan.-Aug. 1980 distribution
	1976	1977	1978	1979	
Gross imports	15,685,274	21,424,927	28,120,316	26,272,755	10,473,245
26 developed ctrles, total	2,199,566	8,065,652	10,028,593	9,931,992	3,945,739
GSP countries, total	13,462,528	12,515,493	18,085,873	16,347,763	6,508,170
Mexico	3,049,295	5,053,363	8,338,898	6,640,996	1,684,751
C Rica	6,961,541	5,472,644	4,986,723	5,692,424	2,925,154
Taiwan	649,662	786,400	1,199,468	2,411,652	1,426,937
Dom Rep	1,264,432	918,531	3,480,116	1,315,341	309,317
Ecuador	0	0	0	70,400	3,300
Phil R	12,075	23,846	22,889	29,601	35,257
Panama	0	0	0	75,877	0
Guatmal	540,988	39,200	0	43,661	43,647
Other GSP	191,605	223,489	57,779	67,811	79,815
Other	16,110	43,782	5,850	0	12,328
	Value (1,000 dollars)				
Gross imports	3,134	4,549	6,082	6,043	2,558
26 developed ctrles, total	473	1,976	2,275	2,213	737
GSP countries, total	2,654	2,566	3,812	3,830	1,815
Mexico	1,011	1,145	1,674	1,376	368
C Rica	978	733	640	1,159	577
Taiwan	278	400	581	964	758
Dom Rep	246	215	681	257	72
Ecuador	0	0	0	19	2
Phil R	0	13	10	13	16
Panama	0	0	0	11	0
Guatmal	104	5	0	10	9
Other GSP	30	55	27	20	14
Other	7	7	3	0	6

1/ Less than 0.5 percent.

2/ Less than 500.

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

POTATO FLOUR

I. TSUS(A) item number; brief description; rates of duty

TSUS(A): item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1	Current col. 2 (1/1/81)
140.70	Potato flour	1.2¢/lb	<u>1</u> /	2.5¢/lb

1/ Potato flour provided for in TSUS Item 140.70 was not subject to concessions in the recent round of multilateral trade negotiations.

II. Comment

Description and uses

Potato flour is prepared from cooked potatoes which are compressed and dried into thin sheets which are subsequently ground and sieved to yield a flour. Potato flour is used mainly by food processors in bakery products (such as potato bread as well as in regular white, whole wheat, and rye breads); as a thickener in commercial dehydrated soup mixes, gravies, and sauces; and as a breading meal for frozen seafood and chicken. It occasionally is used in snack foods such as reconstituted potato chips. Most potato flour is consumed by food processors rather than being sold directly for use by retail consumers.

In recent years, domestic use of potato flour has been greatly reduced because of the availability of other cheaper flours and substitutes (such as corn thickeners). Because of the relatively high cost of raw potatoes and their alternative use in higher-valued products (such as instant potato granules), the use of alternative flours has become more attractive to food processors.

U.S. tariff treatment

The January 1, 1981, rate of duty was 1.2 cents per pound; it was not reduced under the MTN. The average ad valorem equivalent of the current rate of duty on potato flour is 5.7 percent, based on imports in 1979.

U.S. consumption, production, producers, imports, and exports

Potato dehydration plant facilities are generally capable of producing all of the principal dehydrated potato products with certain minor equipment modifications. Often, potato flour is produced as a byproduct or as an intermediate product to be used within the plant. The 1977 U.S. production of dehydrated potatoes consisted of potato granules (about 41 percent of the total value of shipments), potato flakes (26 percent), and other dehydrated potato products, including flour (33 percent).

An estimated four plants (located in Idaho, Washington, and North Dakota) produce and market potato flour. Because of the U.S. Bureau of Census' disclosure restrictions, there is no published information on potato flour production. But, based on industry sources, annual domestic production of potato flour is probably close to 10 million pounds. One of the largest domestic potato flour producers ceased production in 1979.

Estimated domestic consumption of potato flour averaged about 10 million pounds during 1976-79 (table A). Average annual imports were equivalent to 3 percent of domestic consumption during that time. Exports are believed to be negligible.

During 1976-79 annual U.S. imports of potato flour averaged about 317,000 pounds, valued at \$56,000; Canada was the leading supplier (table 3). In 1979, Canada supplied 31 percent of the imports, in terms of value, and GSP-eligible countries supplied 7 percent of the total (table C).

Position of interested parties

There have been no representations received from interested parties.

III. Probable Economic Effects of Application of GSP to Potato Flour

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Table A.--Potato flour: U.S. production, foreign trade, apparent consumption, and ratio of imports to consumption, 1976-79 and January-August 1979 and January-August 1980

Period	Production <u>1/</u>	Exports <u>2/</u>	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (1,000 pounds)					
1976	10,000	<u>2/</u>	112	10,100	1
1977	10,000	<u>2/</u>	167	10,200	2
1978	10,000	<u>2/</u>	771	10,800	7
1979	10,000	<u>2/</u>	215	10,200	2
January-August:					
1979	5,000	<u>2/</u>	51	5,100	1
1980	5,000	<u>2/</u>	367	5,400	7
Value (1,000 dollars)					
1976	<u>3/</u>	<u>2/</u>	28	<u>3/</u>	<u>3/</u>
1977	<u>3/</u>	<u>2/</u>	32	<u>3/</u>	<u>3/</u>
1978	<u>3/</u>	<u>2/</u>	121	<u>3/</u>	<u>3/</u>
1979	<u>3/</u>	<u>2/</u>	45	<u>3/</u>	<u>3/</u>
January-August:					
1979	<u>3/</u>	<u>2/</u>	13	<u>3/</u>	<u>3/</u>
1980	<u>3/</u>	<u>2/</u>	58	<u>3/</u>	<u>3/</u>
Unit value (per pound)					
1976	<u>3/</u>	<u>3/</u>	\$0.25	<u>3/</u>	<u>3/</u>
1977	<u>3/</u>	<u>3/</u>	.19	<u>3/</u>	<u>3/</u>
1978	<u>3/</u>	<u>3/</u>	.16	<u>3/</u>	<u>3/</u>
1979	<u>3/</u>	<u>3/</u>	.21	<u>3/</u>	<u>3/</u>
January-August:					
1979	<u>3/</u>	<u>3/</u>	.25	<u>3/</u>	<u>3/</u>
1980	<u>3/</u>	<u>3/</u>	.16	<u>3/</u>	<u>3/</u>

1/ Estimated.

2/ Not available, but believed to be negligible.

3/ Not available.

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

Table C.--Potatoes, dried, desiccated, or dehydrated, and reduced to flour: U.S. Imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (pounds)						
Gross imports	111,970	166,905	770,802	214,526	367,489	100
26 developed cttries, total:	108,970	155,905	762,070	209,276	360,304	98
GSP countries, total	0	11,000	5,281	4,500	3,205	1
Israel	0	0	0	2,500	0	
Taiwan	0	0	0	2,000	1,000	1/
Peru	0	0	0	0	2,205	1
Kor Rep	0	0	281	0	0	
Hg Kong	0	3,000	5,000	0	0	
Kenya	0	8,000	0	0	0	
Other	3,000	0	3,451	750	3,980	1
Value (1,000 dollars)						
Gross imports	28	32	121	45	58	100
26 developed cttries, total:	28	25	118	42	54	93
GSP countries, total	-	7	3	3	3	4
Israel	-	-	-	2	-	
Taiwan	-	-	-	1	2/	1
Peru	-	-	-	-	2	4
Kor Rep	-	-	2/	-	-	
Hg Kong	-	3	2	-	-	
Kenya	-	3	-	-	-	
Other	2/	-	1	2/	1	2

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

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



PECANS, SHELLED

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1	Current col. 2 (1/1/81)
145.5000	Pecans, shelled	10¢/lb	<u>1</u> /	10¢/lb

1/ Pecans, shelled, of TSUSA item 145.5000 were not subject to concessions in the recent round of multilateral trade negotiations.

II. Comment

Description and uses

Pecans are the nuts of a species of hickory tree native to a large part of the southern and central United States. On the average, about three-fifth of the U.S. crop consists of larger, often thin-shelled, nuts from improved horticultural varieties. The remainder of the crop comes from wild or seedling trees and consists of relatively small, hard-shelled nuts. There is considerable variation in the size and shape of nuts from different types of trees.

Over 80 percent of the U.S. pecan crop is marketed in shelled form. Bakeries use over a third of the shelled pecans, followed by household consumers (retail packages) and confectioners with about one-fourth each. Most of the remainder is used by ice cream manufacturers, mixers, and salters.

U.S. tariff treatment

Shelled pecans are dutiable at a rate of 10 cents per pound (ad valorem equivalent of 4.7 percent in 1979) and have never been made subject to trade agreement concessions. Unshelled pecans are classifiable in TSUS item 145.22 dutiable at 5 cents per pound (ad valorem equivalent of 6.8 percent in 1979).

Such unshelled pecans were included in TAD 1043, Certain Nuts, as an item being considered in Investigation No. 332-113 for concessions under section 124 and designation as eligible articles for GSP duty-free treatment.

U.S. consumption, production, and producers

Pecans are produced in southern States and most pecan shellers are located in the regions where pecans are produced. There are about 40 pecan shellers in the United States. U.S. production of shelled pecans varies with the size of the pecan crop (table A). U.S. production of shelled pecans account for most of U.S. shelled pecan consumption.

U.S. exports

The United States is a net exporter of shelled pecans and although production varies by size of crop, U.S. exports of shelled pecans are relatively stable between 2 million to 3 million pounds annually (table B). Canada is the principal market for most U.S. pecan exports.

U.S. imports

Mexico is the only large producer of pecans besides the United States, and generally accounts for most U.S. imports of shelled pecans. Imports of shelled pecans are somewhat sporadic. In recent years, imports generally have supplied less than 0.5 percent of domestic consumption. The quality of imported pecans is not substantially different from the quality of U.S. pecans.

Position of interested parties

The Government of Mexico petitioned for GSP treatment of shelled pecans and thus would favor such treatment.

III. Probable Economic Effects of Application of GSP to Shelled Pecans

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Table A.—Pecans, shelled: U.S. production, foreign trade, apparent consumption, and ratio of imports to consumption, 1976-79, January-August 1979 and January-August 1980

Period	Production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (1,000 pounds)					
1976	<u>1/</u> 32,778	2,630	42	30,190	0.14
1977	<u>1/</u> 73,629	2,229	378	71,778	.53
1978	<u>1/</u> 78,757	2,570	246	76,433	.32
1979	<u>1/</u> 64,585	2,343	80	62,322	.13
January-August:					
1979	<u>2/</u>	1,803	80	<u>2/</u>	<u>2/</u>
1980	<u>2/</u>	1,733	30	<u>2/</u>	<u>2/</u>
Value (1,000 dollars)					
1976	<u>2/</u>	3,654	64	<u>2/</u>	<u>2/</u>
1977	<u>2/</u>	3,501	672	<u>2/</u>	<u>2/</u>
1978	<u>2/</u>	3,930	398	<u>2/</u>	<u>2/</u>
1979	<u>2/</u>	3,605	168	<u>2/</u>	<u>2/</u>
January-August:					
1979	<u>2/</u>	2,650	168	<u>2/</u>	<u>2/</u>
1980	<u>2/</u>	3,128	46	<u>2/</u>	<u>2/</u>
Unit value (per pound)					
1976	<u>2/</u>	\$1.39	\$1.54	-	-
1977	<u>2/</u>	1.57	1.78	-	-
1978	<u>2/</u>	1.53	1.62	-	-
1979	<u>2/</u>	1.54	2.11	-	-
January-August:					
1979	<u>2/</u>	1.47	2.11	-	-
1980	<u>2/</u>	1.80	1.55	-	-

1/ Estimated.

2/ Not available.

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

Table B.--Pecans, shelled, blanched, or otherwise prepared or preserved: U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980

Market	Quantity (pounds)				Value (1,000 dollars)	
	1976	1977	1978	1979		
Canada.....	2,054,779	1,929,103	2,256,127	1,908,013	1,542,260	1,205,342
Belgium.....	53,320	32,835	37,720	115,788	72,000	75,570
Nethlds.....	105,387	19,620	135,960	63,700	17,200	127,006
FR Germ.....	47,640	14,712	45,186	29,278	12,540	82,555
Austral.....	34,154	45,160	12,055	24,000	24,000	75,750
Mexico.....	94,581	78,474	14,378	77,982	36,264	35,767
U King.....	57,987	2,212	23,052	14,494	13,360	86,424
Venez.....	11,034	7,486	5,400	49,285	45,760	18,423
All other.....	171,413	98,923	32,866	60,293	40,045	26,551
Total.....	2,630,295	2,228,595	2,569,744	2,342,833	1,803,429	1,733,388
Value (1,000 dollars)						
Canada.....	2,996	3,104	3,237	2,780	2,160	1,931
Belgium.....	46	34	73	327	223	212
Nethlds.....	113	44	303	119	24	284
FR Germ.....	75	40	111	77	35	197
Austral.....	59	26	26	59	59	175
Mexico.....	46	36	10	42	12	36
U King.....	19	8	55	35	32	191
Venez.....	234	178	97	138	85	61
All other.....	3,654	3,501	3,930	3,605	2,650	3,128
Unit value (per pound)						
Canada.....	61.46	61.61	61.43	61.46	61.40	61.60
Belgium.....	0.87	1.05	1.94	2.82	3.10	2.81
Nethlds.....	1.07	2.25	2.23	1.86	1.42	2.24
FR Germ.....	1.57	2.73	2.45	2.61	2.79	2.39
Austral.....	1.92	0.57	2.13	2.45	2.45	2.31
Mexico.....	0.62	0.66	0.71	0.54	0.33	0.99
U King.....	0.79	3.60	2.37	2.43	2.40	2.21
Venez.....	1.37	1.80	2.44	0.58	0.42	2.19
All Average.....	1.39	1.57	1.53	1.54	1.47	1.80

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

Table D.--Pecans, shelled, blanched, or otherwise prepared or preserved: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (pounds)						
Gross imports	41,795	377,797	246,028	79,532	29,718	100
26 developed cttries, total	3,150	25,697	4,020	6,020	0	
GSP countries, total	38,645	352,100	241,318	73,512	0	
Mexico	38,645	329,546	241,318	73,512	0	
Israel	0	22,314	0	0	0	
Taiwan	0	240	0	0	0	
Other	0	0	690	0	29,718	100
Value (1,000 dollars)						
Gross imports	64	672	398	168	46	100
26 developed cttries, total	2	33	9	5	-	
GSP countries, total	62	639	388	163	-	
Mexico	62	580	388	163	-	
Israel	-	58	-	-	-	
Taiwan	-	1	-	-	-	
Other	-	-	2	-	46	100

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

MACADAMIA NUTS, SHELLED OR BLANCHED

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1	Current col. 2 (1/1/81)
145.5800 (pt.)	Macadamia nuts, shelled or blanched.	5¢/lb	1/	5¢/lb

1/ This rate of duty was not subject to concessions in the recent round of multilateral trade negotiations.

II. Comment

Description and uses

Macadamia nuts grow on tropical and subtropical trees indigenous to Australia. The nut matures on the tree and has a hard brown shell which is spherical in shape. The macadamia nut shell is extremely difficult to crack. The nut has been described as the "perfect nut" because of its good flavor and crunchy texture, and is generally sold at premium prices to other nuts. Macadamia nuts which are shelled or blanched are classified in the TSUS under item 145.58 as other edible nuts, shelled or blanched.

U.S. tariff treatment

Other edible nuts, shelled or blanched of TSUS item 145.58 have never been subject to trade concessions and are dutiable in both column 1 and column 2 at 5 cents per pound. However, such nuts were considered for possible duty reductions and designation as an article for GSP duty-free treatment in Investigation No. 332-113, (Digest No. 1043, Certain Nuts). In this investigation, only macadamia nuts classified under TSUS item 145.58 are being considered for designation as eligible articles for GSP duty-free treatment.

U.S. consumption, production, and producers

Virtually all U.S. production of macadamia nuts is in Hawaii, although there is small experimental production in California. There are over 450 growers of macadamia nuts in Hawaii. Production has been growing steadily, reaching 26.7 million pounds, valued at \$16.8 million, in 1979, for the nuts in the shell as they come from the farms (table A). Because of the difficulty in shelling the nut, significant value is added to macadamia nuts in the shelling process. One sheller, the Mauna Loa Macadamia Nut Corp., a subsidiary of C. Brewer & Co., Limited, is responsible for the bulk of the shelling and marketing of shelled, blanched, or prepared and preserved macadamia nuts.

Imports and exports of macadamia nuts are small in relation to domestic production, and domestic production accounts for most of domestic consumption. The Hawaiian macadamia nut industry has invested in a large effort to develop a market for macadamia nuts in the United States, so U.S. consumption has been rising with domestic production, despite the premium prices at which macadamia nuts are sold.

U.S. exports

The domestic macadamia nut industry has concentrated primarily on the U.S. market for its sales and U.S. exports of macadamia nuts have been small, mostly to other countries around the Pacific Ocean. There is probably significant potential for macadamia nut exports, but investment in marketing would be required to develop foreign markets for macadamia nuts.

U.S. imports

U.S. imports of macadamia nuts have been negligible until recent years. Beginning in 1979 and continuing in 1980, imports of macadamia nuts increased sharply compared with earlier years. Major suppliers include Australia,

Guatemala, and South Africa. Macadamia nuts have been planted in several developing countries, such as Kenya, Costa Rica, Brazil, Malawi, Mexico, Philippines, Paraguay, and Taiwan. In some of these countries production methods are sophisticated, and it is anticipated that significant quantities of macadamia nuts will be available for export in the next few years. Currently, the principal market for macadamia nuts is the United States.

Position of interested parties

During Investigation No. 332-113, the Commission heard testimony from the Hawaiian Macadamia Producers' Association, and received submissions from the Honorable Daniel K. Inouye, U.S. Senator from Hawaii, and the Department of Agriculture, State of Hawaii, all opposing any concessions or designation as an eligible article for GSP of item 145.58, other edible nuts, shelled or blanched, because of the adverse impact on the Hawaiian macadamia nut industry. These parties all cited the significant investment in development of production and markets incurred by the Hawaiian macadamia nut industry which they believed other foreign producers would attempt to take advantage of if there were concessions on macadamia nut imports.

III. Probable Economic Effects of Application of GSP to Macadamia Nuts,
Shelled or Blanched

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Table A.--Macadamia nuts: U.S. production, foreign trade, apparent consumption, and ratio of imports to consumption, 1976-79, January-August 1979 and January-August 1980

Period	Pro- duction	Exports	Imports	Apparent consump- tion	Ratio (per- cent) of imports to consumption
Quantity (1,000 pounds)					
1976	18,990	1/	0	1/	0
1977	19,680	397	2	19,285	0.01
1978	20,980	171	0	20,809	0
1979	26,660	148	135	26,647	0.51
January-August:					
1979	1/	1/	7	1/	1/
1980	1/	1/	93	1/	1/
Value (1,000 dollars)					
1976	7,007	1/	-	2/	2/
1977	8,030	1,282	6	2/	2/
1978	11,287	666	-	2/	2/
1979	16,769	642	483	2/	2/
January-August:					
1979	1/	1/	33	2/	2/
1980	1/	1/	295	2/	2/
Unit value (per pound)					
1976	\$0.37	1/	-	-	-
1977	.41	\$3.23	\$2.53	-	-
1978	.54	3.90	-	-	-
1979	.63	4.35	3.58	-	-
January-August:					
1979	1/	1/	4.71	-	-
1980	1/	1/	3.17	-	-

1/ Not available.

2/ Not meaningful.

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



STRAWBERRIES, FRESH

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1	Current col. 2 (1/1/81)
	Berries, fresh, or prepared or preserved: Fresh or in brine: Strawberries:			
146.58	If entered during the period from June 15 to September 15, inclusive, in any year.	0.2¢/lb	<u>1</u> /	1.25¢/lb
146.60	If entered at any other time.	0.75¢/lb	<u>1</u> /	1.25¢/lb

1/ No concessions were granted on this item during the Tokyo round of trade negotiations.

II. Comment

Description and uses

The product traded under the tariff items for fresh or in brine strawberries is fresh strawberries for fresh-market sales. Fresh strawberries for processing use are seldom shipped in international trade, owing both to economics (they are lower valued) and to the perishability of the berries. Preserving strawberries in brine is no longer a viable commercial practice.

Fresh-market strawberries are used almost entirely by food establishments and home consumers in the fresh state, served with or without cream or milk and sugar. Strawberry shortcake is a favorite American dish. Strawberries are also used on ice cream, in sauces and syrups, in pies and tarts, jams, jellies, custard, creams, compotes, and salads.

U.S. tariff treatment

Fresh or in brine strawberries are provided for in the TSUS under item 146.58 if entered during the period from June 15 to September 15, inclusive, at the column 1 rate of duty of 0.2 cent per pound, and under item 146.60 if entered from September 16 to the following June 14, inclusive, at the column 1 rate of duty of 0.75 cent per pound. These rates of duty were not the subject of concessions granted during the Tokyo Round of trade negotiations and are not under review under section 124 for residual trade negotiations.

Neither of the two TSUS items for fresh or in brine strawberries have ever been eligible for duty-free treatment under the GSP, nor have they previously been under review for such treatment.

U.S. consumption, production, and producers

The domestic consumption of fresh strawberries occurs primarily during the months of February through July, with peak consumption in May, while only a small percentage of the annual consumption occurs during other months. Annual fresh strawberry consumption has been increasing over the long term; it increased from 361 million pounds in 1976 to a peak of 471 million pounds in 1978, and then declined to 438 million pounds in 1979 (table A). Preliminary data indicate that consumption in 1980 was about the same level as in 1979.

More than 90 percent of the domestic consumption of fresh strawberries is supplied by the domestic production. During 1976-79, fresh strawberry production increased from 360 million pounds in 1976 to a peak of 469 million pounds in 1978, and then dropped to 435 million pounds in 1979. Preliminary data for 1980 indicate that production increased to about 460 million pounds, or 6 percent greater than production in 1979, and was for the first time in recent years significantly greater than consumption, by about 20 million pounds.

Strawberries for the fresh market are grown in every State, but California is the major producer. In 1979, that State accounted for nearly four-fifths of the reported commercial U.S. output. Some production occurs in every month in California with the greatest production during the months of April through September. In Florida, the second most important State for fresh-market strawberries, the season is January through April. For most other States, the harvest season for fresh-market strawberries typically lasts from 6 to 10 weeks, being later in the year for the more northerly areas. Other States that usually produce more than 5 million pounds of fresh-market strawberries annually include Ohio, Michigan, New York, North Carolina, and Louisiana.

U.S. exports

In recent years, annual exports of fresh strawberries increased from 21 million pounds in 1976 to 32 million pounds in 1978, and then declined to 29 million pounds in 1979. The trend in exports has paralleled the trend in domestic production, accounting for from 5 to 7 percent of the domestic output each year. More than 60 percent of the annual exports have gone to Canada and nearly all the remainder have gone to markets in Japan and Europe, primarily in West Germany and France.

U.S. imports

Annual imports of fresh strawberries increased from 22 million pounds, valued at \$5.7 million, in 1976, to 31 million pounds, valued at \$8.5 million in 1979 (table C-1). During the 8-month January-August periods, however, imports declined dramatically from 25 million pounds in 1979, to 9 million

pounds in 1980, primarily owing to unfavorable weather in the production regions in Mexico. In recent years, Mexico has supplied virtually all of the imports of fresh strawberries entered during the tariff rate period of TSUS item 146.60, that is, if entered during the period from September 16 to the following June 14, inclusive (such imports enter chiefly during the months of December through April). Imports of fresh strawberries entered under item 146.60 in 1979, a typical year, accounted for 96 percent of the annual imports. Mexico is the only GSP designated beneficiary country to supply significant amounts of fresh strawberries (79 percent by value of the January-August 1980 imports were from Mexico, table D-1) and likely would be excluded from receiving GSP benefits under TSUS item 146.60.

Canada supplies virtually all of the imports of fresh strawberries entered from June 15 through September 15—the tariff rate period of TSUS item 146.58 (table C-2). In recent years, such imports from Canada have ranged from 1 million to 2 million pounds annually and imports under item 146.58 from all GSP suppliers have amounted to less than 1 percent of the annual total (table D-2). There have been no reported imports in recent years of fresh strawberries from Morocco, the petitioner for GSP treatment, under either TSUS item 146.58 or 146.60.

Position of interested parties

The Kingdom of Morocco petitioned for GSP treatment of fresh strawberries and thus would favor such treatment.

The Florida Fruit and Vegetable Association, in both written and oral statements, opposes GSP treatment for fresh strawberries under TSUS item 146.60. They say that the Florida strawberry industry is in a period of recovery, owing primarily to technological achievements, and because

large amounts of capital, labor, and risk are involved in their production, fresh strawberries should not be added to the list of articles eligible for GSP benefits. Also, the association believes that if the present tariff rates are maintained as is (for fruits and vegetables) Florida growers can provide job opportunities for many of the refugees from Cuba and Haiti that have recently arrived in Florida and lessen the burden for welfare from the State and Federal governments. The association contends that the rates of duties on their commodities are import sensitive and to reduce them through the GSP process would negate the gains they have made of preventing duty reductions in the MTN, and that would be a mistake.

III. Probable Economic Effects of Application of GSP to Fresh Strawberries

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Table A.—Strawberries, fresh: U.S. production, foreign trade, apparent consumption, and ratio of imports to consumption, 1976-79, January-August 1979, and January-August 1980

Period	Production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (1,000 pounds)					
1976	360,100	20,563	21,614	361,151	6
1977	418,800	22,297	24,664	421,167	6
1978	468,500	31,574	33,670	470,596	7
1979	435,400	28,729	31,024	437,695	7
January-August --					
1979	435,400	25,470	24,900	434,830	6
1980	<u>1/</u> 460,200	31,082	9,459	<u>1/</u> 438,577	<u>1/</u> 2
Value (1,000 dollars)					
1976	135,537	8,068	5,730	<u>2/</u>	<u>2/</u>
1977	162,938	8,648	4,955	<u>2/</u>	<u>2/</u>
1978	167,456	11,760	8,581	<u>2/</u>	<u>2/</u>
1979	186,226	11,757	8,477	<u>2/</u>	<u>2/</u>
January-August --					
1979	186,226	9,722	6,354	<u>2/</u>	<u>2/</u>
1980	<u>1/</u> 189,563	13,396	2,924	<u>2/</u>	<u>2/</u>
Unit value (cents per pound)					
1976	38	39	27	-	-
1977	39	39	20	-	-
1978	36	37	25	-	-
1979	43	41	27	-	-
January-August --					
1979	43	38	26	-	-
1980	<u>1/</u> 41	43	31	-	-

1/ Preliminary.

2/ Not meaningful.

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

Table C-2.--Strawberries, fresh or in brine, if entered from June 15-September 15, inclusive: U.S. imports for consumption, by principal sources, 1976-79, January-August 1979, and January-August 1980

Source	1976		1977		1978		1979		January-August--	
									1979	1980
	Quantity (pounds)									
Canada.....	2,033,425	1,021,197	852,850	1,164,998	1,163,558	920,393				
Israel.....	0	0	4,920	0	0	0				
N Zealand.....	0	0	587	0	0	0				
Yugoslvia.....	0	0	2,121	0	0	0				
Poland.....	0	0	1,020	0	0	0				
Hk Kong.....	0	0	0	0	0	0				46
Total.....	2,033,425	1,021,197	861,498	1,164,998	1,163,558	920,439				
	Value (1,000 dollars)									
Canada.....	616	357	265	346	345	357				
Israel.....	-	-	3	-	-	-				
N Zealand.....	-	-	1	-	-	-				
Yugoslvia.....	-	-	1	-	-	-				
Poland.....	-	-	1/	-	-	-				
Hk Kong.....	-	-	-	-	-	-				1/
Total.....	616	357	270	346	345	357				
	Unit value (per pound)									
Canada.....	60.30	60.35	60.31	60.30	60.30	60.39				
Israel.....	-	-	.54	-	-	-				
N Zealand.....	-	-	2.13	-	-	-				
Yugoslvia.....	-	-	.36	-	-	-				
Poland.....	-	-	.41	-	-	-				
Hk Kong.....	-	-	-	-	-	-				5.59
Average.....	.30	.35	.31	.30	.30	.39				

1/ Less than \$500.

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

Table D-1.--Strawberries, fresh or in brine: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (pounds)						
Gross imports	21,614,262	24,664,408	33,669,800	31,023,825	9,459,048	100
26 developed cttries, total	2,130,331	1,206,834	1,141,479	1,592,127	1,072,468	11
GSP countries, total	19,483,191	23,457,574	32,528,161	29,431,698	8,386,580	89
Mexico	19,483,191	23,457,574	32,521,120	29,423,761	8,384,794	89
Chile	0	0	0	5,687	0	
Taiwan	0	0	0	2,250	0	
Yugoslvia	0	0	2,121	0	0	
Israel	0	0	4,920	0	638	1/
India	0	0	0	0	1,102	1/
Phil R	0	3,600	0	0	0	1/
Hong Kong	0	0	0	0	46	1/
Other	740	0	160	0	0	
Value (1,000 dollars)						
Gross imports	5,730	4,955	8,581	8,477	2,924	100
26 developed cttries, total	691	483	587	861	617	21
GSP countries, total	5,037	4,473	7,992	7,615	2,307	79
Mexico	5,037	4,470	7,989	7,609	2,306	79
Chile	-	-	-	5	-	
Taiwan	-	-	-	1	-	
Yugoslvia	-	-	1	-	-	
Israel	-	-	3	-	2/	1/
India	-	-	-	-	1	1/
Phil R	-	2	-	-	-	1/
Hong Kong	-	-	-	-	2/	1/
Other	2	-	2	-	-	

1/ Less than 0.5 percent.
2/ less than \$500.

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

Table D-2.--Strawberries, fresh or in brine, if entered from June 15-September 15, inclusive: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity (pounds)					
Gross imports	2,033,425	1,021,197	861,498	1,164,998	920,439	100
26 developed cttries, total:	2,033,425	1,021,197	854,457	1,164,998	920,393	100
GSP countries, total	0	0	7,041	0	46	1/
Yugoslvy	0	0	2,121	0	0	
Israel	0	0	4,920	0	0	
Hlg Kong	0	0	0	0	46	1/
Other	0	0	0	0	0	
	Value (1,000 dollars)					
Gross imports	616	357	270	346	357	100
26 developed cttries, total:	616	357	267	346	357	100
GSP countries, total	-	-	3	-	2/	1/
Yugoslvy	-	-	1	-	-	
Israel	-	-	3	-	-	
Hlg Kong	-	-	-	-	2/	1/
Other	-	-	-	-	-	

1/ Less than 0.5 percent.

2/ Less than \$500.

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

WATERMELONS, FRESH

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1	Current col. 2 (1/1/81)
	Melons, fresh, or pre- pared or preserved:			
	Fresh:			
148.24	Watermelons-----	20% ad val.	<u>1/</u>	35% ad val.

1/ No concessions were granted on this item during the Tokyo Round of trade negotiations.

Note.--Prior to Jan. 1, 1980, the articles provided for under TSUS item 148.24, with no change in description, were provided for under former TSUS item 148.20.

II. Comment

Description and uses

Watermelons are the fruit of an annual vine. Most watermelons of commerce are elliptical in shape, light to dark green in color, weigh from 10 to 35 pounds each, and have a red, sweet, juicy flesh interspersed with seeds. Some varieties, on the other hand, are spherical in shape, generally weigh from 2 to 10 pounds each and may have red, yellow, or orange flesh. Watermelons typically consist of 95 percent or more of water. They are consumed almost exclusively in the fresh state and the fruit is usually served chilled in slices as a dessert or snack. Because of the nature of the fruit, fresh watermelons are almost always handled in bulk from field to the ultimate retail consumers, thus grading or packaging costs are negligible or nil.

U.S. tariff treatment

Fresh watermelons are provided for in the TSUS under item 148.24, at the column 1 rate of duty of 20 percent ad valorem, and at the column 2 rate of duty of 35 percent ad valorem. The rates of duty for watermelons are not seasonal, as they are for other melons. Watermelons were not the subject of concessions granted during the Tokyo Round of trade negotiations; however, owing to concessions granted on certain other melons, the TSUS number for fresh watermelons was changed effective January 1, 1980, from TSUS item 148.20 to 148.24. Fresh watermelons are not under review for residual trade negotiations under section 124 of the Trade Act of 1974.

Imports of fresh watermelons have never been eligible for duty-free treatment under provisions of the Generalized System of Preferences, although they were under review for such treatment in 1975.

U.S. consumption, production, and producers

The U.S. consumption of fresh watermelons has been trending downward over the long term and in recent years it has declined irregularly from a consumption of 2,700 million pounds in 1976 to an estimated 2,300 million pounds in 1980 (table A). The consumption of watermelons is highly seasonal with an estimated 80 percent or more of the annual consumption occurring during the months of June, July, and August. U.S. production accounts for most of the consumption of watermelons; from 1976 to 1980, domestic production declined irregularly from about 2,600 million to 2,100 million pounds.

Watermelons are an annual crop harvested seasonally, first in the southern-most States, and then progressively northward. Owing to length-of-growing-season requirements, watermelons are not well suited to production in the cooler States. About 15 States produce significant commercial quantities of watermelons, led, in order of importance, by Florida, Texas, California, Georgia, South Carolina, Alabama, and Mississippi. It is estimated that there are about 10,000 U.S. watermelon growers. In 1979, there were 208,000 acres of watermelons harvested in the United States.

U.S. exports

U.S. exports of fresh watermelons declined irregularly from 84 million pounds in 1976 to about 50 million pounds in 1980, paralleling the trend in production; generally, in recent years exports have accounted for 3 percent of the annual production. In recent years, more than 95 percent of the annual exports of watermelons have gone to Canada (table B).

U.S. imports

Over the long term, U.S. imports of fresh watermelons have been increasing; during the mid-1960's imports averaged about 65 million pounds annually. More recently, however, U.S. imports have trended upward from 191 million pounds, valued at \$7.7 million, in 1976 to 219 million pounds, valued at \$10.9 million, in 1979 (table A). Based on the period of January-August, imports of fresh watermelons in 1980 were slightly behind the pace of 1979 and are expected to total about 210 million pounds. Virtually all of the U.S. imports of fresh watermelons have been supplied by Mexico (table C). Approximately 80 percent of the annual imports enter during the months of April, May, and June. Based on imports in recent years (1976-79), the GSP

country likely to receive the greatest benefit from GSP treatment for fresh watermelons is Honduras, assuming that Mexico would not be an eligible GSP supplier owing to competitive need limitations (table D).

Position of interested parties

The government of Honduras petitioned for GSP treatment of fresh watermelons, thus, they would favor granting GSP eligibility to TSUS item 148.24.

There were no statements received from domestic interested parties concerning GSP treatment for fresh watermelons.

III. Probable Economic Effects of Application of GSP to Fresh Watermelons

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Table A.--Watermelons, fresh: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

(Quantity in millions of pounds; value in thousands of dollars)						
Period	Pro- duction	Exports	Imports	Apparent consump- tion	Ratio (per- cent) of imports to consumption	
Quantity						
1976	2,591	84	191	2,698	7	
1977	2,702	85	175	2,792	6	
1978	2,570	80	200	2,690	7	
1979	2,442	62	219	2,595	8	
January-August 1/--						
1979	2,400	62	215	2,553	8	
1980	2,100	49	206	2,257	9	
Value						
1976	84,274	3,312	7,723	2/	2/	
1977	92,809	3,465	7,317	2/	2/	
1978	102,226	3,659	8,200	2/	2/	
1979	111,588	2,841	10,883	2/	2/	
January-August 1/--						
1979	110,400	2,816	10,624	2/	2/	
1980	141,000	3,812	11,032	2/	2/	
Average unit value (cents per pound)						
1976	3.3	3.9	4.0	-	-	
1977	3.4	4.1	4.2	-	-	
1978	4.0	4.6	4.1	-	-	
1979	4.6	4.6	5.0	-	-	
January-August 1/--						
1979	4.6	4.6	4.9	-	-	
1980	6.7	7.8	5.4	-	-	

1/ Production and consumption are partly estimated.

2/ Not meaningful.

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

Table B.--Watermelons, fresh: U.S. exports of domestic merchandise, by principal markets, 1976-79, January-August 1979, and January-August 1980

Market	1976		1977		1978		1979		January-August 1980	
	Quantity (pounds)	Value (1,000 dollars)	Quantity (pounds)	Value (1,000 dollars)						
Canada.....	81,286,664	82,660,212	78,506,590	60,649,686	60,239,046	48,008,246				
Sweden.....	1,006,506	719,398	644,449	769,435	769,435	702,984				
Bermuda.....	686,220	499,287	231,657	249,256	233,794	144,626				
Nethlds.....	562,018	98,943	267,002	151,168	151,168	69,445				
U King.....	397,634	252,159	62,898	67,124	67,124	0				
Hg Kong.....	0	204,421	74,175	41,560	41,560	0				
Lv MH I.....	0	0	0	1,200	1,200	2,050				
Bahamas.....	0	32,000	21,600	9,942	9,942	0				
All other.....	359,412	184,738	93,946	8,200	8,200	65,384				
Total.....	84,298,454	84,651,158	79,902,317	61,947,571	61,513,269	48,992,735				
Value (1,000 dollars)										
Canada.....	2,936	3,235	3,452	2,648	2,628	3,626				
Sweden.....	133	70	92	115	115	135				
Bermuda.....	39	37	28	26	23	24				
Nethlds.....	89	13	43	26	26	13				
U King.....	66	49	18	11	11	0				
Hg Kong.....	-	35	13	10	10	0				
Lv MH I.....	-	-	-	2	2	1				
Bahamas.....	-	1	1	2	2	1				
All other.....	49	25	12	2	2	14				
Total.....	3,312	3,465	3,659	2,841	2,816	3,812				
Unit value (cents per pound)										
Canada.....	4	4	4	4	4	8				
Sweden.....	13	10	14	15	15	19				
Bermuda.....	6	7	12	10	10	16				
Nethlds.....	16	13	16	17	17	18				
U King.....	17	19	28	17	17	0				
Hg Kong.....	-	17	18	23	23	0				
Lv MH I.....	-	-	-	1	1	58				
Bahamas.....	-	2	7	16	16	0				
All other.....	14	13	13	27	27	21				
Average.....	4	4	5	5	5	8				

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

Table D.--Watermelons, fresh: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity (pounds)					
Gross imports	121,423,879	175,336,623	192,617,277	219,134,225	205,522,826	100
26 developed cttries, total	5,250	0	71,470	87,518	53,980	1/
GSP countries, total	121,418,629	175,336,623	192,545,807	219,046,707	205,538,846	100
Mexico	188,504,452	175,329,915	199,518,306	218,866,383	205,315,022	100
Kor Rep	0	0	0	180,324	0	
Guatmal	4,200	0	7,456	0	0	
Belize	0	0	20,045	0	0	
Hondura	2,930,177	0	0	0	73,676	1/
Dom Rep	0	6,708	0	0	0	
Colomb	9,800	0	0	0	81,888	1/
Argent	0	0	0	0	68,260	1/
Other	0	0	0	0	0	
	Value (1,000 dollars)					
Gross imports	7,723	7,317	8,200	10,883	11,032	100
26 developed cttries, total	2	0	5	2	4	1/
GSP countries, total	7,721	7,317	8,196	10,881	11,028	100
Mexico	7,615	7,315	8,189	10,872	11,016	100
Kor Rep	0	0	0	9	0	
Guatmal	2/	0	1	0	0	
Belize	0	0	6	0	0	
Hondura	106	0	0	0	3	1/
Dom Rep	0	2	0	0	0	
Colomb	2/	0	0	0	5	1/
Argent	0	0	0	0	5	1/
Other	0	0	0	0	0	

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

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

11/05/80

CIGARETTES CONTAINING CLOVE

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1	Current col. 2 (1/1/81)
170.63	Cigarettes: Containing clove	90¢/lb + 4.3% ad val.	42¢/lb + 2% ad val. 1/	\$4.50/lb + 25% ad val.

1/ This full concession rate reflects a concession granted in a bilateral agreement outside the MTN, and will become effective through 8 equal annual stages with the first stage on Jan. 1, 1980, and the last stage on Jan. 1, 1987.

II. Comment

Description and uses

Cigarettes containing clove, also referred to as "kreteks," are believed to be only produced in Indonesia. The average clove cigarette is untipped, conically shaped, and is packed into packets of 10. Blending of cloves and tobacco varies according to brand, but is normally about 0.8 gram of cloves mixed with 1.2 grams of tobacco per cigarette.

Most cigarettes produced in the United States are made of a blend of flue-cured, burley, Maryland, and oriental-type tobaccos, sweetened and modified by special flavoring compounds. The various brands of cigarettes differ in their tobacco components, but flue-cured tobacco generally accounts for the major component. U.S. consumers have a strong preference for American cigarettes, based upon acquired taste and continuous brand advertising.

The American blended cigarette differs materially from the types predominating in other countries. The principal foreign types are (1) English cigarettes, composed entirely of flue-cured tobacco, favored in the British

Commonwealth; (2) dark cigarettes, made of dark air-cured cigar-type leaf, the type comprising most cigarettes manufactured in Spain, France, Cuba, and some other European and Latin American countries; (3) Turkish cigarettes, containing oriental and semioriental leaf sold principally in Balkan and Near East countries; and (4) Maryland cigarettes, the type favored in Switzerland, which are composed almost entirely of Maryland-type tobacco.

U.S. tariff treatment

The January 1, 1981, column 1 rate of duty on cigarettes containing clove (item 170.63) is 90 cents per pound plus 4.3 percent ad valorem. This rate reflects a concession granted in a bilateral agreement outside the MTN which was negotiated in 1979 and is the second stage. The concession will consist of eight stages, with the final stage of 42 cents per pound plus 2 percent ad valorem becoming effective January 1, 1987. ^{1/} The column 2 rate for item 170.63 is \$4.50 per pound plus 25 percent ad valorem. For duty purposes, the weight is that of the cigarettes alone, exclusive of the package.

Cigarettes, whether produced domestically or imported, are subject to a Federal tax. On cigarettes weighing not more than 3 pounds per 1,000, the internal revenue tax is \$4.00 per 1,000, or 8 cents per pack of 20 cigarettes. Virtually all cigarettes come within this weight class. On cigarettes weighing more than 3 pounds per 1,000, the internal revenue tax is \$8.40 per 1,000; an exception applies to cigarettes more than 6-1/2 inches in

^{1/} Previous to the bilateral concession, cigarettes containing clove were classified as cigarettes under item 170.65, which as a result of the concession was deleted from the TSUS and were dutiable at the rate of \$1.06 per pound plus 5 percent ad valorem.

length, which are taxable at the rate prescribed for cigarettes weighing not more than 3 pounds per 1,000, counting each 2-3/4 inches, or fraction thereof, of the length of each cigarette as one cigarette. 1/

According to a Customs Bureau decision of September 21, 1964 (T.D. 56462(28)), cigarettes containing therapeutic agents for the purpose of soothing the upper respiratory tract are not classifiable as cigarettes, but as drugs (item 439.50); and cigarettes containing tobacco substitutes but no therapeutic agents are dutiable, by virtue of the similitude provision of item 798.00, at the same rate applicable to cigarettes.

U.S. consumption, production, and producers

During 1976-79, U.S. consumption of cigarettes containing clove increased sharply from 2.1 million cigarettes, valued at \$32,000 to 10.7 million cigarettes, valued at \$236,000. U.S. production of cigarettes containing clove are believed to be nil.

During 1976-79, U.S. consumption of cigarettes of all types decreased irregularly from 617 billion to 611 billion cigarettes. During this same period, production, with fluctuations, increased from 693 billion, valued at \$5.9 billion to 704 billion cigarettes, valued at \$8.0 billion. About a dozen firms manufacture cigarettes, with about half of them supplying over 99 percent of total production. Plants located in North Carolina and Virginia account for the majority of the production.

U.S. exports and imports

It is estimated that U.S. exports of cigarettes containing clove have been nil. During 1976-79, U.S. imports of cigarettes containing clove are

1/ Nearly all States also levy sales taxes of varying amounts on cigarettes.

estimated to have increased from 2.1 million cigarettes, valued at \$32,000, to 10.7 million cigarettes, valued at \$236,000. Indonesia and India, are the only known suppliers. Data on imports of cigarettes containing clove were not separately reported before January 1, 1980. The following tabulation shows U.S. imports of cigarettes containing clove for January-August 1980. Trade sources indicate cigarettes containing clove are a specialty item and usually retail at prices more than twice that of regular domestic cigarettes, and that the demand for such cigarettes is relatively price inelastic.

<u>Source</u>	<u>Quantity</u> <u>(1,000 cigarettes)</u>	<u>Value</u> <u>(1,000 dollars)</u>
Indonesia-----	7,176	\$180
India-----	470	3
Total-----	<u>7,646</u>	<u>183</u>

U.S. exports of cigarettes increased steadily from 61.4 billion cigarettes, valued at \$510 million, in 1976 to 79.7 billion, valued at \$909 million, in 1979. The chief markets in 1979 were Belgium (which accounted for 17 percent, by value, of total exports), the United Arab Emirates (8 percent), and Hong Kong (7 percent).

Annual U.S. imports of cigarettes increased from 0.3 billion to 0.5 billion cigarettes during 1976-79. These imported cigarettes were valued at \$2.6 million in 1976 and \$5.7 in 1979. In 1979, the United Kingdom was the chief foreign supplier of cigarettes, accounting for about \$3.8 million, or 66 percent, of U.S. cigarette imports. Canada, the other supplier of note, accounted for \$1.4 million or 25 percent.

Position of interested parties

During the investigation there were no representation by interested parties.

III. Probable Economic Effects of Application of GSP to
Cigarettes Containing Clove

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Table A.—Cigarettes containing clove: U.S. production, foreign trade, apparent consumption, and ratio of imports to consumption, 1976-79 and January-June 1979 and January-June 1980

Period	Pro- duction	Exports	Imports	Apparent consump- tion	Ratio (per- cent) of imports to consumption
Quantity (1,000 cigarettes)					
1976	<u>1/</u>	<u>1/</u>	<u>2/</u> 2,121	<u>2/</u> 2,121	100
1977	<u>1/</u>	<u>1/</u>	<u>2/</u> 4,541	<u>2/</u> 4,541	100
1978	<u>1/</u>	<u>1/</u>	<u>2/</u> 6,232	<u>2/</u> 6,232	100
1979	<u>1/</u>	<u>1/</u>	<u>2/</u> 10,665	<u>2/</u> 10,665	100
January-June					
1979	<u>1/</u>	<u>1/</u>	<u>2/</u> 4,829	<u>2/</u> 4,829	100
1980	<u>1/</u>	<u>1/</u>	<u>2/</u> 5,280	<u>2/</u> 5,280	100
Value (1,000 dollars)					
1976	<u>1/</u>	<u>1/</u>	<u>2/</u> 32	<u>2/</u> 32	100
1977	<u>1/</u>	<u>1/</u>	<u>2/</u> 89	<u>2/</u> 89	100
1978	<u>1/</u>	<u>1/</u>	<u>2/</u> 136	<u>2/</u> 136	100
1979	<u>1/</u>	<u>1/</u>	<u>2/</u> 236	<u>2/</u> 236	100
January-June					
1979	<u>1/</u>	<u>1/</u>	<u>2/</u> 102	<u>2/</u> 102	100
1980	<u>1/</u>	<u>1/</u>	<u>2/</u> 125	<u>2/</u> 125	100
Unit value (cents per cigarette)					
1976	-	-	1.5	<u>2/</u> 1.5	-
1977	-	-	2.0	<u>2/</u> 2.0	-
1978	-	-	2.2	<u>2/</u> 2.2	-
1979	-	-	2.2	<u>2/</u> 2.2	-
January-June					
1979	-	-	2.1	<u>2/</u> 2.1	-
1980	-	-	2.4	<u>2/</u> 2.4	-

1/ Not available, but believed to be nil.

2/ Staff estimates of imports and consumption of cigarettes are derived from annual U.S. imports of cigarettes (item 170.63) from Indonesia.

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

Table B. --Cigarettes, containing clove: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

Source	1976	1977	1978	1979	January-August-- 1979	1980
	Quantity (pounds)					
India.....	0	0	0	0	0	470,000
Indonesia.....	0	0	0	0	0	7,176,000
Total.....	0	0	0	0	0	7,646,000
	Value (1,000 dollars)					
India.....	-	-	-	-	-	3
Indonesia.....	-	-	-	-	-	180
Total.....	-	-	-	-	-	183
	Unit value (per pound)					
India.....	-	-	-	-	-	\$0.01
Indonesia.....	-	-	-	-	-	0.03
Average.....	-	-	-	-	-	0.02

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

SHRIMP CHIPS

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
182.4900	Shrimp chips	8.5% ad val.	4% ad val.	20% ad val.

1/ This rate of duty represents the full concession rate for the products included in this item. The full concession rate will become effective through 8 equal annual stages with the first stage on Jan. 1, 1980, and the last stage on Jan. 1, 1987.

II. Comment

Description and uses

Shrimp chips are an oriental food specialty containing shrimp and generally shaped like a thick potato chip which is prepared for final consumption by deep fat frying. In addition, the U.S. Customs Service also classifies certain snack foods which contain shrimp under the description shrimp chip, hence, for example, a potato chip with shrimp flavor could fall under this description.

U.S. tariff treatment

Before January 1, 1980, U.S. imports of shrimp chips prepared for deep fat frying were classifiable as edible preparations, not specially provided for, in TSUSA item 182.9888, dutiable at 10 percent ad valorem. Shrimp chips were subject to concessions in multilateral trade negotiations as a result of a request from Indonesia. TSUS item 182.49 was established for "shrimp chips." However, the United States was importing another oriental food specialty from Japan which consisted of a baked article containing 3 percent

shrimp which had been classified under TSUS item 182.20 as biscuits, cake, cakes, wafers, and similar baked products, and puddings, all the foregoing by whatever name known, and whether or not containing chocolate, fruit, nuts, or confectionery. With the establishment of an item for shrimp chips, the U.S. Customs Service has ruled that shrimp chips is a more specific description for these baked articles from Japan, and has classified them in TSUS item 182.49 with a substantial increase in duties from 2.6 percent ad valorem to 8.5 percent ad valorem. This classification has been protested by the importer.

U.S. consumption, production, and producers

Shrimp chips are probably produced in the United States, but such production is believed to be small in relation to imports. Thus, imports account for the bulk of domestic consumption.

U.S. exports and imports

U.S. exports of shrimp chips are believed to be negligible or nil.

Data on imports of shrimp chips were not separately reported before January 1, 1980. The following tabulation shows U.S. imports of shrimp chips for January-August 1980.

<u>Source</u>	<u>Quantity (pounds)</u>	<u>Value</u>
Hong Kong-----	158,777	\$142,633
Japan-----	160,794	115,721
People's Republic of China-----	12,790	8,321
Malaysia-----	14,255	6,230
Indonesia-----	3,838	4,359
Republic of Korea-----	1,687	2,455
Singapore-----	1,483	1,667
Netherlands-----	394	1,238
Thailand-----	935	1,221
Philippines-----	2,368	924
Total-----	357,321	\$284,760

All these suppliers are designated beneficiaries for the Generalized System of Preferences, except the People's Republic of China, Japan, and the Netherlands.

Position of interested parties

The Government of Indonesia petitioned for GSP treatment of shrimp chips and thus would favor such treatment.

III. Probable Economic Effects of Application of GSP to Shrimp Chips

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RAPESEED OIL CAKE AND OIL-CAKE MEAL

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
184.51	Rapeseed oil cake and oil-cake meal.	0.25¢/lb	0.12¢/lb	0.3¢/lb

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through 8 equal annual stages with the first stage on Jan. 1, 1980, and the last stage on Jan. 1, 1987.

II. Comment

Description and uses

Rapeseed oil cake is produced as a coproduct with rapeseed oil following the extraction of the oil from rape seed (*Brassica napus* L. and *Brassica campestris* L.), an oil seed crop belonging to the mustard family. The oil cake is usually ground into oil-cake meal and used in feeding livestock.

Rapeseed yields about 40 percent oil and 50 percent meal (the remainder is moisture). In most countries, the oil usually is used in edible products, e.g., margarine and shortening. 1/ The meal is used principally as a protein supplement in mixed feeds for animals.

Rapeseed, also known as colza (in India) and canola (in Canada), grows well in temperate regions and in certain subtropical areas. About two-thirds

1/ In the United States rapeseed oil is "generally recognized as safe" (GRAS) and approved for use in human food only as an ingredient in peanut butter and as part of the shortening in cake mixes (21 C.F.R. 184.1555).

of the world's production in recent years has been in Asia, with most of the remainder in Canada and Europe. The crop matures in a relatively short growing season and provides an alternative to grain crops.

Rapeseed meal generally contains about 36 percent protein (compared with 44 percent protein in soybean meal). The protein composition is generally similar to that of other vegetable oil cake meals, although the crude fiber content is higher which makes the metabolizable energy lower than in other vegetable oil-cake meals. Rapeseed meal also contains varying amounts of glucosides which form undesirable compounds on enzymatic hydrolysis. These compounds (isothiocyanates and oxazolidinethiones) cause irritation in the digestive system of nonruminants. They also tend to produce goiters, especially in poultry, when fed in too large amounts. New varieties of rapeseed and modern processing techniques have greatly reduced the undesirable effects of feeding rapeseed meal in recent years.

U.S. tariff treatment

Rapeseed oil cake and oil-cake meal (TSUS item 184.51) are dutiable at the column 1 rate of 0.25 cent per pound. That rate, which has been in effect since January 1, 1981, reflects the second stage reduction (of 8 stages) of a concession granted in the Tokyo round of trade negotiations. The rate of duty is being reduced from 0.3 cent per pound (which is the col. 2 rate) to 0.12 cent per pound. The 0.12-cent-per-pound rate of duty applies to imports from least developed developing countries. The column 1 rate of 0.25 cent per pound was equivalent to 3.6 percent ad valorem, based on imports in January-September 1980.

U.S. consumption, production, and producers

There has been no known U.S. production of rapeseed oil-cake meal in recent years. Consumption has been supplied entirely by imports, which amounted to 29 million pounds in January-September 1980, the only period for which separate data are available. Consumption is believed to be concentrated in areas along the Canadian border.

Rapeseed is not grown as an oilseed in the United States, nor is it processed into rapeseed oil and rapeseed oil-cake because the use of rapeseed oil in edible products in the United States is restricted to use as an ingredient in peanut butter and in shortening in cake mixes. 1/

U.S. exports and imports

It is believed that U.S. exports of rapeseed oil cake and oil-cake meal have been nil.

U.S. imports of rapeseed oil cake and oil-cake meal were not separately reported prior to January 1, 1980. The following tabulation shows U.S. imports in the period January-September 1980.

<u>Source</u>	<u>Quantity</u> (1,000 pounds)	<u>Value</u> (1,000 dollars)
Canada-----	28,905	2,020
Mexico-----	230	19
Total-----	29,135	2,039

Position of interested parties

There were no representations from interested parties during the investigation.

1/ 21 C.F.R. 184.1555.

IV. Probable Economic Effects of Application of GSP to Rapeseed Oil Cake
and Oil-Cake Meal

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PLYWOOD, NOT FACE FINISHED, WITH A FACE PLY OF PHILIPPINE MAHOGANY

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item No.	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
240.17	Plywood, not face finished, etc., with a face ply of Philippine mahogany, etc.	14% ad val.	8% ad val.	40% ad val.
240.17 (pt.)	Plywood, not face finished, etc, with a face ply of meranti.	14% ad val.	8% ad val.	40% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through 5 stages. The first stage became effective on Jan. 1, 1980, and the last stage will become effective on Jan. 1, 1984.

II. Comment

Description and uses

For tariff purposes, plywood is a rigid wood-veneer assembly bonded together with adhesive substances having a central ply or core of wood veneer or lumber with the same number of plies (one or more) of wood veneer on each side thereof. These assemblies, therefore, have an odd number of plies (three, five, seven, etc.); the grain of at least one ply is at an angle (usually a right angle) to the grain of the other plies.

The plywood included in TSUS item 240.17 (the item for which this GSP request is being made) has a face ply of one of the woods commonly known as Philippine mahogany (almon (Shorea almon), bagtikan (Parashorea plicata), red lauan (Shorea negrosensis), white lauan (Pentacme contorta and P. mindanensis), mayapis (Shorea squamata), tangile (Shorea polysperma), and

tiaong (Shorea spp.); meranti (Shorea spp.); red seraya (Shorea spp.); and white seraya (Parashorea spp.). ^{1/} It is difficult to distinguish between these species of wood without laboratory analysis. Differences between these woods are subtle and the different common names applied vary by geographic origin. Throughout this digest the term Philippine mahogany will be used inclusively for all the species of wood covered by TSUS item 240.17. Plywood is classified according to the species of wood in the face-ply. Therefore, plywood with a face-ply of Philippine mahogany is so classified regardless of the wood species that may be used in other parts of its construction.

The principal uses for Philippine mahogany plywood in the United States are as wall panels, door faces (door skins), and parts for furniture and cabinets. Other uses include general construction, containers and packaging, display fixtures, and novelty boxes.

U.S. tariff treatment

The current rate of duty on imports of Philippine mahogany (item 240.17) is 14 percent ad valorem if from countries not designated as being under Communist domination or control (col. 1), and 40 percent ad valorem if from such designated countries (col. 2). The column 1 rate reflects the second stage of a concession granted in the Tokyo round of trade negotiations; the preconcession rate was 20 percent ad valorem and the final concession rate,

^{1/} The terms Philippine mahogany and lauan are commonly used interchangeably. The Federal Trade Commission in its Guides for the Furniture Industry, promulgated Dec. 21, 1973, states that, "in naming or designating the 7 non-mahogany Philippine woods Tanguile, Red Lauan, White Lauan, Tiaong, Almon, Mayapis, and Bagtikan, the term "mahogany" may be used but only when prefixed by the word "Philippine" (e.g., "Philippine mahogany table"), due to usage of that term." Although this group of tree species is termed Philippine mahogany, these species grow in various areas in Southeast Asia.

which will become effective January 1, 1984, is 8 percent ad valorem. The final rate presently applies to imports from certain designated least developed developing countries.

U.S. consumption, production, and producers

U.S. consumption of Philippine mahogany plywood is nearly all supplied by imports. Inasmuch as the United States has no domestically grown Philippine mahogany all U.S. Philippine mahogany manufactured products are produced from imported wood. While a considerable volume of Philippine mahogany veneer is imported into the United States (\$22.7 million in 1979), most of this is used as core and backing for plywoods with a face-ply of more expensive wood species. Such plywood, by definition, is not considered to be Philippine mahogany plywood. Approximately 10 firms in the United States manufacture Philippine mahogany plywood from imported veneers. No separate production or shipment data are available, but such production is believed to account for less than 5 percent of U.S. consumption of Philippine mahogany plywood.

Philippine mahogany competes in U.S. markets with all types of domestically manufactured plywoods. It is used principally for wall paneling and competes with all U.S. plywood produced for that purpose. Typically it competes with lesser valued wall panels of common hardwoods as well as with panels of other materials such as hardboard. However, it may be preferred in appearance by some to higher valued panels of woods such as walnut, birch, cherry, and (true) mahogany. Philippine mahogany is also finished to resemble other plywoods by printing, painting, or overlaying the face veneer and competes equally with domestic plywood similarly finished. Such plywoods compete mainly on the basis of price.

In the United States approximately 160 firms manufacture, and some 65 plants prefinish, hardwood plywood; some of these plants perform both operations. Hardwood plywood plants are located in about 30 States, principally the States of North Carolina, Virginia, and Wisconsin, and the Pacific Coast States of Oregon, California, and Washington. The number of producing firms has been approximately constant since 1977; however, the long-range trend has been downward from approximately 220 in 1966. Employment in the hardwood plywood industry has fallen in recent years from over 12,000 production workers in 1972 to approximately 8,000 production workers during 1979-80.

Estimated production of all hardwood plywood increased from 1.2 billion square feet in 1976 to 1.4 billion square feet in 1977 and 1978, and then declined to 1.3 billion square feet in 1979. Production in 1980 is expected to be slightly lower than in 1979. Apparent consumption followed a similar trend, peaking at 6.1 billion square feet in 1978, and then declining to 5.2 billion square feet in 1979. While less than 5 percent of U.S. hardwood plywood production has a face ply of Philippine mahogany, more than 30 percent of apparent consumption is of Philippine mahogany plywood owing to the high volume of imports of this article (see U.S. imports).

U.S. exports

U.S. exports of all hardwood plywood are very small relative to domestic production or imports, accounting for only 2 percent by quantity of production in 1979. Therefore, exports of Philippine mahogany plywood are believed to be negligible, inasmuch as U.S. production of Philippine mahogany plywood is known to be small. Exports of all species of hardwood plywood declined from 60 million square feet in 1976 to 34 million square feet in 1979. Exports for

the first 6 months of 1980 were up somewhat from the level for the comparable period in 1979. Principal export markets for U.S. hardwood plywood are Canada and Mexico which accounted for 58 and 12 percent, respectively, of U.S. exports in 1979.

U.S. imports

In recent years imports of hardwood plywood have accounted for nearly 50 percent of U.S. consumption by value and over 75 percent of U.S. consumption based on quantity. Philippine mahogany imported under TSUS item 240.17 has accounted for about one-third to one-half by value of these imports during 1976-79.

Most of the Philippine mahogany imported into the United States is further processed before being sold. This processing includes facing with higher quality veneers, striating, grooving, cutting to size for furniture, door skins and cabinets, and prefinishing (with an applied finish coating of paint, stain, paper or other material). Nearly half of the hardwood plywood imports, particularly Philippine mahogany and other tropical hardwoods, are prefinished in the United States by applying a decorative finish which obscures the natural appearance.

TSUS items 240.17 - Philippine mahogany, and 240.23 - other hardwoods, accounted for 89 percent of the quantity of total hardwood plywood (not faced finished) imports in 1979, down from 94 percent in 1976. Imports of Philippine mahogany plywood, which are supplied principally by Taiwan, Korea, and the Philippine Republic, declined from 3.0 billion square feet, valued at \$194 million, in 1976 to 1.6 billion square feet, valued at \$186 million, in 1979 (tables A and B). This decline came in part as imports shifted to other hardwood species imported under TSUS item 240.23, which includes substitutes

for Philippine mahogany such as kapur (Dryobalanops spp.), keruing (Dipterocarpus spp.), and apitong (Dipterocarpus spp.). Imports under this item increased from 1.3 billion square feet in 1976 to 2.4 billion square feet in 1978 and then declined to 2.0 billion square feet in 1979. Imports under item 240.23 were valued at \$290 million in 1979. This shift from TSUS item 240.17 to TSUS item 240.23 was due in part to the disparity in the rates of duty then in effect for these items; 20 percent on 240.17, and 10 percent on 240.23. These rates of duty will be brought into equilibrium when the final staged rates of the Tokyo round of trade negotiations are put into effect on January 1, 1984.

Of the three major U.S. suppliers of Philippine mahogany plywood, only the Philippine Republic has a forest resource of Philippine mahogany wood species. Other significant resources of Philippine mahogany and similar woods exist in Indonesia and Malaysia. Table B shows that GSP-eligible countries have supplied virtually all U.S. imports of Philippine mahogany plywood.

Position of interested parties

Clark McDonald, Managing Director of the Harwood Plywood Manufacturers Association, Reston, Va., appeared at the Commission hearing held January 13, 1981, to oppose the granting of GSP eligibility for Philippine mahogany plywood. In his brief and in his statement, Mr. McDonald claimed that the granting of GSP eligibility for Philippine mahogany plywood would lead to increased imports and, therefore, lost sales to domestic producers who are already adversely affected by imports. He further stated that granting GSP eligibility for this item would also be harmful to Korea and Taiwan plywood industries which compete with Malaysia and Indonesia and must rely on these countries for logs.

III. Probable Economic Effects of Application of GSP to Philippine Mahogany
Plywood, TSUS Item 240.17

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Table A.—Philippine mahogany plywood, not face finished: U.S. production, foreign trade, apparent consumption, and ratio of imports to consumption, 1976-79 and January-August 1979 and January-August 1980

Period	Pro- duction	Exports	Imports	Apparent consump- tion	Ratio (per- cent) of imports to consumption
Quantity (1,000 sq. ft.)					
1976	<u>1/</u>	<u>2/</u>	2,968,738	<u>3/</u>	<u>3/</u>
1977	<u>1/</u>	<u>2/</u>	2,367,642	<u>3/</u>	<u>3/</u>
1978	<u>1/</u>	<u>2/</u>	1,988,912	<u>3/</u>	<u>3/</u>
1979	<u>1/</u>	<u>2/</u>	1,575,218	<u>3/</u>	<u>3/</u>
January-August:					
1979	<u>1/</u>	<u>2/</u>	1,257,236	<u>3/</u>	<u>3/</u>
1980	<u>1/</u>	<u>2/</u>	649,326	<u>3/</u>	<u>3/</u>
Value (1,000 dollars)					
1976	<u>1/</u>	<u>2/</u>	194,113	<u>3/</u>	<u>3/</u>
1977	<u>1/</u>	<u>2/</u>	187,595	<u>3/</u>	<u>3/</u>
1978	<u>1/</u>	<u>2/</u>	160,058	<u>3/</u>	<u>3/</u>
1979	<u>1/</u>	<u>2/</u>	185,886	<u>3/</u>	<u>3/</u>
January-August:					
1979	<u>1/</u>	<u>2/</u>	140,943	<u>3/</u>	<u>3/</u>
1980	<u>1/</u>	<u>2/</u>	88,218	<u>3/</u>	<u>3/</u>
Unit value (per 1,000 sq. ft.)					
1976	<u>1/</u>	<u>2/</u>	65.39	-	-
1977	<u>1/</u>	<u>2/</u>	79.23	-	-
1978	<u>1/</u>	<u>2/</u>	80.48	-	-
1979	<u>1/</u>	<u>2/</u>	118.01	-	-
January-August:					
1979	<u>1/</u>	<u>2/</u>	112.11	-	-
1980	<u>1/</u>	<u>2/</u>	135.86	-	-

1/ U.S. production is believed to be less than 5 percent of imports.

2/ U.S. exports are believed to be negligible.

3/ Apparent consumption is believed to be nearly equal to imports.

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

Table C.--Philippine mahogany plywood, not face finished (tsus 240.17): U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (1,000 square feet)						
Gross imports	2,268,738	2,367,642	1,988,212	1,575,218	642,326	100
26 developed cttries, total	8,757	20,675	3,003	1,644	792	1/
GSP countries, total	2,259,981	2,346,425	1,985,909	1,573,574	648,534	100
Taiwan	804,857	778,697	834,783	705,714	257,738	40
Kor Rep	1,826,818	1,367,917	866,936	546,951	291,559	45
Phil R	325,014	198,837	283,042	317,655	98,339	15
Malaysia	995	96	392	2,442	0	0
Singapr	2,235	558	369	333	70	1/
Hg Kong	1	320	320	479	196	1/
Brazil	0	0	67	0	0	0
Indnsia	61	0	0	0	632	1/
Other	0	542	0	0	0	0
Value (1,000 dollars)						
Gross imports	194,113	187,525	160,058	185,886	88,218	100
26 developed cttries, total	739	1,053	392	237	127	1/
GSP countries, total	193,375	186,489	159,666	185,648	88,091	100
Taiwan	49,111	59,843	62,020	78,156	31,932	36
Kor Rep	119,259	106,340	71,388	64,151	38,255	43
Phil R	24,646	20,167	26,045	42,968	17,765	20
Malaysia	98	11	89	167	0	0
Singapr	257	100	93	136	34	1/
Hg Kong	1	28	26	70	24	1/
Brazil	3	0	4	0	0	0
Indnsia	0	0	0	0	81	1/
Other	0	53	0	0	0	0

1/ Less than 0.5 percent.

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

ORNAMENTED FABRICS AND MOTIFS OF COTTON, WOVEN, N.S.P.F.

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
353.5012	Ornamanted fabrics, woven in the piece, and ornamented mented motifs, of cotton by weight, n.s.p.f.-----	21 %	8.4%	90%

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through six equal annual stages with the first stage on Jan. 1, 1982, and the last stage on Jan. 1, 1987.

Note.--In the case of ornamented fabrics the rate may not be less than the rate which would apply to such fabrics if not ornamented.

II. Comment

Description and uses

Ornamented fabrics and motifs, chiefly embroidered, are mainly used for making or decorating wearing apparel and house furnishings. Motifs are small, decorated, individual pieces, such as monograms, which are incorporated in apparel or other textile articles. Embroidery on ornamented fabrics may be produced by hand, by mechanical means on hand looms, by stitching or sewing machines, and in a highly automated process on Schiffli embroidering machines. Nearly all embroidered products produced in the United States are machine-made and most are made by the Schiffli process.

Embroidered fabrics utilize a wide variety of often intricate patterns for ornamentations and the value of the ornamentations may often be greater than the base fabric to which it is added. Ornamented fabrics have their greatest use in women's apparel but are also used in men's apparel and in

household furnishings such as shades or curtains, tablecloths, upholstery fabrics, decorative pillow cases and other items.

U.S. tariff treatment

Ornamented fabrics and motifs in TSUS item 353.50 received the full 60-percent reduction in the column 1 rate of duty (from 21% to 8.4%) in the Tokyo round of the Multilateral Trade Negotiations. The column 2 (statutory) rate remains at the much higher level of 90% ad valorem. Imports of TSUSA item 360.5012 are subject to control under the Multifiber Arrangement Regarding International Trade in Textiles (MFA) as part of category 369.

Statutory eligibility for GSP treatment

There is some question as to whether textile articles, including the ornamented fabrics entering under TSUS item 353.50 are eligible articles for GSP purposes when section 503(c)(1)(A) of the Trade Act of 1974 provides that "the President may not designate. . . textile and apparel articles which are subject to textile agreements. . . ." The contention that textile articles are ineligible for GSP treatment is based on the fact that they are subject to the provisions of the Arrangement Regarding International Trade in Textiles (Multifiber Arrangement (MFA)). The fabrics imported under TSUS item 353.50 are classified, for quota purposes, as "cotton manufacturers, other" under MFA category 369. The U.S. bilateral agreement with India provides a "consultation" level for category 369 but item 16 of the agreement exempts handloom fabrics from the limits of the agreement pursuant to Article 12 of the MFA. In any event, the resolution of this issue does not affect the Commission's statutory responsibilities under the act to provide the President with the requested advice concerning the probable economic effect of the elimination of the duty on U.S. industries and consumers.

U.S. consumption, production and producers

The value of domestic consumption of ornamented woven fabrics of cotton increased from \$76 million in 1976 to \$84 million in 1979. Since the bulk of consumption is in apparel and decorative household items, demand for ornamented fabrics depends largely on the amount of growth in those markets and on fashion changes.

U.S. production has increased slightly more than consumption because of growth in the export market. Most of the producers are located in northern New Jersey and comprise the industry producing Schiffli machine embroideries. The number of Schiffli establishments fell from 608 in 1967 to 451 in 1972 and to 363 in 1977. Employment, however, rose from 5,400 in 1967 to 5,500 in 1972 and 6,000 in 1977. Of the 363 producing establishments in 1977, 58 had 20 or more employees, while 305 establishments had fewer than 20 employees. According to industry sources, the number of establishments and employment were about stable in 1978 and 1979. Sales increased moderately in 1980 because of fashion trends.

U.S. exports

Exports more than doubled from 1976 to 1979, increasing from 170,000 pounds in 1976 to 484,000 pounds in 1979, but still accounted for only 4 percent of production. Haiti was the market for more than half the quantity of exports in 1979 and 45 percent of the value. It is believed that some of the exported fabric is incorporated into apparel items which are shipped back to the United States under the provisions of tariff item 807.00 which allows duty-free treatment of U.S. components.

Exports declined sharply in 1980 with nearly the entire decrease attributable to reduced exports to Haiti.

U.S. imports

Imports of ornamented cotton fabrics and motifs decreased from 349 thousand pounds in 1976 to 130 thousand pounds in 1978 but then increased to 220 thousand pounds in 1979. The import to consumption ratio ranged between 0.8 and 2.1 during this period. Imports in January-August 1980 were substantially higher than in the comparable period of 1979.

India was the source of 94 percent of the quantity imported in January-August 1980, and 84 percent of the value. India has historically been the major supplier.

The ornamented products supplied by Switzerland, the second most important supplier, differ significantly from those supplied by India as reflected in unit values. The average unit value of imports from Switzerland in 1979 and 1980 was about \$40 per pound whereas imports from India were valued at about \$5 per pound. Imports from Switzerland are largely motifs; imports from India are largely crewel embroidery on handloomed cotton fabrics. The expensive motifs imported from Switzerland are usually shipped by air.

The crewel embroidery fabrics from India are made largely in Kashmir in a cottage industry setting. Family artisans teach succeeding generations the skills involved. Although wool yarns may be used for the embroidery, the base fabric is cotton and therefore the final product is in chief weight of cotton. The crewel work covers only part of the base fabric so the handloomed base fabric remains important to the appearance of the completed product. The major use of these fabrics in the United States is for upholstery or other household products rather than apparel.

Position of interested parties

The petitioner is an importer of crewel embroidery fabrics from India and maintains that these fabrics are unique, handicraft products with no comparable production in the United States. He suggests the possibility of a separate classification to distinguish this handmade product from machine-made ornamented fabrics of a type produced in the United States.

No comments have yet been received from the domestic industry but in an earlier related case (332-104), reductions were opposed by the Shiffli Lace and Embroidery Manufacturers Association, Inc. of Union City, N.J.

III. Probable Economic Effects of Application of
GSP to Ornamented Fabrics and Motifs, of Cotton,
Woven, NSPF

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III. Probable Economic Effects of Application of
GSP to Ornamented Fabrics and Motifs, of Cotton,
Woven, NSPF

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IV. Statistical Data

Table A.—Ornamented fabrics and motifs of cotton, woven, n.s.p.f.: U.S. shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1979-80

Period	Production <u>1/</u>	Exports	Imports	Apparent consump- tion	Ratio per- cent of imports to consumption
Quantity (1,000 pounds)					
1976	<u>2/</u>	170	349	<u>2/</u>	<u>2/</u>
1977	<u>2/</u>	266	199	<u>2/</u>	<u>2/</u>
1978	<u>2/</u>	456	131	<u>2/</u>	<u>2/</u>
1979	<u>2/</u>	484	220	<u>2/</u>	<u>2/</u>
January-August—					
1979	<u>2/</u>	359	129	<u>2/</u>	<u>2/</u>
1980	<u>2/</u>	209	204	<u>2/</u>	<u>2/</u>
Value (1,000 pounds)					
1976	75,800	1,402	1,569	75,967	2.1
1977	99,500	1,964	970	98,506	1.0
1978	81,400	3,493	654	78,561	0.8
1979	86,200	3,603	1,303	83,900	1.5
January-August—					
1979	44,000	2,698	759	42,061	1.7
1980	47,500	1,323	1,136	47,313	2.4
Unit value (1,000 pounds)					
1976	<u>2/</u>	\$8.22	\$4.49	<u>2/</u>	<u>2/</u>
1977	<u>2/</u>	7.38	4.87	<u>2/</u>	<u>2/</u>
1978	<u>2/</u>	7.65	5.01	<u>2/</u>	<u>2/</u>
1979	<u>2/</u>	7.44	5.92	<u>2/</u>	<u>2/</u>
January-August—					
1979	<u>2/</u>	7.52	5.86	<u>2/</u>	<u>2/</u>
1980	<u>2/</u>	6.31	5.56	<u>2/</u>	<u>2/</u>

1/ Product shipments.2/ Not available.

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

Table B.--Ornamented fabrics and motifs of cotton, woven, nospf: U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980

Market	1976		1977		1978		1979		January-August--	
									1979	1980
	Quantity (pounds)									
Haiti.....	790	64,452	186,094	263,490	202,146	63,640				
Mexico.....	1,055	0	36,358	39,059	27,337	18,149				
Rep Saf.....	18,083	16,393	41,999	24,143	18,789	14,084				
U King.....	2,576	4,364	15,138	22,722	17,177	5,539				
FR Germ.....	4,312	10,925	21,858	21,059	15,694	33,917				
Venez.....	2,623	6,601	13,726	4,294	2,901	23,096				
All other.....	141,042	163,228	141,211	109,694	74,898	51,070				
Total.....	170,481	265,963	456,384	484,461	358,942	209,495				
	Value (1,000 dollars)									
Haiti.....	7	363	1,070	1,622	1,256	257				
Mexico.....	4	-	386	507	361	241				
Rep Saf.....	175	225	389	286	242	129				
U King.....	53	61	150	165	103	63				
FR Germ.....	113	195	285	157	120	73				
Venez.....	26	83	78	93	63	107				
All other.....	1,024	1,037	1,135	774	553	453				
Total.....	1,402	1,964	3,493	3,603	2,698	1,323				
	Unit value (per pound)									
Haiti.....	\$8.70	\$5.63	\$5.75	\$6.16	\$6.21	\$4.04				
Mexico.....	3.40	-	10.63	12.98	13.20	13.30				
Rep Saf.....	9.70	13.72	9.27	11.83	12.89	9.13				
U King.....	20.76	13.87	9.88	7.26	6.01	11.46				
FR Germ.....	26.11	17.88	13.04	7.47	7.67	2.14				
Venez.....	9.74	12.57	5.70	21.56	21.60	4.63				
All other.....	7.26	6.35	8.04	7.06	7.38	8.86				
Average.....	8.22	7.38	7.65	7.44	7.52	6.31				

1/ Less than 500.

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

11/05/80

Table C.--Ornamented fabrics and motifs of cotton, woven, nspf: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

Source	1976		1977		1978		1979		January-August 1980	
	Quantity (pounds)	Value (1,000 dollars)	Quantity (pounds)	Value (1,000 dollars)						
India.....	344,177	192,869	57,562	211,587	124,737	192,888				
Switzld.....	1,494	2,894	22,202	4,642	1,953	3,665				
Canada.....	553	21	396	780	1,779	5				
France.....	0	186	229	1,084	1,084	234				
Italy.....	0	141	76	514	1,291	94				
Hungary.....	0	0	0	13	13	0				
All other.....	3,011	3,012	50,231	1,518	595	7,398				
Total.....	349,235	199,123	130,696	220,138	129,552	204,284				
Value (1,000 dollars)										
India.....	1,459	815	277	1,030	616	949				
Switzld.....	78	119	251	204	87	136				
Canada.....	10	1	2	22	22	1				
France.....	-	8	8	11	11	5				
Italy.....	-	2	1	10	7	5				
Hungary.....	-	-	-	8	8	-				
All other.....	22	25	115	17	9	40				
Total.....	1,569	970	654	1,303	759	1,136				
Unit value (per pound)										
India.....	64.24	64.23	64.81	64.87	64.94	64.92				
Switzld.....	52.23	41.09	11.32	43.88	44.36	37.16				
Canada.....	18.84	47.10	5.69	28.44	28.08	100.80				
France.....	-	40.98	34.69	10.45	10.45	19.97				
Italy.....	-	15.39	9.53	19.86	23.95	56.24				
Hungary.....	-	-	-	601.00	601.00	-				
All other.....	7.41	8.28	2.29	11.25	14.36	5.43				
Average.....	4.49	4.87	5.01	5.92	5.86	5.56				

1/ Less than 500.

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

11/05/80

Table D. Ornamented fabrics and motifs of cotton, woven, nsfp: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity (pounds)					
Gross imports	342,235	192,123	130,696	220,138	204,284	100
26 developed cttries, total	2,571	4,709	69,989	7,843	7,437	4
GSP countries, total	346,664	194,175	60,690	212,277	193,838	95
India	344,177	192,869	57,562	211,587	192,888	94
Mexico	110	551	0	487	158	1/
Phil R	1,585	0	0	118	0	
Taiwan	36	636	2,745	85	0	
Guatmal	1	0	0	0	0	
Panama	38	52	0	0	65	1/
Colomb	0	65	0	0	0	
Venez	0	0	52	0	0	
Other GSP	717	2	331	0	727	1/
Other	0	239	17	18	3,002	1
	Value (1,000 dollars)					
Gross imports	1,569	970	654	1,303	1,136	100
26 developed cttries, total	95	144	358	257	169	15
GSP countries, total	1,474	822	294	1,038	955	84
India	1,459	815	277	1,030	949	84
Mexico	1	3	-	5	1	1/
Phil R	8	-	-	1	-	
Taiwan	1	2	15	1	-	
Guatmal	2/	-	-	-	-	
Panama	2/	1	-	-	2/	1/
Colomb	-	2/	-	-	-	
Venez	-	-	2/	-	-	
Other GSP	5	1	1	-	4	1/
Other	-	3	2	8	12	1

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

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

CERTAIN HANDMADE TEXTILE FLOOR COVERINGS OF PILE OR TUFTED
CONSTRUCTION OF SPECIALTY HAIRS

I. TSUS item number; brief description; rates of duty

TSUS item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
360.05	Floor coverings of pile or tufted construction, of textile materials: In which the pile was inserted or knotted during weaving or knitting: With pile hand-inserted or hand-knotted: With over 50 percent by weight of the pile being hair of the alpaca, guanaco, huarizo, llama, misti, suri, or any combi- nation of these hairs	5.5% ad val.	3.9% ad val.	45% ad val.

^{1/} This rate of duty represents the full concession rate for the products included in the item and will become effective on Jan. 1, 1982.

II. Comment

Description and uses

TSUS item 360.05 provides for textile floor coverings of pile or tufted construction, in which the pile was hand-inserted or hand-knotted. These floor coverings have over 50 percent by weight of the pile of specialty hair of the alpaca, guanaco, huarizo, llama, misti, suri, or any combination of these hairs.

Tariff treatment

The current column 1 (most-favored-nation) rate of duty on handmade floor coverings of specialty hair imported under TSUS item 360.05 is 5.5 percent ad valorem. The column 2 rate, which is assessed on imports from certain Communist countries and territories, is 45 percent ad valorem. There is no LDDC rate on this item.

A tariff concession of 29 percent was made on the pre-MTN rate of 5.5 percent ad valorem for TSUS item 360.05. The MTN concession rate of 3.9 percent ad valorem will be effective January 1, 1982.

Statutory eligibility for GSP

There is some question as to whether textile articles, including the handmade rugs entering under TSUS item 360.05, are eligible articles for GSP purposes when section 503(c)(1)(A) of the Trade Act of 1974 provides that "the President may not designate . . . textile and apparel articles which are subject to textile agreements. . . ." The contention that textile articles are ineligible for GSP treatment is based on the fact that they are subject to the provisions of the Arrangement Regarding International Trade in Textiles (Multifiber Arrangement (MFA)). The rugs imported under TSUS item 360.05 are classified, for quota purposes, with other wool floor coverings of pile or tufted construction under MFA category 465. However, no specific quotas are currently in effect on these rugs. Nevertheless, the resolution of this issue does not affect the Commission's statutory responsibilities under the act to provide the President with the requested advice concerning the probable economic effect of the elimination of the import duty on U.S. industries and consumers.

U.S. consumption, production, and producers

Imports account for virtually all U.S. consumption of handmade floor coverings of specialty hair. There is little or no domestic production of these floor coverings. These floor coverings are purchased for aesthetic or design purposes rather than for price and they are competitive with similar specialty floor coverings.

U.S. exports

Exports of the domestically produced handmade floor coverings under consideration are believed to be negligible or nil.

U.S. imports

Imports of handmade carpets fluctuated widely during 1976-79. Imports decreased from 949,000 square yards in 1976 to a low of 146,000 square yards in 1978, before increasing to 983,000 square yards in 1979 (table B). During the period, the average value per square yard increased irregularly from \$36.31 to \$74.10.

Countries eligible for GSP treatment accounted for 57 percent of the quantity (1,533 square yards) and 67 percent of the value (\$70,000) of imports in January-August 1980 (table C).

Position of interested parties

The petitions for GSP treatment of TSUS item 360.05 were filed by the Governments of Bolivia and Morocco, who believe elimination of duty will increase the demand for these items and increase employment among the rural people.

III. Probable Economic Effects of Application of GSP to Certain
Handmade Floor Coverings of Specialty Hair (TSUS item 360.05)

* * * * *

IV. Statistical Data

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Table A.—Hand-knotted floor coverings of animal hair: U.S. production, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

(Quantity in square yards; value in thousands of dollars; unit value per square yard)

Period	Production	Exports	Imports	Apparent consumption	Ratio (per cent) of imports to consumption
Quantity					
1976-----	0	0	949	949	100
1977-----	0	0	791	791	100
1978-----	0	0	416	416	100
1979-----	0	0	983	983	100
January-August--					
1979-----	0	0	519	519	100
1980-----	0	0	2,678	2,678	100
Value					
1976-----	-	-	34	34	100
1977-----	-	-	27	27	100
1978-----	-	-	16	16	100
1979-----	-	-	73	73	100
January-August--					
1979-----	-	-	43	43	100
1980-----	-	-	103	103	100
Unit Value ^{1/}					
1976-----	-	-	\$36.31	-	-
1977-----	-	-	34.38	-	-
1978-----	-	-	39.35	-	-
1979-----	-	-	74.10	-	-
January-August--					
1979-----	-	-	82.89	-	-
1980-----	-	-	38.64	-	-

^{1/} Calculated from the unrounded figures.

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

Table B.--Hand-knotted floor coverings of animal hair: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

Source	Quantity (square yards)			
	1976	1977	1978	1979
Pakistan.....	60	0	4	237
Bolivia.....	583	381	208	163
Peru.....	242	314	202	314
Canada.....	0	0	0	0
Hong Kong.....	0	86	0	123
Nepal.....	0	0	0	47
U Kingdom.....	0	0	3	50
Morocco.....	0	6	0	0
Mexico.....	0	3	0	0
Colombia.....	47	0	0	0
All other.....	17	0	0	22
Total.....	949	791	416	983
				1,164
				2,678

Source	Value (1,000 dollars)			
	1976	1977	1978	1979
Pakistan.....	2	14	1/2	36
Bolivia.....	16	11	10	12
Peru.....	11	11	5	8
Canada.....	-	-	-	3
Hong Kong.....	-	1/2	-	6
Nepal.....	-	1/2	1/2	1
U Kingdom.....	-	1/2	-	-
Morocco.....	-	1/2	-	-
Mexico.....	3	-	-	-
Colombia.....	1	-	-	3
All other.....	34	27	16	73
Total.....	67	62	31	103

Source	Unit value (per square yard)			
	1976	1977	1978	1979
Pakistan.....	\$41.25	-	\$106.75	\$152.97
Bolivia.....	28.07	36.31	49.97	73.49
Peru.....	47.33	33.76	25.07	24.54
Canada.....	-	-	-	133.33
Hong Kong.....	-	4.12	-	25.59
Nepal.....	-	-	-	135.17
U Kingdom.....	-	271.00	161.00	29.60
Morocco.....	-	313.00	-	-
Mexico.....	-	84.67	-	-
Colombia.....	62.15	-	-	-
All other.....	72.94	-	-	105.64
Average.....	36.31	34.38	39.35	74.10

Source	January-August	
	1979	1980
Pakistan.....	07	274
Bolivia.....	127	303
Peru.....	260	844
Canada.....	0	0
Hong Kong.....	0	0
Nepal.....	12	93
U Kingdom.....	12	0
Morocco.....	0	0
Mexico.....	0	0
Colombia.....	0	0
All other.....	22	1,164
Total.....	519	2,678

Source	Unit value (per square yard)	
	1979	1980
Pakistan.....	\$234.97	\$171.10
Bolivia.....	75.64	18.80
Peru.....	19.33	8.57
Canada.....	-	-
Hong Kong.....	-	-
Nepal.....	404.08	61.40
U Kingdom.....	64.50	-
Morocco.....	-	-
Mexico.....	-	-
Colombia.....	-	-
All other.....	105.64	32.62
Average.....	82.09	38.64

1/ Less than 500.

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

Table C.--Hand-knotted floor coverings of animal hair: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (square yards)						
Gross imports	949	791	416	903	2,678	100
26 developed cttries, total	0	1	3	78	0	
GSP countries, total	949	790	414	903	1,533	57
Pakistan	60	0	4	237	274	10
Bolivia	583	381	208	163	303	11
Peru	242	314	202	314	844	32
Hk Kong	0	86	0	123	0	
Nepal	0	0	0	47	93	3
Mexico	0	3	0	0	0	
Colomb	47	0	0	0	0	
Ecuador	5	0	0	0	0	
Other GSP	12	6	0	19	19	1
Other	0	0	0	2	1,145	43
Value (1,000 dollars)						
Gross imports	34	27	16	73	103	100
26 developed cttries, total	-	2/	1/	5	-	
GSP countries, total	34	27	15	66	70	67
Pakistan	2	-	1/	36	47	45
Bolivia	16	14	10	12	6	6
Peru	11	11	5	8	7	7
Hk Kong	-	2/	-	3	-	
Nepal	-	-	-	6	6	6
Mexico	-	2/	-	-	-	
Colomb	3	-	-	-	-	
Ecuador	2/	-	-	-	-	
Other GSP	1	2	-	1	4	4
Other	-	-	-	1	34	33

1/ Less than 0.5 percent.

2/ Less than 500.

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

11/05/80

CERTAIN TEXTILE FLOOR COVERINGS OF CORDS AND SIMILAR MATERIALS

I. TSUSA item number; brief description; rates of duty

TSUSA item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
	Floor coverings composed of braids, cords, fabric strips, and similar mat- erials in continuous lengths, sewn or other- wise bound together but not woven, of textile materials:			
	/Wholly or in part of braids (except tubular braids with a core)/			
	Other:			
	/With over 50 percent by weight of the fibers exclusive of any core, being of wool/			
	/With over 50 percent by weight of the fibers, exclusive of any core; being cotton, man-made fibers, or cotton and man-made fibers/			
	/With over 50 percent by weight of the fibers, exclusive of any core, being jute/			
	Other:			
	In chief weight of the named material:			
361.2210:	Vegetable fibers, except cotton	:8% ad val.	:5.1% ad val.	:35% ad val.
	/wool; manmade fibers/			
361.2245:	Other-----	:8% ad val.	:5.1% ad val.	:35% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through six annual stages with the first stage on Jan. 1, 1982, and the last stage on Jan. 1, 1987.

Note.--The part of the description enclosed in brackets is included only to define the articles under consideration.

II. Comment

Description and uses

The floor coverings included in this digest consist of cords, fabric strips, and similar materials, except braids, in chief weight of vegetable fibers except cotton (TSUSA item 361.2210) and of fibers other than vegetable fibers, wool, and manmade fibers (item 361.2245). The floor coverings are usually made from cords or fabric strips sewn or otherwise bound together but not woven.

These floor coverings are usually made of coir or sisal fibers, and are used for utility or special purposes such as door mats and outdoor carpet. These fibers are stiff and can withstand exposure to weather, especially water, making them practical for matting and similar products.

U.S. tariff treatment

The current column 1 (most-favored-nation) rate of duty for floor coverings imported under TSUSA items 361.2210 and 361.2245 is 8 percent ad valorem. The column 2 rate, which is assessed on imports from certain Communist countries and territories, is 35 percent ad valorem. There is no LDDC rate on these items.

A tariff concession of 36 percent was made on the pre-MTN rate of 8 percent ad valorem. It will be implemented in six stages, beginning January 1, 1982, with the final rate being 5.1 percent ad valorem, effective January 1, 1987.

U.S. consumption, production, and producers

There has been little or no domestic production of the floor coverings under consideration. The decline in imports of vegetable fiber floor coverings is believed to be associated with competition from directly competitive floor coverings, such as rubber mats and indoor/outdoor carpet.

U.S. exports

Exports of the domestically made floor coverings are believed to be negligible.

U.S. imports

The value of U.S. imports of floor coverings covered in this digest increased from an annual average of \$117,500 in 1976-77 to \$341,000 in 1978, before decreasing in 1979 to \$293,000 (table B). The average value per square yard increased steadily between 1976 and 1978, from \$1.71 to \$2.65, before decreasing slightly in 1979 to \$2.18.

The GSP designated beneficiary countries supplied all but a small part of the import volume during 1976-79; in January-August 1980, they accounted for 97 percent of the total quantity and 82 percent of the total value (table C). The Philippines was the largest supplier during 1976-79 with 67 percent of the total import quantity, and India and Haiti, together, supplied an additional 22 percent.

Position of interested parties

A petition for GSP treatment of TSUSA items 361.2210 and 361.2245 was filed by the Government of Morocco.

III. Probable Economic Effects of Application of GSP to
Certain Textile Floor Coverings of Cords, Strips, and
Similar Materials (TSUSA items 361.2210 and 361.2245)

* * * * *

IV. Statistical Data

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Table A.—Certain Textile Floor Coverings of cords and similar materials: U.S. production, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

(Quantity in square yards, value in thousands of dollars;
unit value per square yard)

Period	Production	Exports	Imports	Apparent consumption	Ratio (per cent) of imports to consumption
Quantity					
1976-----	0	0	66,804	66,804	100
1977-----	0	0	51,415	51,415	100
1978-----	0	0	140,667	140,667	100
1979-----	0	0	134,216	134,216	100
January-August--					
1979-----	0	0	110,449	110,449	100
1980-----	0	0	40,423	40,423	100
Value					
1976-----	-	-	114	114	100
1977-----	-	-	121	121	100
1978-----	-	-	341	341	100
1979-----	-	-	293	293	100
January-August--					
1979-----	-	-	203	203	100
1980-----	-	-	140	140	100
Unit value ^{1/}					
1976-----	-	-	\$1.71	-	-
1977-----	-	-	2.36	-	-
1978-----	-	-	2.42	-	-
1979-----	-	-	2.18	-	-
January-August--					
1979-----	-	-	1.83	-	-
1980-----	-	-	3.46	-	-

^{1/} Calculated from the unrounded figures.

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

Table B.--Certain Textile Floor Coverings of cords and similar materials: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

Source	Quantity (square yards)				January-August 1979	January-August 1980
	1976	1977	1978	1979		
India.....	4,230	8,342	26,799	23,037	14,736	13,375
Phil R.....	35,904	35,215	100,377	90,625	78,897	17,591
China P.....	0	0	2,401	6,920	68	146
Brazil.....	0	0	1,232	6,912	5,740	0
Denmark.....	0	0	0	1,338	3,293	0
Haiti.....	6,603	7,692	5,925	4,980	133	8,154
U King.....	54	0	24	133	0	0
Iran.....	0	0	0	21	0	1,131
Dom Rep.....	0	0	0	420	0	0
Taiwan.....	0	0	350	50	5,772	2
All other.....	20,013	166	5,559	5,780	0	22
Total.....	66,804	51,415	150,667	134,216	110,449	40,423
	Value (1,000 dollars)					
India.....	15	20	101	102	62	69
Phil R.....	63	65	141	122	96	29
China P.....	-	-	6	13	1/	9
Brazil.....	-	-	3	11	8	-
Denmark.....	-	-	-	11	11	-
Haiti.....	20	25	21	11	6	16
U King.....	2	-	10	6	6	-
Iran.....	-	-	-	4	-	16
Dom Rep.....	-	-	-	1	-	-
Taiwan.....	-	-	2	-	1	-
All other.....	14	3	57	12	11	1
Total.....	114	121	341	293	203	140
	Unit value (per square yard)					
India.....	63.62	63.39	64.06	64.41	64.19	65.13
Phil R.....	1.74	1.83	1.41	1.34	1.21	1.63
China P.....	-	-	2.38	13.97	4.16	59.28
Brazil.....	-	-	2.64	8.12	1.47	-
Denmark.....	-	-	-	2.20	1.88	-
Haiti.....	3.10	3.25	3.52	41.62	41.62	2.01
U King.....	34.72	-	426.54	174.48	-	14.16
Iran.....	-	-	-	3.00	-	-
Dom Rep.....	-	-	-	21.34	-	-
Taiwan.....	-	-	4.63	2.03	21.34	375.00
All other.....	0.71	20.17	10.27	2.18	1.98	22.64
Average.....	1.71	2.36	2.42	2.18	1.83	3.46

1/ Less than 500.

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

Table C.--Certain Textile Floor Coverings of cords and similar materials: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (square yards)						
Gross imports	66,804	51,415	140,667	134,216	40,423	100
26 developed cttries, total	20,005	50	3,944	1,560	0	
GSP countries, total	46,799	51,365	132,960	126,024	39,144	97
India	4,230	8,342	24,799	23,037	13,375	33
Phil R	35,904	35,215	100,377	90,625	17,591	44
Brazil	0	0	1,232	6,912	0	
Haiti	6,603	7,692	5,925	4,980	8,154	20
Dom Rep	0	0	0	420	0	
Taiwan	0	0	350	50	2	1/
Mexico	0	0	85	0	0	
Guatmal	0	41	0	0	0	
Other GSP	62	75	192	0	22	1/
Other	0	0	3,763	6,632	1,279	3
Value (1,000 dollars)						
Gross imports	114	121	341	293	140	100
26 developed cttries, total	16	2	46	18	-	
GSP countries, total	99	119	268	248	115	82
India	15	28	101	102	69	49
Phil R	63	65	141	122	29	20
Brazil	0	0	3	11	-	
Haiti	20	25	21	11	16	12
Dom Rep	0	0	0	1	0	
Taiwan	0	0	2	1	1	1
Mexico	0	0	2/	-	-	
Guatmal	0	1	0	-	-	
Other GSP	2/	1	2/	-	2/	1/
Other	-	-	27	27	25	18

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

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

CERTAIN NONORNAMENTED WOOL BEDDING, OTHER THAN BLANKETS,
OR CERTAIN NONORNAMENTED WOOL PILLOW COVERS

I. TSUS item number; brief description; rates of duty

TSUS item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
363.75	Other bedding, not ornamented: Of wool: [Blankets] Other-----	16% ad val.	11.7% ad val.	50% ad val.
363.75(pt.)	Pillow covers----- or	16% ad val.	11.7% ad val.	50% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through six equal annual stages with the first stage on Jan. 1, 1982, and the last stage on Jan. 1, 1984.

Note.--The part of the description enclosed in brackets is included only to define the articles under consideration.

II. Comment

Description and uses

The bedding classified under TSUS item 363.75 consists of wool furnishings, other than blankets used chiefly as bed furnishings. Most of the imports are believed to be bedspreads or coverlets.

In telephone conversations with national import specialists in the U.S. Customs Service (New York Seaport), it appears that the wool pillow covers under consideration may have been classified incorrectly by the petitioner as bedding. Bedding is provided in part 5B, schedule 3, of the TSUS, which includes only items used chiefly as bed furnishings; part 5C (tapestries, linens, and other furnishings) provides for other furnishings which may be used as decorator or accent pieces. The wool pillow covers under

consideration are items which could be used for purposes other than bedding and would, therefore, be classified under TSUSA item 365.8620 or 367.3030.

U.S. tariff treatment

The wool bedding classified under TSUS item 363.75 is currently dutiable at a column 1 (most-favored-nation) rate of 16 percent ad valorem. The column 2 rate, which is assessed on imports from certain Communist countries and territories, is 50 percent ad valorem. There is no LDDC rate on this item.

A tariff concession of 27 percent was made on the pre-MTN rate of 16 percent ad valorem. The concession will be staged over a period of 6 successive years beginning January 1, 1982, with the final rate being 11.7 percent ad valorem, effective January 1, 1987.

Statutory eligibility for GSP

There is some question as to whether textile articles, including wool bedding, other than blankets entering under TSUS item 363.75, are eligible articles for GSP purposes when section 503(c)(1)(A) of the Trade Act of 1974 provides that "the President may not designate . . . textile and apparel articles which are subject to textile agreements" The contention that textile articles are ineligible for GSP treatment is based on the fact that they are subject to the provisions of the Arrangement Regarding International Trade in Textiles (Multifiber Arrangement (MFA)). The bedding imported under TSUS item 363.75 is classified, for quota purposes, with other wool manufactures under MFA category 469. However, no specific quotas are currently in effect on this bedding. Nevertheless, the resolution of this issue does not affect the Commission's statutory responsibilities under the act to provide the President with the requested advice concerning the probable

economic effect of the elimination of the U.S. import duty on U.S. industries and consumers.

U.S. consumption, production and producers

Imports account for virtually all U.S. consumption of wool bedding, other than blankets, including wool pillow covers. There is little or no domestic production of these items.

U.S. exports

Exports of the wool bedding, including the pillow covers, under consideration are believed to be negligible.

U.S. imports

In 1976 the quantity of U.S. imports under TSUS item 363.75 was 19.4 million pounds valued at \$61,000 (table B). In 1977-79, imports averaged 7.1 million pounds with an average value of \$45,000. The People's Republic of China (China) accounted for the fluctuating volume of imports for this item. Since 1976, China accounted for 75 percent of imports, while in 1977 and 1978 they accounted for none. In 1979, imports from China represented 11 percent of total imports.

The major foreign sources of this item in 1979 were Switzerland, the United Kingdom, and Peru which together accounted for 61 percent of quantity and 64 percent of the value of imports. In 1979, 77 percent of total value of imports were from developed countries, while countries eligible for GSP accounted for 20 percent of total value. Since 1977 imports from countries eligible for GSP have declined from 73 percent to 20 percent of total imports (table C). The principal supplier of imports eligible for GSP is Peru, accounting for 9 percent of total value in 1979. During January-August 1980,

Peru accounted for 19 percent and Bolivia accounted for 10 percent, of total value of imports.

Position of interested parties

The petition for GSP treatment of TSUS item 363.75 was filed by Artesanias Titicaca Ltda., of La Paz, Bolivia. This organization believes the elimination of duty on wool pillow covers will help develop a handcraft industry and increase employment among the rural craftspeople in Bolivia.

III. Probable Economic Effects of Application of GSP to Certain
Wool Bedding, other than Blankets or Certain Nonornamented
Wool Pillow Covers (TSUS items 363.75 or 363.75 (pt.))

* * * * *

IV. Statistical Data

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Table A.--Nonornamented wool bedding, other than blankets: U.S. production, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

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

Period	Production	Exports	Imports	Apparent consumption	Ratio (per cent) of imports to consumption
Quantity					
1976-----	0	0	19,352	19,352	100
1977-----	0	0	5,012	5,012	100
1978-----	0	0	9,362	9,362	100
1979-----	0	0	6,926	6,926	100
January-August--					
1979-----	0	0	3,871	3,871	100
1980-----	0	0	2,780	2,780	100
Value					
1976-----	-	-	61	61	100
1977-----	-	-	30	30	100
1978-----	-	-	61	61	100
1979-----	-	-	44	44	100
January-August--					
1979-----	-	-	23	23	100
1980-----	-	-	21	21	100
Unit value ^{1/}					
1976-----	-	-	\$3.17	-	-
1977-----	-	-	5.89	-	-
1978-----	-	-	6.50	-	-
1979-----	-	-	6.40	-	-
January-August--					
1979-----	-	-	6.00	-	-
1980-----	-	-	7.55	-	-

^{1/} Calculated from the unrounded figures.

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

Table C.--Wool, other than blankets: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (pounds)						
Gross imports	19,352	5,012	2,362	6,926	2,780	100
26 developed countries, total	1,517	694	4,310	3,916	989	36
GSP countries, total	2,936	3,882	1,434	2,130	1,033	37
Peru	1,004	2,261	1,781	1,121	658	24
Ecuador	0	20	0	740	0	8
Bolivia	57	0	5	41	210	8
India	0	695	2,461	125	0	0
Swazland	0	0	0	23	0	0
Colomb	0	130	0	20	0	0
Mexico	657	0	62	12	80	3
Taiwan	0	0	0	48	0	0
Other GSP	1,218	776	125	0	85	3
Other	14,899	436	618	880	758	27
Value (1,000 dollars)						
Gross imports	61	30	61	54	21	100
26 developed countries, total	9	5	30	34	7	34
GSP countries, total	15	22	24	9	8	36
Peru	7	11	9	4	4	19
Ecuador	-	2	-	1	-	-
Bolivia	1	-	2	1	2	10
India	-	4	14	1	-	-
Swazland	-	-	-	-	-	-
Colomb	-	2	-	2	2	2
Mexico	2	-	2	-	2	2
Taiwan	-	-	-	-	-	-
Other GSP	5	6	1	-	1	5
Other	38	2	7	1	6	30

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

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

11/05/8

NONORNAMENTED WOOL WALL HANGINGS

I. TSUSA item number; brief description; rates of duty

TSUS item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
	Other furnishings, not ornamented:			
	Of wool: [Knit;pile or tufted: construction and non-woven felt]			
	Other:			
367.3025	Wall hangings-----	16% ad val.	7.5% ad val.	50% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through three annual stages with the first stage on Jan. 1, 1982, and the last stage on Jan. 1, 1984.

Note.--The part of the description enclosed in brackets is included only to define the articles under consideration.

II. Comment

Description and uses

TSUSA item 367.3025 provides for wool wall hangings of other than knit, pile, tufted, or felt construction. The designs on these wall hangings may be formed by several methods such as applique or embroidery on wool or cotton fabric. Many of these products are handcrafted items made by cottage industries using designs or motifs particular to native craftspeople.

Two petitions were received for this item describing two types of wall hangings which would be classified in item 367.3025. The wall hangings from Bolivia are made with hand-twisted yarn which is handwoven into cloth. Designs indigenous to Bolivia are then appliqued to this ground cloth. The petition from India describes wall hangings of cotton handloomed fabric, completely covered by chainstitch crewel embroidery.

U.S. tariff treatment

The current column 1 (most-favored-nation) rate of duty for these wall hangings imported under TSUSA item 367.3025 is 16 percent ad valorem. The column 2 rate, which is assessed on imports from certain Communist countries and territories, is 50 percent ad valorem. There is no LDDC rate on this item.

A tariff concession of 53 percent was made on the pre-MTN rate of 16 percent for this item. It will be implemented in three stages, beginning January 1, 1982, with the final rate effective January 1, 1984.

Statutory eligibility for GSP

There is some question as to whether textile articles, including wool wall hangings entering under TSUSA item 367.3025 are eligible articles for GSP purposes when section 503(c)(1)(A) of the Trade Act of 1974 provides that "the President may not designate . . . textile and apparel articles which are subject to textile agreements" The contention that textile articles are ineligible for GSP treatment is based on the fact that they are subject to the provisions of the Arrangement Regarding International Trade in Textiles (Multifiber Arrangement (MFA)). The wall hangings imported under TSUSA item 367.3025 are classified, for quota purposes, with other wool manufactures under MFA category 469. However, no specific quotas are currently in effect on these wall hangings. Nevertheless, the resolution of this issue does not affect the Commission's statutory responsibilities under the act to provide the President with the requested advice concerning the probable economic effect of the elimination of the import duty on U.S. industries and consumers.

U.S. consumption, production, and producers

Imports account for virtually all U.S. consumption of wool wall hangings. There is little or no commercial domestic production of these items.

U.S. exports

Exports of the wool wall hangings under consideration are believed to be negligible.

U.S. imports

The quantity of imports under TSUSA item 367.3025 in 1977-79 remained stable, averaging 28.9 million pounds annually (table B). During the period, the value increased from \$181,000 to \$236,000. The quantity of imports during January-August 1980 was 19,815 pounds a 5.6 percent increase over the corresponding period of 1979.

Countries eligible for GSP treatment accounted for 93 percent of the quantity and 82 percent of the value of imports in January-August 1980 (table C). About 81 percent of the quantity and 82 percent of the value of imports from GSP countries in January-August 1980 came from Peru and India; Peru, alone, supplied 67 percent of the quantity and 55 percent of the value.

Position of interested parties

The petitions for GSP treatment of TSUSA item 367.3025 were filed by Kashmir Valley Arts of Kashmir, India, and Artesanias Titicaca Ltda., of La Paz, Bolivia. These two organizations believe the elimination of duty on wall hangings will increase the demand for these handcrafted items and increase employment among the rural people in these two countries.

III. Probable Economic Effects of Application of GSP to Certain
Nonornamented Wool Wall Hangings (TSUSA item 367.3025)

* * * * *

IV. Statistical Data

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Table A.—Nonornamented wall hangings of wool: U.S. production, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

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

Period	Production	Exports	Imports	Apparent consumption	Ratio (per cent) of imports to consumption
Quantity					
1976-----	0	0	12,504	12,504	100
1977-----	0	0	28,695	28,695	100
1978-----	0	0	29,578	29,578	100
1979-----	0	0	28,574	28,574	100
January-August--					
1979-----	0	0	18,748	18,748	100
1980-----	0	0	19,815	19,815	100
Value					
1976-----	-	-	83	83	100
1977-----	-	-	181	181	100
1978-----	-	-	203	203	100
1979-----	-	-	236	236	100
January-August--					
1979-----	-	-	150	150	100
1980-----	-	-	141	141	100
Unit value <u>1/</u>					
1976-----	-	-	\$6.68	-	-
1977-----	-	-	6.30	-	-
1978-----	-	-	6.85	-	-
1979-----	-	-	8.27	-	-
January-August--					
1979-----	-	-	8.03	-	-
1980-----	-	-	7.11	-	-

1/ Calculated from the unrounded figures.

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

Table B.--Nonmonumented wall hangings of wool: U.S. Imports for consumption, by principal sources, 1976-79, January-August 1979, and January-August 1980

Source	Quantity (pounds)		Value (\$1,000 dollars)		Unit value (per pound)
	1976	1977	1978	1979	
Peru.....	3,284	17,894	16,251	17,695	12,154
India.....	734	1,758	3,816	3,050	1,626
Haiti.....	0	30	107	1,950	872
Iran.....	0	0	0	483	163
Mexico.....	1,437	744	1,695	1,237	634
Switzld.....	0	0	0	32	32
France.....	111	244	197	186	36
Ecuador.....	2,370	3,987	2,025	711	495
Rep Saf.....	522	302	1,984	401	401
Turkey.....	0	0	0	178	178
All other.....	4,046	3,736	3,503	2,651	2,157
Total.....	12,504	28,695	29,578	28,574	18,748
					1,651
					19,813
Peru.....	21	100	86	114	86
India.....	4	12	22	37	20
Haiti.....	-	1	6	20	9
Iran.....	-	-	-	18	2
Mexico.....	7	4	14	10	6
Switzld.....	-	-	-	6	6
France.....	17	13	10	5	2
Ecuador.....	11	21	9	5	3
Rep Saf.....	5	4	21	4	4
Turkey.....	-	-	-	3	3
All other.....	35	26	34	15	11
Total.....	83	181	203	236	150
					141
Peru.....	66.54	65.58	65.28	66.42	67.04
India.....	5.14	6.58	5.88	12.08	12.53
Haiti.....	-	17.60	57.91	10.38	9.76
Iran.....	-	-	-	37.11	10.71
Mexico.....	4.91	6.03	8.40	7.79	8.86
Switzld.....	-	-	-	181.25	181.25
France.....	2.58	53.02	51.78	27.78	59.81
Ecuador.....	4.79	5.25	4.36	6.35	5.62
Rep Saf.....	9.30	14.10	10.56	11.16	11.16
Turkey.....	7	-	-	16.15	16.15
All other.....	8.57	7.00	9.66	5.69	4.90
Average.....	6.68	6.30	6.85	8.27	8.03
					7.11
					65.09
					12.19
					5.71
					17.95
					9.51
					42.41
					5.64
					9.18
					6.75
					7.11

1/ Less than 500.

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

Table C.---Nonmonumented wall hangings of wool: U.S. imports by certain world areas including designated GSP countries, 1976-79, and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity (pounds)					
Gross imports	12,504	28,695	29,578	28,574	19,815	100
26 developed cttries, total	1,706	1,281	2,690	740	790	4
GSP countries, total	10,706	27,410	26,002	26,356	18,475	93
Peru	3,284	17,894	16,251	17,695	12,325	62
India	734	1,758	3,816	3,050	2,575	13
Haiti	0	30	107	1,950	1,475	7
Mexico	1,437	744	1,695	1,237	171	1
Ecuador	2,370	3,987	2,025	711	605	3
Turkey	0	0	0	178	0	
Maurit	0	0	0	27	0	
Taiwan	0	0	0	280	0	
Other GSP	2,881	2,997	2,108	1,228	1,324	7
Other	92	4	886	1,478	550	3
	Value (1,000 dollars)					
Gross imports	83	181	203	236	141	100
26 developed cttries, total	13	21	38	18	18	13
GSP countries, total	69	160	156	197	115	82
Peru	21	100	86	114	63	45
India	4	12	22	37	31	22
Haiti	-	1	6	20	8	6
Mexico	7	4	14	10	2	1
Ecuador	11	21	9	5	3	2
Turkey	-	-	-	3	-	
Maurit	-	-	-	2	-	
Taiwan	-	-	-	2	-	
Other GSP	25	22	19	5	8	6
Other	2	2	8	21	8	6

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

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

11/05/80

CERTAIN ARTICLES OF COTTON OR HAMMOCKS

I. TSUSA item number; brief description; rates of duty

TSUSA item number	Brief description	Rates of duty		
		Current	MTN final	Current
		col. 1 (1/1/81)	concession col. 1 1/	col. 2 (1/1/81)
386.0430	Lace or net articles, and other articles orna- mented of cotton-----	40% ad val.	16% ad val.	90% ad val.
or	or	:	:	:
386.0430 (pt.)	Hammocks-----	40% ad val.	16% ad val.	90% ad val.
386.5040	Articles not of lace or net, not ornamented, of cotton-----	14% ad val.	7% ad val.	40% ad val.
or	or	:	:	:
386.5040 (pt.)	Hammocks-----	14% ad val.	7% ad val.	40% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. For TSUSA item 386.0430 the full concession rate will become effective through eight equal annual stages with the first stage on Jan. 1, 1982, and the last stage on Jan. 1, 1989. For TSUSA item 386.5040 the full concession rate will become effective through six annual stages with the first stage on Jan. 1, 1982, and the last stage on Jan. 1, 1987.

II. Comment

Description and uses

The articles covered by these TSUSA item numbers include most residual made-up textile articles of cotton. In addition to hammocks, included are festive decorations, decorative animal figures, nets other than fishing nets, bags other than shipping containers, clothes for animals, and commercial display accessories. A large portion of the merchandise is best categorized as knick-knacks and novelties. The end use of almost all the articles under consideration is easily identifiable. The products are rarely used as intermediates for other products.

The hammocks specifically covered by the petition are of two types. One has a net main body, the sides of which are ornamented with elaborate crocheted side curtains. These enter the United States under TSUSA item 386.0430. Other styles of net hammocks are also classified under this item number. The other is handwoven with yarns of several colors and is classified under TSUSA item 386.5040, which also covers canvas hammocks.

U.S. tariff treatment

Items entering under TSUSA item number 386.0430 are currently subject to a column 1 rate of duty of 40 percent ad valorem and a column 2 rate of duty of 90 percent ad valorem. As a result of the Tokyo round of Multilateral Trade Negotiations (MTN) the column 1 rate will be reduced to 16 percent ad valorem through eight equal annual stages with the first stage effective on January 1, 1982, and the last stage on January 1, 1989.

For items entering under TSUSA item number 386.5040 the current column 1 rate of duty is 14 percent ad valorem and the column 2 rate of duty is 40 percent ad valorem. As a result of the Tokyo round of the MTN the column 1 rate of duty will be reduced to 7 percent ad valorem through six annual stages with the first stage on January 1, 1982, and the last stage on January 1, 1987.

Statutory eligibility for GSP

An issue has been raised as to whether textile articles of cotton fibers within the purview of TSUSA item Nos. 386.0430 and 386.5040 can be appropriately considered as eligible articles for purposes of the Generalized System of Preferences in light of the language of section 503(c)(1)(A) of the Trade Act of 1974 (19 U.S.C. 2463(c)(1)(A)). Section 503(c)(1)(A) provides that "the President may not designate any article as an eligible article. . .

if such article is within one of the following categories of import-sensitive articles-- . . . (A) textile and apparel which are subject to textile agreements." The contention that the above-listed items are ineligible for GSP treatment is predicated upon the assumption that such items are subject to the provisions of the Arrangement Regarding International Trade in Textiles, a multilateral textiles agreement popularly referred to as the "Multifiber Agreement" or "MFA." While it is true that the above-listed TSUSA items are within the purview of applicable MFA categories established for cotton textile articles, such items have not in fact been subjected to aggregate limits, group limits, specific limitations, or consultation levels, negotiated under the MFA or related bilateral textile agreements. Accordingly, it may also be reasonably argued that such items are not "textile and apparel articles which are subject to textile agreements" within the meaning of section 503(c)(1)(A) of the Trade Act of 1974. In any event, the resolution of this issue does not affect the Commission's statutory responsibilities under sections 131 and 503 of the Trade Act (19 U.S.C. 2151, 2463) to provide the President with requested advice concerning 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 with respect to each item listed by the USTR as being considered for designation as an eligible article for purposes of the GSP.

U.S. consumption, production, and producers

Because of the large number and variety of articles covered here, comparable domestic production and consumption information is not readily available. Most of the articles covered here are made by small firms with under 100 employees which are located principally in the Middle and South

Atlantic and North Central States. For these products as a whole, consumption is approximately 99 percent domestically produced.

Most U.S. production of hammocks is for domestic consumption. It is estimated that production in 1980 was approximately 500,000 units valued at \$6 million. Of these, roughly 10-15 percent were hand knit net hammocks, 5 percent were brightly colored handwoven hammocks and the remaining 80-85 percent were canvas hammocks. The net hammocks are primarily produced by 3 large firms, though a number of small firms and communes also make this type hammock. The production process for net hammocks is chiefly manual. Employment in this industry is chiefly low-skilled workers, college students working part-time, and members of communes. The handwoven hammocks are made by individual artisans or small handcraft firms. Canvas hammocks are produced by 5-6 firms who largely produce on order for large chain stores or specialty stores.

Overall production of hammocks has been reasonably stable since 1976, but net hammocks appear to be gradually increasing their share of the market. Prices of most hammocks range from \$20 to \$50 depending on size, method of construction, and amount of ornamentation. The handwoven hammocks are generally more expensive, ranging from \$25 to \$400.

U.S. exports

Exports between 1976 and August 1980 of all of the articles being considered here varied from 7.1 million pounds valued at \$14.2 million in 1978 to 8.4 million pounds valued at \$19.8 million in 1977 (table B). Exports during January-August 1980 of 4.1 million pounds were 33 percent below the volume of exports during the comparable period of 1979, but were valued at \$14 million or 16 percent above exports in the first 8 months of 1979.

Exports of hammocks are small, and are believed to be 5-10 percent of production for net and canvas hammocks and negligible for the handwoven type. Exports of net hammocks primarily go to Australia, Canada, Western Europe, and the Carribean. Primary export markets for canvas hammocks are Europe and Japan.

U.S. imports

Imports of the articles being considered increased gradually between 1976 and 1979 from 3.5 million pounds valued at \$10.9 million to 5.7 million pounds valued at \$20.5 million (table C). For the first 8 months of 1980, imports were 4 percent by volume and 23 percent by value above the same period of 1979. Imports from GSP eligible countries accounted for 84 percent of the volume and 67 percent of the value of these imports during January-August 1980. In 1976, imports from GSP eligible countries were 57 percent of the total volume and 54 percent of the total value (table D). Prime import sources are Taiwan, Mexico, the Dominican Republic, and Hong Kong.

As they are not reported separately, precise data on imports of hammocks are not available. They are believed to be 400,000 to 500,000 units, primarily of the canvas type. These imports chiefly come from Taiwan, Korea, and Hong Kong, with South and Central America being other important sources. Industry sources indicate that the bulk of imported hammocks are priced slightly less than comparable U.S.-made hammocks and they have heard of complaints on the low quality of workmanship and materials of some imported hammocks of both net and canvas types.

Position of interested parties

This investigation was instituted at the request of the government of El Salvador which believes elimination of the duty on cotton hammocks through GSP

will increase demand for these products from El Salvador and increase employment among the rural people in that country who make these hammocks.

III. Probable Economic Effects of Application of GSP
to Certain Articles of Cotton or to Hammocks

* * * * *

IV. Statistical data

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Table A.—Certain articles, n.s.p.f., of cotton: U.S. production, foreign trade, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

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

Period	Production <u>1/</u>	Exports	Imports	Apparent consumption <u>1/</u>	Ratio (per-cent) of imports to consumption <u>1/</u>
Quantity					
1976-----		7,332	3,555		
1977-----		8,442	3,987		
1978-----		7,129	5,362		
1979-----		8,506	5,672		
January-August—					
1979-----		6,188	3,773		
1980-----		4,117	3,924		
Value					
1976-----		15,263	10,874		
1977-----		19,745	12,652		
1978-----		14,244	17,319		
1979-----		18,406	20,511		
January-August—					
1979-----		12,067	13,715		
1980-----		14,009	16,886		
Unit Value					
1976-----		\$2.08	\$3.06		
1977-----		2.34	3.17		
1978-----		2.00	3.23		
1979-----		2.16	3.62		
January-August—					
1979-----		1.95	3.63		
1980-----		3.40	4.30		

1/ Data not available, however consumption is believed to be 99 percent produced in the United States.

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

Table D.--Certain articles, nsf, of cotton: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (1,000 pounds)						
Gross imports	3,555	3,987	5,362	5,672	3,924	100
26 developed cttries, total	1,493	1,126	1,191	1,114	590	15
GSP countries, total	2,036	2,816	4,141	4,493	3,296	84
Taiwan	677	877	1,766	2,038	1,611	41
Mexico	416	350	269	593	346	9
Dom Rep	231	143	364	374	202	5
Hg Kong	439	832	1,018	844	731	19
India	12	62	58	171	144	4
Kor Rep	127	281	272	131	44	1
Haiti	33	27	55	44	26	1
Romania	0	0	0	91	0	
Other GSP	101	243	340	206	193	5
Other	26	45	30	65	38	1
Value (1,000 dollars)						
Gross imports	10,874	12,652	17,319	20,511	16,886	100
26 developed cttries, total	4,939	4,472	5,409	5,633	5,308	31
GSP countries, total	5,827	8,004	11,618	14,646	11,389	67
Taiwan	1,339	2,012	4,079	5,208	5,033	30
Mexico	1,936	2,038	1,903	3,437	1,753	10
Dom Rep	795	460	1,601	2,133	1,128	7
Hg Kong	1,085	1,931	2,296	2,055	2,394	14
India	29	118	112	300	255	2
Kor Rep	209	551	501	257	101	1
Haiti	115	111	222	252	226	1
Romania	-	-	-	235	-	
Other GSP	318	782	904	769	500	3
Other	109	176	292	231	189	1

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

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

ARTICLES NOT ORNAMENTED, KNIT, PILE, OR TUFTED, OF VEGETABLE
FIBERS OTHER THAN COTTON OR JUTE OR SUCH ARTICLES OF COIR

I. TSUS item number; brief description; rates of duty

TSUS item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
387.34	Articles, n.s.p.f., not ornamented, knit, pile or tufted, of vegetable fibers other than cotton or jute-----	6.5% ad val.	4.4% ad val.	40% ad val.
or	or			
387.34 (pt)	Articles, n.s.p.f., not ornamented, knit, pile, or tufted, of coir-----	6.5% ad val.	4.4% ad val.	40% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through six annual stages with the first stage on Jan. 1, 1982, and the last stage on Jan. 1, 1987. For imports from designated Least Developed Developing Countries, the full concession rate will become effective on Jan. 1, 1982.

II. Comment

Description and uses

A large variety of articles is imported under TSUS item 387.34, other articles, not ornamented, not knit, pile, or tufted, of vegetable fibers except cotton or jute. Included are hemmed linen for wall hangings, net hammocks, shopping and tote bags, napkin rings, placemats, lamp shades, and wall coverings. Virtually all of the articles are ready for consumer sale without further processing except, perhaps, packaging.

Tariff treatment

Articles imported into the United States under TSUS item number 387.34 are subject to a column 1 rate of duty of 6.5 percent ad valorem and a column 2 rate of duty of 40 percent ad valorem. As a result of the Tokyo round of Multilateral Trade Negotiations the column 1 rate of duty will be reduced to 4.4 percent ad valorem through six annual stages with the first stage on January 1, 1982, and the last stage on January 1, 1987. For imports from designated Least Developed Developing Countries, the full concession rate will become effective on January 1, 1982.

The coir yarn for training hop vines which was the subject of the petition which caused this item to be considered for GSP treatment has been reclassified under TSUS item number 305.02 which is free of duty. This was done through Customs ruling File number 062993PR issued September 23, 1980, which stated that as it had been uniform and established practice to classify this yarn under item 305.02, Customs had overridden its statutory authority when it reclassified the yarn into item 387.34 in 1978 as this item number has an higher rate of duty than item 305.02.

U.S. consumption, production, and producers

There is virtually no domestic production of articles like those imported under TSUS item 387.34. Many of the articles are made entirely by hand or require a large labor input. Most of the articles are made of coir, abaca, istle, and linen, fibers which are not produced in the United States.

U.S. exports

As there is virtually no domestic production of articles covered here, exports are nil or negligible and would be reported in a large basket category.

U.S. imports

Imports of these items fluctuated yearly between 1976 and August 1980. The most significant trend is the increase in quantity of imports in 1979 which at 4.4 million pounds was 75 percent greater than the average for the previous three years (table B). This increase is due to the increase in imports from India which in 1979 were 3.3 million pounds in contrast to the average of 45,000 pounds annually during 1976-78. This trend in increased imports from India continued during the first 8 months of 1980 with imports of 5.5 million pounds. Imports of these articles are primarily from GSP eligible countries, with these countries supplying 95 percent of total imports by volume in 1979, and 95 percent in the first 8 months of 1980 (table C).

III. Probable Economic Effects of Application of GSP to Imports
of Certain Articles of Vegetable Fibers Except Cotton or
Jute or to these Articles of Coir

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IV. Statistical data

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Table A.--Articles, not ornamented, knit, pile, or tufted, of vegetable fibers except cotton or jute: U.S. production, foreign trade, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

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

Period	Production <u>1/</u>	Exports <u>2/</u>	Imports	Apparent consumption <u>3/</u>	Ratio (per-cent) of imports to consumption <u>4/</u>
Quantity					
1976-----			2,395		
1977-----			2,995		
1978-----			2,095		
1979-----			4,390		
January-August--					
1979-----			710		
1980-----			5,524		
Value					
1976-----			3,549		
1977-----			3,449		
1978-----			2,560		
1979-----			2,157		
January-August--					
1979-----			817		
1980-----			2,578		
Unit Value					
1976-----			\$1.48		
1977-----			1.15		
1978-----			1.22		
1979-----			0.49		
January-August--					
1979-----			1.15		
1980-----			0.47		

1/ Not available; U.S. production is negligible.

2/ Not available; as production is negligible, exports are also and consist principally of reexports of imported articles.

3/ Not available; as production and exports are negligible, consumption is almost equal to imports.

4/ Not available; believed to be nearly 100 percent.

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

Table B.--Articles, not ornamented, knit, pile, or tufted, of vegetable fibers except cotton or jute: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

Source	Quantity (1,000 pounds)				Value (1,000 dollars)	
	1976	1977	1978	1979	1979	1980
India.....	8	97	30	3,271	1/	4,658
Mexico.....	372	805	807	638	415	305
Taiwan.....	206	174	96	123	43	152
Poland.....	896	972	676	114	88	127
Hk Kong.....	182	38	131	52	45	6
China P.....	336	40	140	37	31	40
Phil R.....	24	3	36	24	14	16
Ireland.....	5	14	9	38	38	4
FR Germ.....	24	17	22	5	4	3
Belgium.....	303	512	146	77	6	8
All other....	2,395	2,995	2,095	4,390	26	206
Total....					710	5,524
India.....	25	46	37	914	1/	1,378
Mexico.....	256	404	468	384	248	220
Taiwan.....	218	134	134	191	78	335
Poland.....	1,388	1,510	1,045	184	136	228
Hk Kong.....	63	130	158	86	65	10
China P.....	242	350	202	62	55	61
Phil R.....	826	91	53	59	36	52
Ireland.....	30	7	7	47	46	5
FR Germ.....	19	53	51	42	36	37
Belgium.....	74	66	88	42	23	33
All other....	408	554	318	147	93	219
Total....	3,549	3,549	2,560	2,157	817	2,578
India.....	63.11	60.47	61.24	60.28	67.21	60.30
Mexico.....	0.69	0.50	0.58	0.60	0.60	0.72
Taiwan.....	1.06	1.37	1.39	1.55	1.81	2.20
Poland.....	1.55	1.55	1.55	1.61	1.54	1.80
Hk Kong.....	1.66	1.42	1.21	1.67	1.46	1.73
China P.....	1.33	1.30	1.45	1.69	1.76	1.52
Phil R.....	2.46	2.31	1.47	2.45	2.61	3.22
Ireland.....	1.22	2.70	2.41	1.21	1.20	1.34
FR Germ.....	3.94	3.73	5.38	9.00	9.20	13.65
Belgium.....	3.10	3.84	3.95	3.94	3.80	4.08
All other....	1.35	1.08	2.18	1.91	3.52	1.07
Average....	1.48	1.15	1.22	0.49	1.15	0.47

1/ Less than 500.

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



AMPICILLIN TRIHYDRATE

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
411.60(pt.)	Ampicillin trihydrate	11.9% ad val.	6.9% ad val.	7c per lb. + 48.5% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through eight annual stages with the first stage on July 1, 1980, and the last stage on Jan. 1, 1987.

II. Comment

Description and uses

Ampicillin is a semisynthetic penicillin produced by reacting 6-aminopenicillanic acid with aminophenylacetic acid; alternatively, ampicillin can be produced from benzylpenicillin. Ampicillin is commercially available as the trihydrate, as anhydrous ampicillin, and as the sodium salt.

Anhydrous ampicillin and ampicillin trihydrate occur as white, practically odorless, crystalline powders which are slightly soluble in water. Ampicillin, sodium, occurs as a white to off-white, odorless or practically odorless, crystalline, hygroscopic powder that is very soluble in water. Ampicillin trihydrate is the principal commercial product, followed by the sodium salt. Anhydrous ampicillin, according to industry sources, is of less commercial significance.

Ampicillin has a broad spectrum of antibacterial activity, and is used in the treatment of infections caused by susceptible strains of bacteria.

Anhydrous ampicillin and ampicillin trihydrate are primarily administered

orally, while sodium ampicillin is administered by intramuscular injection or by intravenous injection or infusion.

U.S. tariff treatment

Ampicillin (anhydrous or trihydrate) and its sodium salt are classifiable under TSUS item 411.60. Prior to January 1, 1981, these products were classifiable under TSUSA item 407.8511. Effective July 1, 1980, the column 1 rate of duty for ampicillin and its salts was 11.9 percent ad valorem, the least developed developing country (LDDC) rate of duty was 6.9 percent ad valorem, and the column 2 rate of duty was 7 cents per pound plus 48.5 percent ad valorem. The full column 1 concession rate of 6.9 percent ad valorem will become effective through annual staged reductions with the last stage on January 1, 1987.

Ampicillin and its salts, imported from Spain, are subject to a countervailing duty which was 2.21 percent ad valorem in 1980.

U.S. consumption, production, and producers

Apparent consumption of ampicillin (in bulk) amounted to about 624,000 pounds, valued at \$47 million, in 1979, the only year for which these data are available. Production was erratic during 1976-79, ranging from about 900,000 pounds to 1.2 million pounds.

In 1979, ampicillin (anhydrous or trihydrate) in bulk was produced by five companies located in New Jersey, New York, Pennsylvania, and Puerto Rico. In 1979, ampicillin, sodium, in bulk, was produced by three of the same companies located in New Jersey, New York, and Pennsylvania.

U.S. exports

Official statistics on exports of ampicillin and its salts have been collected only since 1978. The export quantity for 1978 is in error; consequently historical trends cannot be examined for 1976-79. Exports during January-August 1980 were only 42 percent (on the basis of quantity) of exports during January-August 1979. During January-August 1979, 23 percent of the exports (on the basis of value) were to Australia and 15 percent were to Iran (the two largest markets), while during January-August 1980 there were no exports to Australia and exports to Iran had dropped to 1 percent.

U.S. imports

Imports of ampicillin and its salts were erratic during 1976-79, increasing from about 47,000 pounds in 1976 to about 101,000 pounds in 1978 before dropping to about 42,000 pounds in 1979. In 1979, 45 percent of the imports (on the basis of value) were from Spain, 33 percent were from the Netherlands, and 14 percent were from Portugal. Portugal was the only GSP designated beneficiary country from which ampicillin and its salts were imported during 1978 and 1979.

Position of interested parties

The request for GSP treatment for ampicillin was initiated by Fermentaciones Y Sintesis, S.A., Nuevo Leon, Mexico. The request (petition) for GSP treatment was supported by the Government of Mexico through the Mexican Embassy in Washington, D.C.

Bristol-Myers Co., New York, N.Y., a domestic producer, is strongly opposed to granting GSP treatment to TSUS item 411.60, ampicillin and its

salts (or any part thereof). Bristol-Myers Co. pointed out that ampicillin was the subject of a previous request for GSP treatment, thereby requiring a showing of changed circumstances in order to warrant reconsideration for GSP designation. Bristol-Myers Co. maintains that there are no changed circumstances.

Bristol-Myers states that granting GSP treatment to TSUS item 411.60, or any part thereof, will have an injurious effect on domestic ampicillin producers because of substantially increased imports of ampicillin from designated beneficiary developing countries which would result from such treatment.

III. Probable Economic Effects of Application of GSP to Ampicillin
and Its Salts, or to Ampicillin (Trihydrate)

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Table A.--Ampicillin and its salts (in bulk): U.S. production, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

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

Period	Production	Exports	Imports	Apparent consumption	Ratio (per cent) of imports to consumption
Quantity					
1976	900	1/	47	1/	1/
1977	1,167	1/	86	1/	1/
1978	915	2/	101	1/	1/
1979	998	416	42	624	6.7
January-August					
1979	1/	297	24	1/	1/
1980	1/	126	64	1/	1/
Value					
1976	1/	1/	1/	1/	1/
1977	1/	1/	1/	1/	1/
1978	1/	4,148	6,992	1/	1/
1979	58,077	13,217	2,012	46,872	4.3
January-August					
1979	1/	9,023	1,183	1/	1/
1980	1/	3,978	2,921	1/	1/
Unit value					
1976	-	-	-	-	-
1977	-	-	-	-	-
1978	-	-	69.10	-	-
1979	58.19	31.75	47.49	-	-
January-August					
1979	-	30.42	49.22	-	-
1980	-	31.59	45.77	-	-

1/ Not available.

2/ Official statistics are in error.

Source: Production: U.S. International Trade Commission, Synthetic Organic Chemicals, United States Production and Sales, 1976-79; Exports and Imports: official statistics of the U.S. Department of Commerce; and U.S. International Trade Commission, Imports of Benzenoid Chemicals, 1976 and 1977.

Table D.--Ampicillin and its salts: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity (1,000 pounds)					
Gross imports	1/	1/	101	12	64	100
26 developed cttries, total:	1/	1/	27	13	9	14
GSP countries, total:	1/	1/	12	7	0	0
Portugal	1/	1/	12	7	0	0
Other	1/	1/	62	23	55	86
	Value (1,000 dollars)					
Gross imports	1/	1/	6,992	2,012	2,921	100
26 developed cttries, total:	1/	1/	1,064	830	847	22
GSP countries, total:	1/	1/	534	278	-	-
Portugal	1/	1/	534	278	-	-
Other	1/	1/	5,394	905	2,274	78

1/ Not available.

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

CERTAIN DRUGS INCLUDING NAPROXEN AND NAPROXEN SODIUM

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
412.22	Other analgesics, anti- pyretics, and nonhormonal anti-inflammatory agents—	11.8% ad val.	6.8% ad val.	7c per lb. + 47.5% ad val.
412.22(pt.)	Naproxen and naproxen, sodium	11.8% ad val.	6.8% ad val.	7c per lb. + 47.5% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through eight annual stages with the first stage on July 1, 1980, and the last stage on Jan. 1, 1987.

II. Comment

Description and uses

The analgesics, antipyretics, and nonhormonal anti-inflammatory agents are a pharmacological class of drugs encompassing a wide range of drugs with diverse chemical structures, properties, and effects.

All drugs of this class relieve mild pain and reduce fever, while many also have anti-inflammatory action. In general, the mild analgesics of this class of drugs are effective in alleviating the pain of headache, muscular ache, mild postoperative pain, some types of visceral pain, and various other painful conditions. These drugs are generally not useful for the relief of severe pain. They reduce fever, but do not lower normal temperature. In addition, many of the drugs of this class have anti-inflammatory actions and

are used in the symptomatic treatment of rheumatoid arthritis and degenerative joint diseases.

The choice of one of these products over another depends upon the condition to be treated and upon the effectiveness and adverse reactions of a particular preparation for the individual patient. Some of the drugs of this class have a low incidence of adverse side effects, while others are not used as general purpose analgesics, antipyretics, or anti-inflammatory agents because of their potential to cause serious adverse reactions.

Naproxen and its sodium salt are recent additions to this pharmacological class. Naproxen is chemically related to the phenylpropionic acid group of drugs and has analgesic, anti-inflammatory, and antipyretic actions.

U.S. tariff treatment

Other analgesics, antipyretics, and nonhormonal anti-inflammatory agents are classifiable under TSUS item 412.22. Prior to July 1, 1980, these products were classifiable under TSUSA item 407.8549. Effective January 1, 1981, the column 1 rate of duty for these products was 11.8 percent ad valorem, the least developed developing country (LDDC) rate of duty was 6.8 percent ad valorem, and the column 2 rate of duty was 7 cents per pound plus 47.5 percent ad valorem. The full column 1 concession rate of 6.8 percent ad valorem will become effective through annual staged reductions with the last stage on January 1, 1987.

Naproxen and its sodium salt are classifiable under TSUS item 412.22. Prior to July 1, 1980, these products (as stated above) were classifiable under TSUSA item 407.8549.

U.S. consumption, production, and producers

Complete statistical data for the analgesics, antipyretics, and nonhormonal anti-inflammatory agents have been available only since 1978. Apparent consumption of this class of drugs increased sharply (26 percent) from 1978 to 1979. This was mostly because of increased consumption of acetaminophen.

Domestic production was erratic during 1976-79 dropping from 18 million pounds in 1976 to 14 million pounds in 1977, before rebounding to 21 million pounds in 1979.

In 1979, about 20 drugs of this group were produced (in bulk) in the United States by about 15 firms located mostly in the northeastern and northcentral United States.

Naproxen was produced by one firm in the United States in 1979.

U.S. exports

Exports of analgesics, antipyretics, and nonhormonal anti-inflammatory agents increased in quantity but declined in value from 1978 to 1979. Exports during January-August 1980 were 46 percent more than during January-August 1979. Principal export markets in 1979 (on the basis of value) were Canada (16 percent), Belgium (13 percent), and the United Kingdom (9 percent).

Neither naproxen nor its sodium salt were exported in significant quantities.

U.S. imports

Imports increased 38 percent, on the basis of quantity, but remained almost constant at \$11 million in value from 1978 to 1979. Imports increased

59 percent, on the basis of quantity, from January-August 1979 to January-August 1980. However, on the basis of value, imports rose from \$6 million during January-August 1979 to \$22 million during January-August 1980. The large increase in value of imports was mostly due to imports of naproxen from the Bahamas, which went from zero during January-August 1979 to \$12 million during January-August 1980.

Principal origins of imports in 1979 (on the basis of value) were Canada (46 percent), the Bahamas (23 percent), and the United Kingdom (16 percent). The Bahamas, a designated beneficiary developing country, accounted for 54 percent (on the basis of value) of total imports of this class of drugs during January-August 1980.

Position of interested parties

Representatives of Syntex Corp., Palo Alto, Calif., appeared before the Commission to support the granting of GSP treatment to TSUS item 412.22 (other analgesics, antipyretics, and nonhormonal anti-inflammatory agents). Syntex, a multinational corporation, produces naproxen and its sodium salt (classifiable under TSUS item 412.22) in the Bahamas and now imports large amounts (on the basis of value) of these drugs into the United States. Syntex also produces naproxen in Mexico and Ireland. Syntex is strongly in favor of GSP treatment for TSUS item 412.22, so that Syntex's imports of naproxen and its sodium salt from GSP designated countries would enter the United States duty free.

Syntex disputed a statement filed by Merck, Sharp, & Dohme in opposition to any further duty reductions on several TSUS items, including TSUS item 412.22.

Syntex reaffirmed its position that it has satisfied all requirements for the granting of GSP eligibility to TSUS item 412.22, and stated that such action would be both meritorious and justifiable.

Merck, Sharp, & Dohme, West Point, Pennsylvania, a domestic producer of drugs of this pharmacological class, is opposed to granting GSP treatment to TSUS item 412.22, as Merck feels that many designated beneficiary developing countries already have significant competitive advantages over domestic producers. Merck stated that their company has already lost market shares because of duty reductions and that granting GSP to TSUS item 412.22 would result in increased imports of like or directly competitive products which would further adversely affect Merck's share of domestic sales.

III. Probable Economic Effects of Application of GSP to Other Analgesics,
Antipyretics, and Nonhormonal Anti-Inflammatory Agents, TSUS Item
412.22; and/or Naproxen and Naproxen, Sodium, TSUS Item 412.22(pt.)

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Table A.—Other analgesics, antipyretics, and nonhormonal anti-inflammatory agents: U.S. production, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

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

Period	Production	Exports	Imports	Apparent consumption	Ratio (per cent) of imports to consumption
Quantity					
1976	17,903	1/	1/	1/	1/
1977	14,442	1/	1/	1/	1/
1978	16,929	899	664	16,694	4.0
1979	21,388	1,202	913	21,099	4.3
January-August					
1979	1/	902	508	1/	1/
1980	1/	960	925	1/	1/
Value					
1976	37,417	1/	1/	1/	1/
1977	27,440	1/	1/	1/	1/
1978	34,366	13,172	10,878	32,072	33.9
1979	42,134	9,561	11,116	43,689	25.4
January-August					
1979	1/	5,656	5,652	1/	1/
1980	1/	8,274	22,088	1/	1/
Unit value					
1976	2.09	1/	1/	-	-
1977	1.90	1/	1/	-	-
1978	2.03	14.81	16.38	-	-
1979	1.97	7.96	12.18	-	-
January-August					
1979	1/	6.27	9.75	-	-
1980	1/	8.62	23.89	-	-

1/ Not available.

Source: Production: U.S. International Trade Commission, Synthetic Organic Chemicals, United States Production and Sales, 1976-79; Exports and Imports: official statistics of the U.S. Department of Commerce.

Table B.--Other analgesics, antipyretics, and nonhormonal anti-inflammatory agents: U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980

Market	1976	1977	1978	1979	January-August-- 1979	1980
			Quantity (1,000 pounds)			
Canada.....	1/	1/	357	304	229	138
Belgium.....	1/	1/	58	3	1	3
U King.....	1/	1/	42	73	56	64
Japan.....	1/	1/	32	38	18	28
Austral.....	1/	1/	4	25	23	27
Mexico.....	1/	1/	125	49	22	48
Phil R.....	1/	1/	13	200	176	200
Malaysia.....	1/	1/	49	128	88	44
All other....	1/	1/	211	381	288	408
Total....	1/	1/	889	1,202	902	960
			Value (1,000 dollars)			
Canada.....	1/	1/	1,462	1,515	981	953
Belgium.....	1/	1/	148	1,213	376	1,405
U King.....	1/	1/	4,738	871	306	1,945
Japan.....	1/	1/	315	768	291	638
Austral.....	1/	1/	112	608	406	491
Mexico.....	1/	1/	2,053	588	457	257
Phil R.....	1/	1/	92	552	422	275
Malaysia.....	1/	1/	145	319	251	108
All other....	1/	1/	4,106	3,128	2,167	3,202
Total....	1/	1/	13,172	9,561	5,656	8,274
			Unit value (per pound)			
Canada.....	1/	1/	64.10	64.98	64.28	66.91
Belgium.....	1/	1/	2.57	444.47	402.95	432.83
U King.....	1/	1/	111.73	11.96	5.44	14.74
Japan.....	1/	1/	9.99	19.98	16.51	22.65
Austral.....	1/	1/	28.24	24.10	17.55	18.36
Mexico.....	1/	1/	16.47	11.97	20.50	5.42
Phil R.....	1/	1/	7.17	2.76	2.39	1.37
Malaysia.....	1/	1/	2.96	2.49	2.84	2.46
All other....	1/	1/	19.50	8.21	7.52	7.84
Average..	1/	1/	14.81	7.96	6.27	8.62

1/ Not available.

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

Table D.--Other analgesics, antipyretics, and nonhormonal anti-inflammatory agents: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (1,000 pounds)						
Gross imports	1/	1/	664	913	925	100
26 developed cttries, total	1/	1/	649	872	794	86
GSP countries, total	1/	1/	2	27	112	12
Bahamas	1/	1/	0	23	112	12
Taiwan	1/	1/	0	1	0	
Romania	1/	1/	0	3	0	
Hg Kong	1/	1/	0	2/	0	
Venez	1/	1/	0	2/	0	
Mexico	1/	1/	0	2/	0	
Portugl	1/	1/	2	0	0	
Other	1/	1/	13	14	19	2
Value (1,000 dollars)						
Gross imports	1/	1/	10,878	11,116	22,088	100
26 developed cttries, total	1/	1/	10,579	8,350	10,024	45
GSP countries, total	1/	1/	93	2,629	11,914	54
Bahamas	1/	1/	-	2,604	11,914	54
Taiwan	1/	1/	-	15	-	
Romania	1/	1/	-	7	-	
Hg Kong	1/	1/	-	2	-	
Venez	1/	1/	-	1	-	
Mexico	1/	1/	-	2/	-	
Portugl	1/	1/	93	-	-	
Other	1/	1/	206	137	150	1

1/ Not available.

2/ Less than 500.

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

CATHETER LUBRICATION JELLY

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
412.70(pt.)	Catheter lubrication jelly--	6.9% ad val.	6.9% ad val.	7c per lb. + 45% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate became effective on July 1, 1980.

II. Comment

Description and uses

The product under consideration here is a sterile lubrication jelly which is an aqueous mixture of the following chemicals:

<u>Chemical</u>	<u>Percentage</u>	<u>Function</u>
Sodium carboxymethyl cellulose	1.00	Suspending agent and protective colloid
Chlorhexidine gluconate	.10	Topical anti-infective agent
Propylene glycol	14.00	Humectant and lubricant
Methylparaben	.15	Preservative
Water	84.75	Solvent and lubricant

The jelly is used to lubricate, and facilitate the insertion of, catheters, speculums, and other medical instruments.

U.S. tariff treatment

The petitioner who requested GSP treatment for the particular catheter lubrication jelly described above was advised by Customs that this product

would be classifiable under TSUS item 412.68 (other drugs, provided for in the chemical appendix to the TSUS). USTR published the Federal Register notice for catheter lubrication jelly as being classifiable under TSUS item 412.70 (other drugs). The Commission, during the course of the investigation, contacted Customs' import specialists and were advised that this product would be classifiable under TSUS item 411.94 (other anti-infective agents, provided for in the chemical appendix to the TSUS) on the basis of its chlorhexidine gluconate content (0.1 percent).

The Commission, while not responsible for the classification of imported articles, is of the opinion that the catheter lubrication jelly considered here is not properly classifiable as a drug, but is classifiable as a benzenoid mixture under TSUS item 413.51. Imports under TSUS item 413.51 are already eligible for GSP treatment.

Prior to July 1, 1980, articles classifiable under TSUS item 412.70 (the item number published in the Federal Register notice) were classifiable under TSUS item 407.85 (other drugs). Effective January 1, 1981, the column 1 rate of duty for TSUS item 412.70 was 6.9 percent ad valorem, and the column 2 rate was 7 cents per pound plus 45 percent ad valorem. The column 1 rate of 6.9 percent ad valorem represents the full concession rate granted at the recent multilateral trade negotiations.

U.S. consumption, production, and producers

According to the petition, there is no U.S. production of a catheter lubrication jelly precisely like the petitioner's product. There are, however, several directly competitive lubrication products made in the United

States. According to the Food and Drug Administration, sterile KY jelly (produced by Johnson & Johnson, Piscataway, New Jersey) is used as a catheter lubricant. Other firms reportedly make similar products. Burroughs Wellcome Co., Research Triangle Park, North Carolina, produces a surgical lubricant, as does Bager Pharmacal, Inc., Cedarburg, Wisconsin. Guardian Chemical Corp., Hauppauge, New York, produces a water-soluble lubricant containing benzenoid chemicals, and other companies make other lubricants for medical use. Production and consumption statistics are not available, however.

U.S. imports

According to the petition, none of the catheter lubrication jelly under consideration here was imported into the United States during 1976-79 or January-August 1980.

Position of interested parties

The President of Isramed, Inc., U.S. distributor for Pollak International Ltd., Tel-Aviv, Israel, testified before the Commission in favor of granting GSP treatment to catheter lubrication jelly imported from Israel. According to Isramed, the catheter lubrication jelly is prepackaged in disposable sachets and will, therefore, be more expensive than competitive U.S. products which are mostly marketed in tubes. The jelly will be marketed on the basis of convenience to large consumers, such as hospitals. Because of its anticipated higher cost, Isramed feels that imports of the lubrication jelly would not be at a level which would harm U.S. producers of like or directly competitive products.

Isramed testified that the catheter lubrication jelly had not been imported into the United States, but that Pollak International, Ltd., had been advised that the jelly would enter under TSUS item 412.70, a basket category for benzenoid drugs. In response to a question from a member of the Commission, however, Isramed testified that Pollak or Isramed had not requested or received a formal or binding Customs' classification decision for the particular catheter lubrication jelly under consideration.

III. Probable Economic Effects of Application of GSP to Catheter
Lubrication Jelly, TSUS Item 412.70(pt.) 1/

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CERTAIN CARBOXYLIC ACIDS INCLUDING MONOBROMO ACETIC ACID

I. TSUS(A) item numbers, brief description; rates of duty

TSUS(A) item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
	Acids:			
	Other:			
	Carboxylic acids:			
425.9940	Other carboxylic acids (including mercapto acids)	5.6% ad val.	4.2% ad val.	25% ad val.
425.9940(pt.)	Monobromoacetic acid	5.6% ad val.	4.2% ad val.	25% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through eight equal annual stages with the first stage on Jan. 1, 1980, and the last stage on Jan. 1, 1987.

II. Comment

Description and uses

Monobromoacetic acid at room temperature consists of colorless, deliquescent 1/ crystals, produced by the reaction of heated acetic acid with bromine. The crystals are used in the synthesis of pharmaceuticals and other organic compounds. The acid is also used in solvent-based formulations as a slimicide in the paper industry and other applications where recirculation of water is an integral part of the production process.

1/ Deliquescence is the property by which the monobromoacetic acid crystals tend to gradually dissolve and become liquid by absorbing moisture from the air.

U.S. tariff treatment

Monobromoacetic acid is classified in item 425.9940 of the Tariff Schedules of the United States (Annotated), as "other carboxylic acids (including mercapto acids)". Column 1 (most-favored-nation) and column 2 (applying to designated Communist countries) duty rates are shown in section I., above. TSUS item 425.99 is not currently eligible for duty-free treatment under the Generalized System of Preferences.

U.S. consumption, production, and producers

There are two U.S. producers of monobromoacetic acid. A third U.S. firm produces the acid overseas and imports it for sale in the United States. Total U.S. consumption in 1978 and 1979 is estimated to have been *** pounds per year; in 1980 it is estimated to have been considerably less because of the economic recession.

At least 26 other commercial carboxylic acids which are classifiable in TSUS(A) item 425.9940 were domestically produced by more than 35 firms during 1975-79. Together, their total production amounted to an estimated 720 to 1,000 million pounds per year (table A). Consumption was slightly less than production since about 10 percent of production was exported.

U.S. exports

Separate export data are not available for monobromoacetic acid, but it is estimated that such exports were nil during 1975-79. Exports of the other carboxylic acids covered by TSUS(A) item 425.9940 were not separately reported before 1978. Exports increased from 70.0 million pounds, valued at \$31.2 million, in 1978 to 81.1 million pounds, valued at \$43.2 million in 1979

(table B). During January-October 1980, exports totalled 61.5 million pounds, valued at \$32.7 million. Canada, Brazil, and Singapore were the chief export markets for the years reported.

U.S. imports

Separate official import data are not available for monobromoacetic acid, but it is estimated that such imports were negligible during 1975-79; estimated imports in 1980 amounted to 49,000 pounds. The ratio of imports to consumption in 1980 may have been as high as*** percent.

All imports reported under TSUS(A) item 425.9940 increased from 3.1 million pounds, valued at \$1.2 million, in 1978 to 3.8 million pounds, valued at \$3.0 million, in 1979 (table C). During January-October 1980, imports totalled 2.9 million pounds, valued at \$2.2 million. In none of the periods reported did the ratio of imports to apparent consumption exceed 1 percent, in terms of either quantity or value. The chief import sources were France and West Germany. The only imports reported from a GSP-designated source consisted of 61,000 pounds, valued at \$93,000, in 1979, and a negligible amount during January-October 1980, from Israel (table D). ***

Position of interested parties

Two firms made written submissions to and gave oral testimony before the Commission. A representative of Vineland Chemical Co., Inc. (New Jersey), one of two U.S. producers of monobromoacetic acid, objected to the granting of GSP

treatment to TSUS(A) item 424.9940. He asserted that low-priced imports from Israel had resulted in the reduction of production-employee working hours, loss of two large customers, and severe erosion of Vineland's market share.

A representative of the petitioner, Ameribrom, Inc., one of two U.S. importers of monobromoacetic acid, was in favor of granting GSP treatment to that product. He asserted that Israeli prices are competitive with U.S. prices, and that imports from Israel account for only a small part of total U.S. consumption. He further opined that the U.S. market was going to expand substantially in the next few years, such that any increase in Israeli imports would have little adverse impact on the U.S. industry.

III. Probable Economic Effects of Application of GSP to Monobromoacetic
Acid or Other Carboxylic Acids Classifiable in TSUS(A) Item 425.9940.

* * * * *

Table A.—Carboxylic acids (nonbenzenoid), other (including mercapto acids):
U.S. production, exports, imports, and apparent consumption, 1975-79,
January-August 1979, and January-August 1980

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

Period	Production ^{1/}	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity					
1975	720,000	^{2/}	^{2/}	^{2/}	^{2/}
1976	780,000	^{2/}	^{2/}	^{2/}	^{2/}
1977	760,000	^{2/}	^{2/}	^{2/}	^{2/}
1978	870,000	70,048	3,135	803,087	Q.4
1979	1,000,000	81,119	3,783	922,664	.4
Jan.-Aug. 1980	800,000	49,216	2,756	753,540	.4
Value					
1975	172,800	^{2/}	^{2/}	^{2/}	^{2/}
1976	226,200	^{2/}	^{2/}	^{2/}	^{2/}
1977	228,000	^{2/}	^{2/}	^{2/}	^{2/}
1978	261,000	31,218	1,185	230,967	0.5
1979	350,000	43,171	3,004	309,833	1.0
Jan.-Aug. 1980	364,000	27,123	2,058	338,935	.6
Unit value					
1975	0.24	^{2/}	^{2/}		
1976	.29	^{2/}	^{2/}		-
1977	.30	^{2/}	^{2/}		-
1978	.30	0.45	0.38		-
1979	.35	.53	.79		-
Jan.-Aug. 1980	.45	.55	.75		-

^{1/} Estimated.

^{2/} Separate data not available before 1978.

Source: Production, estimated from data reported to the U.S. International Trade Commission; imports and exports, compiled from official statistics of the U.S. Department of Commerce.

Table B.--Carboxylic acids (nonbenzenoid), other (including mercapto acids): U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980

Market	1976 1/	1977 1/	1978	1979	January-August--	
					1979	1980
	Quantity (1,000 pounds)					
Canada.....			48,646	52,385	34,183	32,130
Brazil.....			3,229	4,997	3,539	3,097
Singapr.....			6,231	6,440	4,446	5,398
Mexico.....			2,105	4,562	2,658	1,715
Taiwan.....			532	545	340	87
Belgium.....			488	1,367	1,162	807
Nethlds.....			691	862	792	824
Japan.....			1,204	1,130	1,045	300
All other....			6,923	8,831	6,339	4,858
Total....			70,048	81,112	54,504	49,216
	Value (1,000 dollars)					
Canada.....			13,513	16,561	10,834	11,376
Brazil.....			5,437	7,071	4,903	4,480
Singapr.....			3,297	3,624	2,501	3,060
Mexico.....			1,434	1,985	1,158	1,011
Taiwan.....			551	1,963	994	50
Belgium.....			607	1,389	1,125	920
Nethlds.....			621	1,162	904	868
Japan.....			934	1,005	852	633
All other....			4,824	8,412	6,013	4,725
Total....			31,218	53,171	29,285	27,123
	Unit value (per pound)					
Canada.....			60.28	60.32	60.32	60.35
Brazil.....			1.68	1.42	1.39	1.45
Singapr.....			0.53	0.56	0.56	0.57
Mexico.....			0.68	0.44	0.44	0.59
Taiwan.....			1.04	3.60	2.93	0.57
Belgium.....			1.24	1.02	0.97	1.14
Nethlds.....			0.90	1.35	1.14	1.05
Japan.....			0.78	0.89	0.82	2.11
All other....			0.70	0.95	0.95	0.97
Average..			0.45	0.53	0.54	0.55

1/ Not available.

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

Table D.--Carboxylic acids (nonbenzenoid), other (including mercapto acids): U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976 1/	1977 1/	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity (1,000 pounds)					
Gross imports			3,135	3,783	2,756	100
26 developed cttries, total			3,135	3,722	2,756	100
GSP countries, total			0	61	2/	3/
Israel			0	61	2/	3/
Other			0	0	0	
	Value (1,000 dollars)					
Gross imports			1,185	3,004	2,058	100
26 developed cttries, total			1,185	2,911	2,058	100
GSP countries, total			-	93	2/	3/
Israel			-	93	2/	3/
Other			-	-	-	

1/ Not available.

2/ Less than 500.

3/ Less than 0.5 percent.

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

BARIUM SULFATE, NATURAL, GROUND

I. TSUS(A) item numbers, brief description; rates of duty

TSUS(A) item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 1 (1/1/81)
472.12	Barium sulfate, natural, ground	\$3.25 per ton	\$3.25 per ton	\$7.50 per ton

1/ No concession was made on this item during the Tokyo Round of the Multilateral Trade Negotiations.

II. Comment

Description and uses

Barium sulfate is a naturally occurring mineral known by the common names, "barite," "baryte," "heavy spar," and "tiff." It is mined in various Southern, Midwestern, and Western States, with Nevada accounting for about 85 percent of total production in 1979. 1/ It occurs as crystals or massive deposits in association with the ores of various metals and limestones. It may be colorless, white, or various shades of light blue, yellow, or red; it has a density ranging from 4.4 to 4.8, and is insoluble in water.

The principal use of ground barite is as an ingredient in oil- and gas-well-drilling muds. This application accounted for about 94 percent of the domestic sales of ground barite in 1979. Other uses include the manufacture of lithopone and various other chemicals, and as a pigment in paints, paper, and rubbers.

1/ "Barite in 1979," advance annual summary, U.S. Department of the Interior, Bureau of Mines, August 6, 1980, p. 1.

Total U.S. apparent consumption of ground barium sulfate was about 2.6 million long tons in 1979, valued at about 159 million dollars, representing an increase of 9.5 percent in quantity and 30.0 percent in value compared with 1978. Consumption of this product is dependent upon the petroleum industry since the principal use of this material is in drilling muds. It would appear likely that the number of feet of new oil wells drilled will continue to increase, indicating that domestic consumption of barite will probably also continue to increase.

Production has increased every year since 1976, from 1,968,000 long tons in that year to 2,696,000 long tons in 1979, representing an increase during the period of about 37 percent. This trend is likely to continue, in line with the growth of the major end-use market for this product, petroleum exploration and production.

There are currently 41 plants, operated by about 20 producers, which manufacture ground and crushed barite in the United States, compared with 38 plants existing in 1978. These plants are located in the South, Midwest, West and Gulf Coast States, with Texas and Louisiana containing 14 or about one-third of the facilities. These grinding facilities employ an estimated 1300 persons.

U.S. exports

U.S. exports of ground barite has increased from none in 1976 and 1977 to about 95,000 long tons in 1979, representing about 3.5 percent of domestic production that year. This was nearly four times the volume of imports during the same period. Exports will probably continue to increase with Mexico being

the largest foreign market for this product, as a result of the continued exploitation of the large oil reserves located in that country. Other major foreign markets include Canada and Guatemala. The U.S. operates a large number of economical grinding and beneficiating facilities, many of which are located near major users, thus decreasing transportation costs and giving domestic producers a competitive edge in the home market.

U.S. imports

U.S. imports are minor, amounting to no more than 1.1 percent of domestic apparent consumption in any year during the period 1976-79. Major sources of imported material include India, Singapore, Mexico, and Japan. Imports from Mexico have declined somewhat recently indicating greater consumption by that country. The overall ratio of imports to consumption will probably remain in the neighborhood of about 1 percent.

Position of interested parties regarding U.S. tariff concessions

There have been no comments submitted by interested parties regarding the proposed duty reductions.

III. Probable Economic Effects of Application of GSP to Barium Sulfate,
Natural, Ground, TSUS item 472.12

* * * * *

Table A.—Barium sulfate, natural, ground: U.S. shipments, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

(Quantity in thousand long tons; value in thousands of dollars;
unit value per long ton)

Period	Shipments ^{1/}	Exports	Imports	Apparent consumption	Ratio (per cent) of imports to consumption
Quantity					
1976	1,968	0	12	1,980	0.6
1977	2,315	0	17	2,332	.7
1978	2,412	32	19	2,399	1.1
1979	2,696	95	27	2,628	1.0
January-August 1979	1,806	59	25	1,772	1.4
1980	^{2/} 1,750	67	2	1,685	.1
Value					
1976	93,283	0	152	93,435	0.2
1977	110,409	0	121	110,530	.1
1978	123,433	2,341	1,090	122,182	.9
1979	168,096	10,674	1,414	158,836	.9
January-August 1979	112,692	6,434	1,291	107,549	1.2
1980	^{2/} 113,750	9,991	230	103,989	.2
Unit value					
1976	\$47.40	-	\$12.78	-	-
1977	47.69	-	6.98	-	-
1978	51.17	\$72.32	57.93	-	-
1979	62.35	111.97	52.89	-	-
January-August 1979	62.35	109.35	51.97	-	-
1980	^{2/} 65.00	149.38	102.51	-	-

^{1/} Include natural barium sulfate, crushed or ground, sold or used by domestic producers.

^{2/} Estimated.

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

Table B.--Barium sulfate, natural, ground: U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980

Market	1976		1977		1978		1979		January-August--		
	1/	1/	1/	1/	1/	1/	1/	1/	1979	1980	
	Quantity (long tons)										
Mexico.....					1,062		55,412		32,555		37,025
Canada.....					16,851		32,480		24,386		19,658
Guatmal.....					471		3,676		0		4,033
Chile.....					15		1,384		1,384		2,070
Seychel.....					0		630		0		225
Barbado.....					0		406		316		279
Angola.....					0		230		0		388
U King.....					176		742		0		65
All other....					13,800		369		200		3,144
Total....					32,375		95,329		58,841		66,887
	Value (1,000 dollars)										
Mexico.....					116		7,364		4,355		4,955
Canada.....					1,082		2,365		1,830		3,594
Guatmal.....					47		438		-		459
Chile.....					2		152		152		216
Seychel.....					-		100		-		42
Barbado.....					-		60		43		60
Angola.....					-		58		-		50
U King.....					9		41		-		21
All other....					1,086		96		55		616
Total....					2,351		10,674		6,434		9,991
	Unit value (per long ton)										
Mexico.....					6109.48		6132.90		6133.77		6133.82
Canada.....					64.24		72.81		75.05		182.83
Guatmal.....					98.87		119.17		-		113.69
Chile.....					114.93		109.90		109.90		104.44
Seychel.....					-		158.89		-		185.33
Barbado.....					-		146.60		134.88		143.01
Angola.....					-		250.28		-		128.15
U King.....					49.23		55.54		-		322.52
All other....					78.66		260.41		274.14		195.82
Average..					72.32		111.97		109.35		149.38

1/ Not available.

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

Table C.--Barium sulfate, natural, ground: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

Source	Quantity (long tons)				Value (1,000 dollars)					
	1976	1977	1978	1979	1976	1977	1978	1979	January-August 1979	January-August 1980
India.....	0	0	0	9,843	-	-	-	608	608	-
Singapr.....	0	0	10,547	7,875	-	-	605	446	446	-
Mexico.....	11,662	17,148	342	4,186	116	116	17	278	208	151
Canada.....	55	20	4,864	884	7	-	294	53	2	48
Japan.....	0	0	0	3,832	-	-	-	12	12	-
FR Germ.....	11	1	2	21	1	1	2	6	6	7
Venez.....	0	0	0	55	-	-	-	6	6	-
U King.....	0	0	0	7	-	-	-	2	-	-
All other....	137	239	3,065	24	2	3	172	3	3	24
Total....	11,865	17,408	18,820	26,727	152	121	1,020	1,414	1,221	230
Unit value (per long ton)										
India.....	-	-	-	61.75	-	-	-	61.75	61.75	-
Singapr.....	-	-	57.35	56.66	-	-	57.35	56.66	56.66	-
Mexico.....	12.24	6.76	49.20	66.31	12.24	12.24	49.20	66.31	65.40	78.73
Canada.....	125.35	106.65	60.53	59.76	-	-	60.53	59.76	136.44	311.94
Japan.....	-	-	-	3.11	-	-	-	3.11	3.11	-
FR Germ.....	36.09	563.00	1,087.00	300.29	-	-	1,087.00	300.29	300.29	276.36
Venez.....	-	-	-	100.00	-	-	-	100.00	100.00	-
U King.....	-	-	-	329.57	-	-	-	329.57	-	-
All other....	12.21	12.16	56.08	132.63	12.21	12.21	56.08	132.63	132.63	161.11
Average..	12.78	6.98	57.93	52.89	12.78	12.78	57.93	52.89	51.97	102.51

1/ Less than 500.

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

Table D.--Barium sulfate, natural, ground: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (long tons)						
Gross imports	11,865	17,408	18,820	26,727	2,244	100
26 developed cttries, total	66	26	4,880	4,749	188	8
GSP countries, total	11,799	17,382	13,940	21,979	1,915	85
India	0	0	0	9,843	0	
Singapr	0	0	10,547	7,875	0	
Mexico	11,662	17,148	342	4,186	1,915	85
Venez	0	0	0	55	0	
Colomb	137	234	0	0	0	
Moroc	0	0	3,051	0	0	
Other	0	0	0	19	141	6
Value (1,000 dollars)						
Gross imports	152	121	1,090	1,414	230	100
26 developed cttries, total	7	4	301	1,475	58	25
GSP countries, total	144	117	789	1,337	151	66
India	-	-	-	608	-	
Singapr	-	-	605	446	-	
Mexico	143	116	17	278	151	66
Venez	-	-	-	6	-	
Colomb	2	2	-	-	-	
Moroc	-	-	167	-	-	
Other	-	-	-	2	21	9

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

STEARIC ACID

I. TSUS(A) item numbers, brief description; rates of duty

TSUS(A) item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1	Current col. 1 (1/1/81)
490.12	Stearic acid	1.5c per lb. + 6%	No conces- sion	3c per lb. + 25%

II. Comment

Description and uses

Stearic, or octadecanoic, acid is a straight chain, saturated fatty acid containing 18 carbon atoms. Although stearic acid can be derived from both animal and vegetable sources, only stearic acid of animal origin, TSUS item 490.12, is covered by this digest. This stearic acid is prepared from animal fats, usually tallow, by a variety of processes, including hydrolysis ("splitting"), hydrogenation followed by distillation, and separation by physical or solvent means.

Stearic acid is used in the manufacture of many industrial, household, and toilet articles. The acid is usually converted into salts, esters, or other derivatives prior to introduction into a manufacturing process. Among other end uses, stearic acid is used in the production of synthetic rubber, various cosmetics, surface-active agents, and plasticizers.

U.S. consumption, production, and producers

Apparent U.S. consumption data for stearic acid are not available prior to 1978 because there was no specific export classification for stearic acid.

Apparent U.S. consumption of stearic acid increased from 115 million pounds in 1978 to 135 million pounds in 1979. January-August 1980 data indicate that 1980 consumption may not equal the 1979 level.

U.S. production of stearic acid increased from 123 million pounds in 1976 to 139 million pounds in 1979. January-August 1980 data indicate that 1980 production should approximate the 1979 level. There are no production value data available.

About 1 dozen companies produce stearic acid. These companies are situated primarily in the Eastern and North Central States. Many of the producers of stearic acid are manufacturers of other fatty chemicals, divisions of meat packers or renderers, or producers of soap, detergents, or paint. Much of the stearic acid produced is consumed by the producer in the manufacture of derivatives or finished products.

U.S. exports

There was no statistical breakout for stearic acid in the export schedules prior to 1978, so earlier data are not available. U.S. exports of stearic acid decreased from 12.2 million pounds, valued at \$4.6 million, in 1978 to 4.7 million pounds, valued at \$2.2 million in 1979. January-August 1980 data indicate that the level of U.S. exports of stearic acid in 1980 will be between the 1978 and 1979 levels. Canada and Mexico were the primary markets for domestic stearic acid exports in 1978 and 1979, accounting for about 66 percent of all such exports in 1979. During January-August 1980, Japan emerged as a major market for U.S. exports of stearic acid, accounting for about 22 percent of such exports during the period.

U.S. imports

U.S. imports of stearic acid decreased from about 151,000 pounds, valued at about \$35,000, in 1976 to about 26,000 pounds, valued at about \$14,000, in 1977 and then increased to about 124,000 pounds, valued at about \$53,000, in 1979. January-August 1980 data indicate that the level of U.S. imports of stearic acid in 1980 will be considerably below the 1979 level. In recent years, a primary source of U.S. imports of stearic acid has been Canada, but in 1978 the predominant source was Norway, and during January-August 1980, New Zealand was the predominant source.

U.S. imports of stearic acid are small compared to apparent U.S. consumption; such imports accounted for less than 0.1 percent of apparent U.S. consumption of stearic acid in 1978, 1979, and January-August 1980. The domestic stearic acid industry is competitive in the world as well as in domestic markets, with U.S. exports of stearic acid many times greater than imports. One significant advantage of the domestic industry is the available supply of domestic tallow and animal greases as raw materials.

Position of interested parties

The Fatty Acid Producers' Council submitted a written brief to the U.S. International Trade Commission opposing, among other things, the assignment of GSP designation to TSUS item 490.12, stearic acid of animal origin. The council acknowledged that "imports of animal fat-based fatty acids . . . are generally minor by comparison to domestic production"; however, the council states that the assignment of GSP designation to stearic acid "could result in a significant diminution of domestic output."

III. Probable Economic Effects of Application of GSP to Stearic Acid

* * * * *

Table A.—Stearic acid: U.S. shipments, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

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

Period	Production	Exports	Imports	Apparent consumption	Ratio (per-cent) of imports to consumption
Quantity					
1976	123,458	1/	151	1/	1/
1977	123,884	1/	26	1/	1/
1978	127,194	12,210	69	115,053	0.1
1979	139,273	4,655	124	134,742	0.1
January-August					
1979	69,250	3,087	123	66,286	0.2
1980	68,779	5,192	39	63,626	0.1
Value					
1976	1/	1/	35	1/	1/
1977	1/	1/	14	1/	1/
1978	1/	4,569	24	1/	1/
1979	1/	2,237	53	1/	1/
January-August					
1979	1/	1,495	50	1/	1/
1980	1/	2,177	42	1/	1/
Unit value					
1976	1/	1/	23	-	-
1977	1/	1/	52	-	-
1978	1/	37	35	-	-
1979	1/	48	43	-	-
January-August					
1979	1/	48	41	-	-
1980	1/	42	106	-	-

1/ Not available.

Source: Production data from the Fatty Acid Producers' Council; exports and imports compiled from official statistics of the U.S. Department of Commerce.

Table B.--Stearic acid: U.S. exports of domestic merchandise, by principal markets, 1976-79
and January-August 1979, and January-August 1980

Market	Quantity (1,000 pounds)		Value (1,000 dollars)		Unit value (per pound)
	1976 1/	1977 1/	1978	1979	
Canada.....					
Mexico.....					
Japan.....					
Kor Rep.....					
Colomb.....					
Hg Kong.....					
Venez.....					
Argent.....					
All other....					
Total....					
Canada.....					
Mexico.....					
Japan.....					
Kor Rep.....					
Colomb.....					
Hg Kong.....					
Venez.....					
Argent.....					
All other....					
Total....					
Canada.....					
Mexico.....					
Japan.....					
Kor Rep.....					
Colomb.....					
Hg Kong.....					
Venez.....					
Argent.....					
All other....					
Total....					

1/ Not available.

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

Table C.--Stearic acid: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

Source	Quantity (1,000 pounds)				Value (1,000 dollars)			
	1976	1977	1978	1979	1979	1979	1980	1980
Canada.....	15	22	14	119	47	69	123	36
France.....	0	0	1/	4	3	0	0	39
Ireland.....	0	0	0	1	1/	0	0	1/
Japan.....	0	0	1	1	3	1	1	1
Norway.....	0	0	44	0	1/	0	0	1/
FR Germ.....	0	4	3	0	12	0	0	4
Italy.....	0	1	7	0	6	0	0	4
Switzld.....	0	1	0	0	2	0	0	4
All other.....	136	0	0	0	1	0	0	36
Total.....	151	26	69	124	14	79	123	42
Canada.....	3	4	3	47	47	47	47	1/
France.....	-	-	1/	3	2	2	2	1
Ireland.....	-	-	1/	1	1/	1/	1/	1/
Japan.....	-	-	12	-	-	-	-	-
Norway.....	-	9	6	-	-	-	-	4
FR Germ.....	-	1	2	-	-	-	-	-
Italy.....	32	1	-	-	-	-	-	-
Switzld.....	35	14	24	53	50	50	50	36
All other.....								42
Canada.....	\$0.21	\$0.19	\$0.23	\$0.39	\$0.39	\$0.39	\$0.39	\$0.68
France.....	-	-	0.76	0.90	0.96	0.96	0.96	-
Ireland.....	-	-	-	4.03	-	-	-	1.51
Japan.....	-	-	0.43	0.49	0.49	0.49	0.49	0.56
Norway.....	-	-	0.27	-	-	-	-	-
FR Germ.....	-	2.19	2.21	-	-	-	-	2.17
Italy.....	-	1.20	0.26	-	-	-	-	-
Switzld.....	0.23	-	-	-	-	-	-	-
All other.....	0.23	0.52	0.35	0.43	0.41	0.41	0.41	1.01
Average.....								1.06

1/ Less than 500.

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

Table D.--Stearic acid: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (1,000 pounds)						
Gross imports	151	26	69	124	39	100
26 developed cttries, total	134	26	69	124	39	100
GSP countries, total	17	0	0	0	0	0
Brazil	17	0	0	0	0	0
Other	0	0	0	0	0	0
Value (1,000 dollars)						
Gross imports	35	14	24	53	42	100
26 developed cttries, total	28	14	24	53	42	100
GSP countries, total	7	-	-	-	-	-
Brazil	7	-	-	-	-	-
Other	-	-	-	-	-	-

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

CERTAIN HOUSEHOLD WARE OF FINE-GRAINED EARTHENWARE
OR OF FINE-GRAINED STONEWARE

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
	Articles chiefly used for preparing, serving, or storing food or beverages			
	Of fine-grained earth- enware			
	Household ware			
533.2200	In any pattern for: which the ag- gregate value of the articles listed in headnote: 2(b) of this sub- part is not over \$38 -----		20.5% ad val.:11.5% ad val.:	55% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through eight annual stages with the first stage on Jan. 1, 1980, and the last stage on Jan. 1, 1987.

II. Comment

Description and uses

The item under consideration for GSP designation (TSUS no. 533.22) is fine-grained earthenware or stoneware household ware available in specified sets in any pattern for which the aggregate value of the articles is not over \$38. These articles are chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients. Fine-grained 1/ earthenware articles are ceramic articles having a fired body that will absorb more than 3.0 percent of its weight of water. 2/ Fine-grained stoneware articles are ceramic articles having a fired body that will absorb not more than 3.0 percent of its weight of water, is naturally opaque, and is not commonly white. 3/ The term "available in specified sets" includes all ceramic table and kitchen articles (in this case, only those articles of fine-grained earthenware or stoneware) in a pattern in which certain specified pieces 4/ are sold or offered for sale. The individual articles do not have to be sold together or imported in the same shipment. In addition, each article does not have to be of the same color to be considered "available in specified sets" if the articles are color coordinated. These articles shall be referred to as dinnerware.

1/ "Fine-grained" is defined in the TSUS as applying to wares having a body made of materials any of which have been washed, ground, or otherwise beneficiated.

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

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

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

U.S. consumption, shipments, and producers

Approximately 24 establishments employing about 4,000 production workers manufactured all fine earthenware food utensils in 1977, the latest year industry data is available. Fine-grained stoneware articles for household and commercial use were produced by 18 companies in 1977. The total number of manufacturers (42) reported in these Census data is overstated since many firms produce both earthenware and stoneware articles in the same establishment. Approximately 15 to 18 firms manufacture both types of articles. Production facilities are highly concentrated in the Midwest and Appalachia. Total U.S. shipments of household and commercial fine-grained earthenware and stoneware articles was \$124.1 million in 1977. It is estimated that 75 to 80 percent of this amount, or \$93-\$99 million, represented 1977 U.S. producers' value of shipments of dinnerware valued not over \$38. The value of U.S. shipments of fine-grained earthenware and stoneware dinnerware valued not over \$38 is believed to have declined since 1977 due primarily to inflation. In 1977 U.S. apparent consumption of the articles included in this digest was approximately \$127 million, with imports accounting for 27.3 percent of this total.

U.S. exports

The estimated value of U.S. exports of fine-grained earthenware and stoneware dinnerware valued not over \$38 fluctuated during the 1976-79 period from a low of \$823,000 in 1977 to a high of \$1.1 million in 1979 (table B). Canada was the primary U.S. export market during the period, accounting for 49

percent of U.S. exports in 1979. Exports rose dramatically during January-August 1980 and totaled \$1 million, nearly the total amount exported in the entire year of 1979. The United Kingdom emerged as a major export market in the first eight months of 1980, accounting for 30 percent of U.S. exports. U.S. exports of these articles have risen due to the declining value of the U.S. dollar in foreign markets and more aggressive industry efforts to expand foreign sales of ceramic table and kitchen articles.

U.S. imports

The estimated total value of U.S. imports rose steadily from \$30.2 million in 1976 to \$40.4 million in 1978. Imports then dropped by 20 percent to \$32.5 million in 1979, and exhibited a further declining trend during January-August 1980 (table C). This decline is primarily accounted for by increased production costs overseas which has resulted in a trade shift in many foreign produced dinnerware sets from the "not over \$38" category (TSUS item 533.22) into the "over \$38" category (TSUS item 533.24). Japan has consistently been the leading supplier of these articles, accounting for 60 to 70 percent of all imports during the 1976-79 period. The United Kingdom accounted for a declining share of U.S. import value, falling from 33 percent in 1976 to 19 percent in 1979. The third leading supplier, the Republic of Korea, is eligible for GSP treatment and has accounted for an increasing share of U.S. imports (five percent in 1979 and seven percent during January-August 1980). Other supplying countries eligible for GSP treatment are the Philippine Republic, Malaysia, and Brazil. Total imports of these articles from

GSP-eligible countries also declined from 1978 to the 1979 level of \$2 million (table D). All GSP-eligible countries (other than the Republic of Korea) accounted for less than two percent of total U.S. imports during the 1976-79 period.

Most of the earthenware and stoneware dinnerware produced by U.S. firms are lower-valued ware which compete with imports of this category. Although most of the imported earthenware dinnerware sets are priced higher than U.S. products, U.S. dinnerware sets are generally of lower quality and lack the design characteristics of imported dinnerware sets.

Position of interested parties

Representatives of domestic industry and labor unions opposed the granting of GSP treatment for these earthenware articles.

No representations were made in favor of GSP treatment for these articles.

III. Probable Economic Effects of Application of GSP to
Certain Household Ware of Fine-Grained Earthenware
or of Fine-Grained Stoneware

* * * * *

IV. Statistical Data

Table A.--Certain household ware of fine-grained earthenware or of fine-grained stoneware: U.S. producers' shipments, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

(Quantity in thousands of dozens; value in thousands of dollars; unit value per dozen)

Period	U.S. producers' shipments	Exports ^{1/}	Imports ^{1/}	Apparent consumption	Ratio (percent) of imports to consumption
Quantity					
1976-----	<u>2/</u>	<u>2/</u>	5,800	<u>2/</u>	<u>2/</u>
1977-----	<u>2/</u>	<u>2/</u>	6,098	<u>2/</u>	<u>2/</u>
1978-----	<u>2/</u>	<u>2/</u>	5,812	<u>2/</u>	<u>2/</u>
1979-----	<u>2/</u>	<u>2/</u>	4,558	<u>2/</u>	<u>2/</u>
January-August					
1979-----	<u>2/</u>	<u>2/</u>	2,792	<u>2/</u>	<u>2/</u>
1980-----	<u>2/</u>	<u>2/</u>	2,195	<u>2/</u>	<u>2/</u>
Value					
1976-----	<u>2/</u>	993	30,244	<u>2/</u>	<u>2/</u>
1977-----	<u>1/</u> 93,075	823	34,748	<u>1/</u> 127,000	<u>1/</u> 27.3
1978-----	<u>2/</u>	892	40,394	<u>2/</u>	<u>2/</u>
1979-----	<u>2/</u>	1,139	32,495	<u>2/</u>	<u>2/</u>
January-August					
1979-----	<u>2/</u>	665	20,441	<u>2/</u>	<u>2/</u>
1980-----	<u>2/</u>	1,044	11,441	<u>2/</u>	<u>2/</u>
Unit value					
1976-----	<u>2/</u>	<u>2/</u>	\$5.21	-	-
1977-----	<u>2/</u>	<u>2/</u>	5.70	-	-
1978-----	<u>2/</u>	<u>2/</u>	6.95	-	-
1979-----	<u>2/</u>	<u>2/</u>	7.13	-	-
January-August					
1979-----	<u>2/</u>	<u>2/</u>	7.32	-	-
1980-----	<u>2/</u>	<u>2/</u>	5.21	-	-

^{1/} Estimated.

2/ Not available.

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

Table B.--Certain household ware of fine-grained earthenware or of fine-grained stoneware: U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980 1/

(In thousands of dollars)

Market	1977				1978		1979		January-August--	
	1976	1977	1978	1979	1978	1979	1979	1980	1980	
Canada.....	644	458	479	561			364		391	
Mexico.....	27	26	14	72			51		48	
Bahamas.....	11	30	39	48			29		15	
Brazil.....	1	-	7	41			14		16	
U King.....	11	11	21	31			12		315	
Jamaica.....	9	2	5	31			6		-	
Argent.....	-	1	1	30			9		7	
Austral.....	10	22	15	29			9		33	
All other...	279	274	311	296			171		219	
Total...	223	823	892	1,139			665		1,044	

1/ Estimated.

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

Table D.--Certain household ware of fine-grained earthenware or of fine-grained stoneware: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980 1/

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity (1,000 dozen)					
Gross imports	5,800	6,098	5,812	4,558	2,195	100
26 developed cttries, total	5,397	5,478	5,251	4,142	1,938	88
GSP countries, total	394	605	535	391	236	11
Kor Rep	261	353	355	320	160	7
Phil R	1	34	39	26	22	1
Malaysa	0	0	12	18	0	
Brazil	1	12	9	8	16	1
Taiwan	1	3	7	6	6	3/
Portugl	13	13	11	1	2/	3/
Romania	116	172	97	7	27	3/
Mexico	2/	2/	2/	2/	0	
Other GSP	17	17	5	5	6	3/
Other	9	16	26	25	20	1
	Value (1,000 dollars)					
Gross imports	30,244	34,748	40,394	32,495	11,441	100
26 developed cttries, total	28,839	32,578	37,960	30,421	10,248	90
GSP countries, total	1,379	2,116	2,328	2,028	1,107	10
Kor Rep	1,033	1,515	1,696	1,688	822	7
Phil R	11	106	154	125	95	1
Malaysa	-	-	52	86	-	
Brazil	5	38	31	30	63	3/
Taiwan	4	11	4	28	35	1
Portugl	110	91	83	25	1	3/
Romania	207	308	242	19	78	3/
Mexico	2	4	4	19	-	
Other GSP	7	43	28	18	12	3/
Other	25	54	105	47	86	1

1/ Estimated.

2/ Less than 500.

3/ Less than 0.5 percent.

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

CERTAIN HOUSEHOLD WARE OF NONBONE CHINAWARE OR OF SUBPORCELAIN

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession: col.1 1/	Current col. 2 (1/1/81)
	Articles chiefly used for preparing, ser- ving, . . . :			
	Of chinaware . . . :			
	Household ware: Of nonbone china- ware or of subporce- lain . . . :			
	Available in specified sets:			
533.6400	In any pattern for which the aggregate value of art- icles listed in headnote 2(b) of this subject is over \$56-----	15.8% ad val.	8% ad val.	75% ad val.
	Not available in specified sets:			
533.7600	Candy boxes, decanter, punch bowls, pretzel dishes, tidbit dishes, tiered servers, bonbon dishes, egg cups, spoons and spoon rests, oil and vinegar sets, tumblers, and			

See footnote at end of table.

CERTAIN HOUSEHOLD WARE OF NONBONE CHINAWARE OR OF SUBPORCELAIN—Continued

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession: col.1 1/	Current col. 2 (1/1/81)
	salt and pepper shaker sets	19.1% ad val.	9% ad val.	70% ad val.
533.7800	Cups valued over \$8 per dozen; saucers valued over \$5.25 per dozen; soups, oatmeals, and cereals valued over \$9.30 per dozen; plates not over 9 in- ches in maxi- mum diameter and valued over \$8.50 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued over \$11.50 per dozen; plat- ters or chop dishes valued over \$40 per dozen sugars valued over \$23 per			

See footnote at end of table.

CERTAIN HOUSEHOLD WARE OF NONBONE CHINAWARE OR OF SUBPORCELAIN--Continued

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession: col.1 1/	Current col. 2 (1/1/81)
	dozen; cream-			
	ers valued			
	over \$20 per			
	dozen; and			
	beverage			
	servers valued			
	over \$50 per			
	dozen-----	15.5% ad val.:	8% ad val.:	75% ad val.

¹/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through eight annual stages with the first stage on Jan. 1, 1980, and the last stage on Jan. 1, 1987.

II. Comment

Description and uses

Three TSUS items of nonbone china or subporcelain household ware are under consideration for GSP designation. All three items include articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients. TSUS item 533.64 is nonbone china or subporcelain household ware available in specified sets in any pattern for which the aggregate value of the articles in the set is over \$56. Nonbone chinaware includes porcelain ware and refers to fine-grained 1/ ceramic ware (other than earthenware and stoneware), whether or not glazed or decorated, having a fired body which is white (unless artificially colored), and will not absorb more than 0.5 percent of its weight of water. 2/ Subporcelain ware is fine-grained ceramic ware (other than earthenware or stoneware), whether or not glazed or decorated, having a fired body which is white (unless artificially colored), and will absorb more than 0.5 percent but not more than 3.0 percent of its weight of water. 3/ The term "available in specified sets" includes all ceramic table and kitchen articles (in this case, only those articles of nonbone china or subporcelain) in a pattern in which certain specified pieces 4/ are sold or offered for sale. The individual articles do not have to be

1/ "Fine-grained" is defined in the TSUS as applying to wares having a body made of materials any of which have been washed, ground, or otherwise beneficiated.

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

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

4/ See headnote 2(b) to schedule 5, pt. 2, subpt. C of TSUS.

sold together or imported in the same shipment. In addition, each article does not have to be of the same color to be considered "available in specified sets" if the articles are color coordinated. These articles will be referred to as dinnerware.

TSUS item 533.76 includes nonbone china or subporcelain household ware not available in specified sets, such as candy boxes, decanters, punch bowls, pretzel dishes, and other enumerated household articles. The term "not available in specified sets" covers ceramic articles that are not sold or offered for sale in the same pattern in all the articles 1/ required in order to be considered dinnerware. For this reason, these types of articles will be referred to as nondinnerware.

TSUS item 533.78 covers high-valued nonbone china or subporcelain household ware, such as cups, soups, oatmeals, cereals, and plates, not available in specified sets.

U.S. consumption, shipments, and producers

In 1977 approximately 5 companies manufactured vitreous china and porcelain household tableware and kitchenware. U.S. producers' shipments of these articles were valued at approximately \$40 million in that year. Most domestically-produced nonbone china and porcelain household ware would be considered high-priced ware, accounting for 75 to 80 percent of U.S. producers' shipments in 1977 valued at \$30-\$32 million. Due to inflation, the

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

value of U.S. shipments of nonbone china or subporcelain household tableware and kitchenware articles is believed to have increased since 1977. U.S. apparent consumption of these articles in 1977 was approximately \$68.9 million, with imports accounting for 59 percent of this total.

U.S. exports

The estimated value of total U.S. exports has risen steadily during the 1976-79 period, from \$1.4 million in 1976 to \$2.8 million in 1979 (table B). The increase in U.S. exports of these items is due primarily to inflation and efforts to increase exports of domestic ceramic table and kitchen articles. The primary export market for the United States is Canada. Canada's share of the export market has steadily declined, from 41 percent in 1976 to 24 percent in 1979. West Germany and Mexico are important secondary markets. During January-August 1980, these two countries each increased in export market share to approximately 11 percent.

U.S. imports

Estimated total U.S. imports of nonbone chinaware or subporcelain dinnerware and nondinnerware articles rose steadily during 1976-78 and then tapered off during 1979. Imports were valued at \$28.9 million in 1976 and rose to the period high of \$68.5 million in 1978. The import value declined slightly in 1979, but imports are ahead of last year's level in the first eight months of 1980 (table C).

Japan has continued to be the leading supplier of these articles to the United States although its share of the U.S. market declined steadily from 63 percent in 1976 to 46 percent during January-August 1980. West Germany accounted for nearly 22 percent of imports during January-August 1980. The United Kingdom is another major source of nonbone china and subporcelain articles. The Philippine Republic is the primary source of these articles from GSP-eligible countries. During the 1976 through January-August 1980 period, the Philippines' share of the market ranged from 0.6 to 3.0 percent. Sri Lanka is the second leading GSP-eligible supplier of these articles, accounting for approximately 1.5 percent of import value in 1979 (table D). Imports from all GSP-eligible countries accounted for nearly 7 percent of total U.S. imports of certain nonbone china and subporcelain dinnerware and nondinnerware articles.

Domestic and imported nonbone chinaware and subporcelain articles are of comparable quality and cost. Chinaware purchases are generally based on the consumer's taste and life style, with price being of secondary importance.

Position of interested parties

Representatives of domestic industry and labor unions opposed GSP treatment for the specified chinaware articles.

Representations in favor of granting GSP treatment for these articles were not made.

III. Probable Economic Effects of Application of
GSP to Certain Household Ware of Nonbone
Chinaware or of Subporcelain

* * * * *

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IV. Statistical Data

Table A.--Certain household ware of nonbone chinaware or of subporcelain: U.S. producers' shipments, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

(Quantity in thousands of dozens; value in thousands of dollars; unit value per dozen)

Period	U.S. producers' shipments	Ex-ports ^{1/}	Imports ^{1/}	Apparent consumption	Ratio (per- cent) of imports to consumption
Quantity					
1976-----					
1977-----					
1978-----					
1979-----		Not Available			
January- August					
1979-----					
1980-----					
Value					
1976-----	^{2/}	1,396	28,917	^{2/}	^{2/}
1977-----	^{1/} 30,000	1,581	40,513	^{1/} 68,932	^{1/} 58.7
1978-----	^{2/}	1,620	68,480	^{2/}	^{2/}
1979-----	^{2/}	2,807	64,197	^{2/}	^{2/}
January- August					
1979-----	^{2/}	1,509	43,760	^{2/}	^{2/}
1980-----	^{2/}	1,770	48,310	^{2/}	^{2/}
Unit value					
1976-----				-	-
1977-----				-	-
1978-----				-	-
1979-----		Not Available		-	-
January- August					
1979-----				-	-
1980-----				-	-

^{1/} Estimated.
^{2/} Not available.

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

Table B.--Certain household ware of nonbone chinaware or of subporcelain: U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980 ^{1/}

(In thousands of dollars)

Market	1976					1977					1978					1979					January-August 1980									
Canada.....					579					647					585					661					432					351
FR Germ.....					21					21					27					285					131					203
Mexico.....					80					77					104					232					144					200
Kor Rep.....					1					-					5					138					123					2/
Venez.....					86					50					112					129					90					92
U King.....					17					44					84					107					49					97
Japan.....					13					6					25					106					17					55
Bahamas.....					38					29					50					91					54					41
All other.....					562					708					628					1,057					469					732
Total.....					1,396					1,581					1,620					2,807					1,509					1,770

^{1/} Estimated.

^{2/} Less than 500.

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

Table C.--Certain household ware of nonbone chinaware or of subporcelain: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980 1/

(In thousands of dollars)

Source	1976	1977	1978	1979	January-August-- 1979	1980
Japan.....	18,327	23,510	36,288	31,818	20,478	22,206
FR Germ.....	2,567	8,123	14,678	11,684	9,381	10,506
U King.....	2,946	2,766	4,842	5,669	3,938	5,128
France.....	1,853	1,901	2,578	3,508	2,360	2,915
Ireland.....	2	28	1,704	2,299	1,498	2,480
Phil R.....	160	478	2,074	1,566	1,224	2,703
Denmark.....	714	970	1,189	1,433	814	724
Italy.....	327	887	1,157	1,192	689	650
All other....	2,021	1,850	3,969	5,027	3,379	2,998
Total....	28,917	40,513	68,480	64,197	43,760	48,310

1/ Estimated.

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

Table D.--Certain household ware of nonbone chinaware or of subporcelain: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980 1/

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (number)						
Gross imports	0	0	0	0	0	0
26 developed cttries, total	0	0	0	0	0	0
GSP countries, total	0	0	0	0	0	0
Phil R	0	0	0	0	0	0
Sri lka	0	0	0	0	0	0
Portugal	0	0	0	0	0	0
Taiwan	0	0	0	0	0	0
Hg Kong	0	0	0	0	0	0
Brazil	0	0	0	0	0	0
Kor Rep	0	0	0	0	0	0
Thailand	0	0	0	0	0	0
Other GSP	0	0	0	0	0	0
Other	0	0	0	0	0	0
Value (1,000 dollars)						
Gross imports	28,917	40,513	68,480	64,197	48,310	100
26 developed cttries, total	27,609	38,829	63,486	59,151	45,235	94
GSP countries, total	1,114	1,385	4,433	4,240	2,357	5
Phil R	160	478	2,074	1,566	703	1
Sri lka	30	379	1,173	1,142	606	1
Portugal	715	169	391	803	383	1
Taiwan	50	85	281	318	358	1
Hg Kong	86	135	159	224	145	2/
Brazil	26	50	280	92	16	2/
Kor Rep	19	46	19	32	55	2/
Thailand	3	8	16	21	16	2/
Other GSP	55	35	39	41	73	2/
Other	164	298	560	807	718	1

1/ Estimated.

2/ Less than 0.5 percent.

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

CERTAIN HOUSEHOLD GLASSWARE ARTICLES

I. TSUS(A) item number; brief description; rates of duty

TSUS(A) item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current col. 2 (1/1/81)
	Articles chiefly used for preparing, ser- ving, . . . :			
	Other glassware:			
	Other:			
	Valued over \$3 each:			
	Cut or engraved:			
546.64	Valued over \$5 each	13.1% ad val.	7.2% ad val.	60% ad val.
20	Tumblers, goblets, and other stem- ware			
40	Tableware (other than tumblers and stemware), kitchen ware and cooking ware			
60	Other			
546.68	Other: Valued over \$5 each	13.1% ad val.	7.2% ad val.	60% ad val.
20	Tumblers, goblets, and other stem- ware			
40	Tableware (other than tumblers and stemware), kitchen ware and cooking ware			
60	Other			

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through eight annual stages with the first stage on Jan. 1, 1980, and the last stage on Jan. 1, 1987.

II. Comment

Description and uses

Two TSUS glassware items are under consideration for GSP designation. TSUS item 546.64 includes cut or engraved 1/ glassware articles valued over \$5 each. TSUS item 546.68 includes glassware articles, other than those cut or engraved, valued over \$5 each. Both of these TSUS items provide for tumblers, goblets, and other stemware; tableware (other than tumblers and stemware), kitchen ware, and cooking ware; and other glassware articles, such as smokers' articles, household articles, and art and ornamental articles. These glassware articles are chiefly used in the household or elsewhere for preparing, serving, or storing food or beverages, or food or beverage ingredients.

U.S. consumption, shipments, and producers

The table, kitchen, art, and novelty glassware industry was composed of approximately 55 to 60 companies in 1979, a decline of 10 to 15 companies from 1976. Approximately two to three U.S. firms produce glassware valued over \$5 each. The industry is concentrated in the Midwest and Appalachia areas. Total U.S. shipments of this category in 1979 were valued at \$887 million. U.S. shipment data for household glassware valued over \$5 each is unavailable.

U.S. exports

Estimated U.S. exports of this glassware rose from \$4.5 million in 1976 to about \$6 million in 1978 and 1979 (table B). Inflation and the rising popularity of fine glassware articles are the primary causes of this

1/ Cut glassware is glassware into which a pattern has been ground by means of an abrasive wheel. The grinding is generally followed by polishing. Engraved glassware is similar. The pattern is cut directly into the glassware surface by means of copper wheels.

increase. The primary export market was Canada, accounting for 24 percent of U.S. exports by value in 1979. Other export markets are Australia, Japan, and Venezuela.

U.S. imports

Estimated total U.S. imports of these items rose steadily, from \$6 million in 1976 to \$20 million in 1979 (table C). This increase is a result of inflation, high costs of gold and silver used to decorate glassware, and the growing demand for quality glassware articles. West Germany was the primary source of these articles during the period, accounting for nearly 21 percent of total import value in 1979. Romania, Italy, and Sweden were major secondary suppliers. Romania, a GSP-eligible country, accounted for 16 percent of total import value in 1979. During the first eight months of 1980, Romania's share of the U.S. market fell to 6 percent. Other GSP-eligible countries are Mexico, Taiwan, and Yugoslavia. The share of the U.S. market accounted for by all GSP-eligible countries rose from nearly 12 percent in 1976 to 25 percent in 1979 (table D).

Domestic and imported glassware articles are of comparable quality and cost. Glassware purchases are generally based on the consumer's taste and lifestyle, with price being of secondary importance.

Position of interested parties

Witnesses for the domestic industry and labor unions opposed GSP duty free treatment for high-valued glassware.

Representatives for the importer favored granting GSP treatment for these articles.

III.. Probable Economic Effects of Application of GSP to Certain
Household Glassware Articles

* * * * *

IV. Statistical Data

Table A.—Certain household glassware articles: U.S. producers' shipments, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

(Quantity in thousands of pieces; value in thousands of dollars; unit value per piece)

Period	U.S. producers' shipments	Exports ^{1/}	Imports ^{1/}	Apparent consumption	Ratio (percent) of imports to consumption
Quantity					
1976-----					
1977-----					
1978-----					
1979-----		Not Available			
January-August--					
1979-----					
1980-----					
Value					
1976-----	^{2/}	4,529	5,895	^{2/}	^{2/}
1977-----	^{2/}	5,787	8,067	^{2/}	^{2/}
1978-----	^{2/}	6,139	13,260	^{2/}	^{2/}
1979-----	^{2/}	6,021	19,603	^{2/}	^{2/}
January-August--					
1979-----	^{2/}	3,921	12,404	^{2/}	^{2/}
1980-----	^{2/}	4,957	10,404	^{2/}	^{2/}
Unit Value					
1976-----				-	-
1977-----				-	-
1978-----				-	-
1979-----		Not Available		-	-
January-August--					
1979-----				-	-
1980-----				-	-

^{1/} Estimated.

^{2/} Not available.

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

Table B.--Certain household glassware articles: U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980 ^{1/}

(In thousands of dollars)

Market	1976-1979					January-August 1980	
	1976	1977	1978	1979	1979	1980	
Canada.....	1,449	2,005	1,565	1,472	958	1,140	
Austral.....	485	391	481	471	305	375	
Japan.....	172	243	245	364	289	157	
Venez.....	127	243	397	343	232	263	
U King.....	186	173	264	289	212	159	
FR Germ.....	358	291	280	246	138	228	
Rep Saf.....	115	108	144	206	134	233	
Nigeria.....	19	209	232	198	106	189	
All other....	1,619	2,084	2,531	2,431	1,547	2,213	
Total....	4,529	5,787	6,139	6,021	3,921	4,957	

^{1/} Estimated.

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

Table C.--Certain household glassware articles: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980 1/

(In thousands of dollars)

Source	1979					1980	
	1976	1977	1978	1979	1979	January-August	1980
FR Germ.....	684	915	2,648	4,011	2,853	1,836	1,836
Romania.....	123	164	697	3,193	1,893	627	627
Italy.....	544	1,063	1,777	2,500	1,430	2,011	2,011
Sweden.....	1,208	1,430	1,566	1,993	1,171	1,294	1,294
France.....	359	571	951	1,284	747	926	926
Czecho.....	446	579	684	917	611	480	480
Japan.....	248	573	1,124	890	628	391	391
Poland.....	378	485	673	801	468	366	366
All other.....	1,906	2,286	3,140	4,015	2,603	2,474	2,474
Total.....	5,895	8,067	13,260	19,603	12,404	10,404	10,404

1/ Estimated.

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

Table D.--Certain household glassware articles: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980 1/

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity (number)					
Gross imports	0	0	0	0	0	0
26 developed cttries, total	0	0	0	0	0	0
GSP countries, total	0	0	0	0	0	0
Romania	0	0	0	0	0	0
Mexico	0	0	0	0	0	0
Taiwan	0	0	0	0	0	0
Yugoslvy	0	0	0	0	0	0
Portugl	0	0	0	0	0	0
Turkey	0	0	0	0	0	0
Kor Rep	0	0	0	0	0	0
Peru	0	0	0	0	0	0
Other GSP	0	0	0	0	0	0
Other	0	0	0	0	0	0
	Value (1,000 dollars)					
Gross imports	5,825	8,067	13,260	12,603	10,404	100
26 developed cttries, total	4,439	5,977	10,083	12,970	7,863	76
GSP countries, total	678	944	1,685	4,876	1,388	13
Romania	123	164	697	3,193	627	6
Mexico	323	423	494	558	194	2
Taiwan	104	118	185	409	79	1
Yugoslvy	52	92	75	251	211	2
Portugl	8	14	46	187	79	2
Turkey	10	10	11	75	16	2/
Kor Rep	1	37	26	61	4	2/
Peru	-	1	12	44	7	2/
Other GSP	58	84	137	100	171	2
Other	778	1,146	1,492	1,756	1,153	11

1/ Estimated.
2/ Less than 0.5 percent.

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

TABLE FORKS

I. TSUSA item number; brief description; rates of duty

TSUSA item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1	Current col. 2 (1/1/81)
650.4920	Table forks (including serving forks) with handles of base metal other than stainless steel, with handles of wood, or handles of com- bination of materials	0.4¢ ea. + 7.5% ad val.	0.3¢ ea. + 4.5% ad val.	8¢ ea. + 45% ad val.

II. Comment

Description and uses

Table forks (including serving forks) of the type under consideration in this investigation, include forks with handles of base metal other than stainless steel, forks with handles of wood or forks with some combination of material such as plastic and stainless steel or animal bone and stainless steel. Such table forks are classified under TSUSA 650.4920, and are commonly used for eating and serving purposes.

Other than the primary function for which they are designed, the characteristic which most distinguishes the various forks in this investigation is the pattern of the fork and the design, if any, on its surface.

U.S. consumption, production and producers

There are no known U.S. producers of the specific type of forks included in TSUSA item 659.4920, and therefore no known U.S. production other than

specialty items for export. Information from the trade indicates that it would be virtually impossible to manufacture these types of forks on a profitable basis in light of the current import competition. Virtually all U.S. consumption is believed to be accounted for by U.S. imports. The negligible exports of items in this basket category consist largely of articles produced in limited quantities for specialty orders.

U.S. exports

U.S. exports of certain table forks are miniscule and are believed to be specific orders of specialty items. In fact, for the period 1976-1979 these exports exhibited a decided downward trend, from \$363,000 in 1976 to \$223,000 in 1979, or a decline of almost 40 percent (table B). This trend continued in 1980. Canada and Venezuela were the two leading U.S. export markets, accounting for over half of U.S. exports in 1979.

U.S. imports

Imports amounted to almost \$1 million in 1979, representing a slight decline from the preceding year which provides the only available data for comparison (table C). In 1979, Taiwan was the largest supplier in terms of quantity and accounted for almost 50 percent of U.S. imports; in value terms, Taiwan accounted for about 23 percent in 1979. Japan was the largest supplier in terms of value both in 1978 and 1979, and had been the largest supplier in terms of quantity in 1978. In 1979, Japan provided almost 45 percent of U.S. imports in terms of value, and about 37 percent in terms of quantity.

The largest category of imported articles in this TSUSA consists of forks with some combination of material such as plastic and stainless steel or animal bone and stainless steel.

U.S. flatware manufacturers have made some effort to compete in recent years with low end imports of the type included in the TSUSA item covered. Such efforts, particularly with utilization of low labor content tumble-finish techniques, have not been entirely successful. For the most part, the forks covered here do not compete significantly with the products of U.S. flatware manufacturers.

U.S. imports from GSP countries in 1979 totaled almost 2.7 million pieces valued at \$360,000 (table D). This represented about 60 percent of total imports in terms of quantity and about 36 percent in terms of value. These imports for 1979 increased significantly over the preceding year in both quantity and value by 51 and 47 percent respectively.

Position of interested parties

There were no briefs submitted either on behalf of U.S. manufacturers or importers; nor were there appearances at the United States International Trade Commission hearings by these groups.

III. Probable Economic Effects of Application of GSP to Table Forks

* * * * *

IV. Statistical Data

Table A.--Table forks: U.S. production, exports, imports, and apparent consumption, 1976-79, January-June 1979, and January-June 1980

(Quantity in thousands of pieces; value in thousands of dollars; unit value per piece)

Period	Production	Exports	Imports	Apparent consumption	Ratio (per cent) of imports to consumption
Quantity					
1976-----	1/	1/	1/	1/	1/
1977-----	1/	1/	1/	1/	1/
1978-----	1/	108	4,395	1/	1/
1979-----	1/	91	4,400	1/	1/
January-June--					
1979-----	1/	55	2,600	1/	1/
1980-----	1/	62	3,466	1/	1/
Value					
1976-----	1/	363	1/	1/	1/
1977-----	1/	365	1/	1/	1/
1978-----	1/	180	1,015	1/	1/
1979-----	1/	223	998	1/	1/
January-June--					
1979-----	1/	125	678	1/	1/
1980-----	1/	194	854	1/	1/
Unit value					
1976-----	1/	1/	1/	-	-
1977-----	1/	1/	1/	-	-
1978-----	1/	\$1.66	\$2.31	-	-
1979-----	1/	\$2.45	\$2.27	-	-
January-June--					
1979-----	1/	\$2.28	\$2.61	-	-
1980-----	1/	\$3.13	\$2.46	-	-

1/ Not available.

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

Table D.--Certain table forks: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Quantity (1,000 pieces)		Jan.-Aug. 1980 percentage distribution
						1976	1977	
Gross imports	1/	1/	4,325	5,600	3,466			100
26 developed areas, total	1/	1/	3,049	1,746	1,658			48
GSP countries, total	1/	1/	1,355	2,654	1,806			52
Taiwan	1/	1/	1,082	2,156	1,405			41
Kor Rep	1/	1/	178	421	325			9
Thailand	1/	1/	74	32	40			1
Hong Kong	1/	1/	2	3	28			1
Portugal	1/	1/	0	2	0			2/
Brazil	1/	1/	0	0	0			1
Venez	1/	1/	3/	0	0			2/
Gibraltar	1/	1/	0	0	0			2/
Other GSP	1/	1/	0	0	4			2/
Other	1/	1/	3/	0	2			2/
Value (1,000 dollars)								
Gross imports	1/	1/	1,015	920	855			100
26 developed areas, total	1/	1/	845	638	500			59
GSP countries, total	1/	1/	149	360	354			41
Taiwan	1/	1/	125	230	208			24
Kor Rep	1/	1/	30	108	113			13
Thailand	1/	1/	7	16	18			2
Hong Kong	1/	1/	6	3	8			1
Portugal	1/	1/	1	2	2			2/
Brazil	1/	1/	-	2	-			2/
Venez	1/	1/	3/	-	-			1
Gibraltar	1/	1/	-	-	-			2/
Other GSP	1/	1/	1	-	4			1
Other	1/	1/	1	-	1/			2/

1/ Not available.
 2/ Less than 0.5 percent.
 3/ Less than 500.

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

CERTAIN ELECTRONIC TUBES AND SEMICONDUCTORS

I. TSUS(A) item; brief description; rates of duty

TSUS(A) No.	Brief description	Rates of duty		
		Current col. 1 1/1/81	MTN final concession col 1. 1/	Current col. 2 1/1/81
	Electronic tubes (except X-ray tubes); photocells; transistors and other related electronic crystal components; mounted piezo-electric crystals; all the foregoing and parts thereof:			
	/Television picture tubes/			
	Other:			
	/Cathode-ray tubes and parts thereof (including parts of television picture tubes/			
	Other:			
	Electronic tubes, except cathode-ray tubes			
687.5810	Receiving tubes-----	5.6% ad val.	4.2% ad val.	35% ad val.
	Other:			
687.5811	Gas and vapor electronic tubes-----	5.6% ad val.	4.2% ad val.	35% ad val.
687.5813	Diodes, triodes, and tetrodes-----	5.6% ad val.	4.2% ad val.	35% ad val.
	Microwave tubes:			
687.5815	Magnetron-----	5.6% ad val.	4.2% ad val.	35% ad val.
687.5817	Klystron-----	5.6% ad val.	4.2% ad val.	35% ad val.
687.5819	Other-----	5.6% ad val.	4.2% ad val.	35% ad val.
687.5821	Light-sensing tubes-----	5.6% ad val.	4.2% ad val.	35% ad val.
687.5823	Other-----	5.6% ad val.	4.2% ad val.	35% ad val.
	Transistors and related electronic crystal components; mounted piezo-electric crystals:			
	Transistors:			
687.5825	With a dissipation rating of less than 1 Watt-----	5.6% ad val.	4.2% ad val.	35% ad val.
687.5827	With a dissipation rating of 1 watt or greater-----	5.6% ad val.	4.2% ad val.	35% ad val.

See footnote at end of table.

CERTAIN ELECTRONIC TUBES AND SEMICONDUCTORS--Continued

I. TSUS(A) item; brief description; rates of duty

TSUS(A) No.	Brief description	Rates of duty		
		Current col. 1 1/1/81	MTN final concession col 1. 1/	Current col. 2 1/1/81
	Monolithic integrated circuits:			
687.5831	Linear	5.6% ad val.	4.2% ad val.	35% ad val.
	Other:			
	Bipolar:			
687.5833	Memory	5.6% ad val.	4.2% ad val.	35% ad val.
	Other:			
687.5835	Transistor tran- sistor logic	5.6% ad val.	4.2% ad val.	35% ad val.
687.5838	Emitter coupled logic	5.6% ad val.	4.2% ad val.	35% ad val.
687.5840	Other	5.6% ad val.	4.2% ad val.	35% ad val.
	Metal oxide silicon:			
	Memory:			
	Random access:			
687.5841	Less than 9,000 bits	5.6% ad val.	4.2% ad val.	35% ad val.
687.5842	9,000 bits and greater	5.6% ad val.	4.2% ad val.	35% ad val.
687.5844	Other	5.6% ad val.	4.2% ad val.	35% ad val.
687.5845	Microprocessor	5.6% ad val.	4.2% ad val.	35% ad val.
687.5847	Other	5.6% ad val.	4.2% ad val.	35% ad val.
687.5848	Other	5.6% ad val.	4.2% ad val.	35% ad val.
687.5853	Other integrated circuits	5.6% ad val.	4.2% ad val.	35% ad val.
	Diodes and rectifiers:			
	Photo-sensitive:			
687.5854	Solar cells	5.6% ad val.	4.2% ad val.	35% ad val.
687.5856	Other	5.6% ad val.	4.2% ad val.	35% ad val.
687.5859	Zener	5.6% ad val.	4.2% ad val.	35% ad val.
687.5861	Microwave	5.6% ad val.	4.2% ad val.	35% ad val.
687.5862	Thyristors	5.6% ad val.	4.2% ad val.	35% ad val.
	Other:			
687.5866	With a maximum cur- rent of 0.500 amperes or less	5.6% ad val.	4.2% ad val.	35% ad val.
687.5867	Other	5.6% ad val.	4.2% ad val.	35% ad val.
687.5868	Mounted piezo-electric crystals	5.6% ad val.	4.2% ad val.	35% ad val.

See footnote at end of table.

CERTAIN ELECTRONIC TUBES AND SEMICONDUCTORS--Continued

I. TSUS(A) item; brief description; rates of duty

TSUS(A) No.	Brief description	Rates of duty		
		Current col. 1 1/1/81	MTN final concession col 1. 1/	Current col. 2 1/1/81
687.5870	Other-----	5.6% ad val.	4.2% ad val.	35% ad val.
	Other, including parts not specially provided for:	:	:	:
	Parts of semi-conductors:	:	:	:
687.5881	Chips, dice and wafers-----	5.6% ad val.	4.2% ad val.	35% ad val.
687.5883	Other-----	5.6% ad val.	4.2% ad val.	35% ad val.
687.5886	Other-----	5.6% ad val.	4.2% ad val.	35% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through eight equal annual stages with the first stage on Jan. 1, 1980, and the last stage on Jan. 1, 1987.

II. Comment

Description and uses

A group of articles and parts of articles classified as electronic tubes (other than X-ray tubes, television picture tubes and cathode ray tubes) and semiconductor devices are covered here. Electronic tubes are further classified as receiving tubes (TSUSA item 687.5810) and special-purpose tubes (TSUSA items 687.5811-23). Parts of receiving tubes and parts of special purpose tubes are classified under TSUSA item 687.5886. Semiconductor devices (transistors, integrated circuits, diodes, rectifiers and other solid state devices other than mounted piezo-electric crystals) are classified under TSUSA items 687.5825-67, 687.5870, 687.5881 and 687.5883. Mounted piezo-electric crystals are classified under TSUSA item 687.5868.

Electronic tubes are most often devices which control the flow of electrons from a cathode element to a plate element by a voltage impressed on a grid, or, in the case of a diode, by the potential between the cathode and plate. The cathode, plate and grid are enclosed in the glass envelope of the tube which is either evacuated or gas-filled. Receiving tubes are used primarily as signal-conditioning devices in receivers and although special-purpose tubes are also used in receivers, such tubes are primarily used in transmitters and in high voltage and high current applications.

Semiconductors are devices which control current flow through a solid by injection of impurities into the semiconductor substance. These devices range from a simple two-element diode to a complex monolithic integrated circuit

microprocessor. Semiconductor devices also include piezo-electric crystals which emit a specific electronic frequency when an electric current is impressed on the device. Semiconductors are used in signal conditioning, storage and computational circuits and are also used as substitutes for electronic tubes.

U.S. tariff treatment

Electronic tubes and semiconductors are classified under TSUS item 687.58 when imported into U.S. Customs Territories. In 1979, these articles were dutiable at the rate of 6 percent ad valorem (Column 1) prior to the implementation of the tariff reductions negotiated in the Tokyo Round of the GATT. As a result of these negotiations, beginning on January 1, 1980, the rate of duty was reduced to 5.8 percent ad valorem and will be reduced in annual stages to 4.2 percent ad valorem by January 1, 1987. The adoption of the maximum permissible duty reduction under the section 124 provision would reduce the duty rate further to 3.4 percent ad valorem.

At the present time, electronic tubes and semiconductors have not been designated eligible articles under the GSP. Since U.S. producers are also the largest importers, these products are usually entered under TSUS items 806.30 and 807.00. Imports of articles entered under 806.30 and 807.00 currently account for about 3 percent and 70 percent, respectively of the total value of imports of these products. The U.S. content of these articles when imported under TSUS items 806.30 and 807.00 enter the United States free of duty.

U.S. consumption, shipments, and producers

The value of U.S. apparent consumption of the articles included herein increased from \$4.6 billion in 1976 to \$7.3 billion in 1979 (table A-1). Consumption in January-August 1980 was valued at \$5.8 billion, 24 percent higher than in the corresponding period of 1979. The value of apparent consumption of groups within the above total are shown in more detail in the tabulations in tables A-2 through A-5.

<u>Group</u>	Value of U.S. apparent consumption in millions of dollars for the year—	
	<u>1976</u>	<u>1979</u>
Receiving tubes—————	78.1	41.7
Power and special purpose tubes—————	429.9	570.0
Semiconductors—————	3,950.3	6,544.4
Mounted piezo-electric crystals—————	164.3	170.6

With the exception of the value of apparent consumption of receiving tubes, the value of consumption of each group increased during 1976-79.

The value of U.S. shipments of the products covered increased from \$5.0 billion in 1976 to \$7.5 billion in 1979. During January-August 1980, the value of U.S. shipments reached \$6.0 billion, 24 percent higher than the value of shipments in January-August 1979. For the individual groups shown on the next page, shipments of receiving tubes and mounted piezo-electric crystals decreased in value between 1976 and 1979 while the value of shipments of power

and special purpose tubes and semiconductors and related electronic crystal components increased.

<u>Group</u>	Value of U.S. producers' shipments in millions of dollars for the year--	
	<u>1976</u>	<u>1979</u>
Receiving tubes-----	99.7	65.0
Power and special purpose tubes-----	452.0	600.0
Semiconductors-----	4,222.4	6,711.8
Mounted piezo-electric crystals-----	186.4	170.0

More than 200 U.S. firms are engaged in the production of electronic tubes and semiconductors. Of these firms, only 4 produce receiving tubes, while about 50 firms produce power and special purpose tubes. More than 100 firms produce semiconductors, compared with about 50 firms which manufacture mounted piezo-electric crystals. Most of these firms are multinational producers with a multiproduct base.

Producers of receiving tubes are faced with a decrease in demand for their products while producers of mounted piezo-electric crystals are faced with a slow increase in demand. Producers of both products, are under price pressure from imports while employment is decreasing in the industry and profits are below the industry average. Firms producing power and special tubes and semiconductors on the other hand are faced by an expanding market. Demand for semiconductors at times has been so strong that the industry has been unable to supply it. Profits in the firms producing special purpose tubes and semiconductors are at or above industry levels with employment rising in most firms.

U.S. exports

The total value of U.S. exports of certain electronic tubes and semiconductors from \$1.6 billion 1976 to \$2.7 billion in 1979 (tables B-1 through B-5). A further increase of about 40 percent is expected in 1980 based on a data comparison of January-August 1980 with January-August 1979. The value of U.S. exports of product groups within the total is shown below.

<u>Group</u>	Value of U.S. exports in millions of dollars for the year—	
	<u>1976</u>	<u>1979</u>
Receiving tubes—————	79.2	46.0
Power and special purpose tubes—————	47.4	73.5
Semiconductors—————	1,382.7	2,593.5
Mounted piezo-electric crystals—————	25.5	9.1

The value of exports for receiving tubes and mounted piezo-electric crystals in 1979 is substantially below the value of exports in 1976, whereas the value of exports of power and special purpose tubes and semiconductors is substantially above. Developed countries are the principal markets for receiving tubes, special purpose tubes and mounted piezo-electric crystals. The principal markets for U.S. exports of semiconductors are developing countries in the Far East.

U.S. imports

The total value of U.S. imports of the products included herein increased from \$1.2 billion in 1976 to \$2.5 billion in 1979 (tables C-1 through C-5).

For January-August 1980, the value of imports reached \$2.2 billion, about 41 percent higher than during the comparable period in 1979. The value of U.S. imports of groups within the above total is shown in the tabulation below.

<u>Group</u>	Value of U.S. imports in millions of dollars for the year—	
	<u>1976</u>	<u>1979</u>
Receiving tubes-----	57.6	22.7
Power and special purpose tubes-----	25.4	43.3
Semiconductors-----	1,110.6	2,426.1
Mounted piezo-electric crystals-----	<u>1/</u> 3.4	9.7

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

The rapid increase in imports for each group, except receiving tubes is indicative of the competitiveness of foreign producers selling in the U.S. market. The decrease in the value of imports of receiving tubes reveals the lack of interest by foreign producers to service the declining U.S. market. In the case of semiconductors and receiving tubes, over 80 percent of the value of imports is attributed to foreign subsidiaries of U.S. firms who enter these articles under items 806.30 and 807.00. Regarding the other groups, much of the value of U.S. imports is accounted for by foreign-owned firms.

Designated beneficiary developing countries were the source of nearly 85 percent of the value of imports in 1976, as compared to 75 percent during January-August 1980 (tables D-1 through D-5). The tabulation on the next page shows, by product group, the percentage of U.S. imports produced in developing countries.

Value in millions of dollars and
percentage of total U.S. imports
from developing countries for
January-August 1980--

<u>Group</u>	<u>Value in millions of dollars</u>	<u>Percent</u>
Receiving tubes-----	19.9	71%
Power and special purpose tubes-----	1.6	5%
Semiconductors-----	1,656.2	76%
Mounted piezo-electric crystals-----	1.6	15%

Based on January-August 1980 data, the tabulation shows that U.S. articles in these groups (except for the semiconductor group) imported from designated beneficiary developing countries would not be excluded from duty-free treatment under the GSP for reasons of excessive import volume. In the semiconductor group however, eight developing countries accounted for 72 percent of the value of U.S. imports during January-August 1980. Each of these eight countries was a source of \$55 million or more of U.S. import value and four of the countries were the source of more than \$155 million each.

The estimated value of U.S. imports for 1980 from the eight principal sources among beneficiary developing countries is shown by TSUSA number on the next page. Imports from Indonesia, although not shown, are expected to amount to about \$48 million in 1980.

Table 1.--Semiconductors: Estimated value of U.S. imports from 8 principal developing countries by TSUSA number for 1980

(In millions of dollars)

TSUSA item no.	Brief description	Mexico	Thailand	Malaysia	Singapore	Phillip- pines	Republic of Korea	Hong Kong	Taiwan	Subtotal	All other	Total
687.5825	Signal transistors 1/	2.9	2/	22.8	9.4	6.9	31.3	27.5	27.5	104.1	15.7	120.5
687.5827	Power transistors 1/	25.1	2/	18.8	7.7	3.0	3.9	10.7	2/	69.1	23.2	92.3
687.5831	Linear IC's 1/	13.2	3.5	62.1	41.7	38.1	39.3	15.6	35.9	249.6	39.8	289.4
687.5833	Bipolar memory IC's 3/	2/	2.4	37.2	62.1	11.3	16.8	1.7	8.2	139.7	5.1	144.3
687.5835	TTL logic 3/	2/	7.1	80.7	21.5	41.3	46.9	5.7	14.8	218.1	90.6	308.7
687.5838	ECL logic 3/	2/	2/	2/	3.6	2/	1.4	2/	2/	6.0	8.0	14.0
687.5840	Other bipolar logic 3/	3.5	6.9	39.8	10.7	8.5	4.3	2/	3.5	77.7	7.8	85.5
687.5841	MOS RAM, small 3/	1.2	2/	62.2	30.1	44.4	15.7	1.3	5.6	160.5	235.0	184.0
687.5842	MOS RAM, large 3/	2/	2/	85.3	58.1	35.2	2/	3.8	2/	182.7	98.2	280.9
687.5844	Other MOS memory 3/	2/	38.0	57.7	160.3	34.1	6.3	5.7	1.6	303.7	109.1	412.8
687.5845	MOS microprocessor 3/	2/	6.8	18.7	34.0	23.4	25.8	2/	2/	109.0	9.9	113.9
687.5847	Other MOS 3/	2/	2/	59.4	18.3	17.5	2.6	1.6	4.8	104.5	54.2	158.7
687.5848	Other monolithic 3/	5.4	2/	6.8	2/	4.6	2/	2/	2/	18.0	29.8	47.8
687.5853	Hybrid IC's 1/	1.1	3.1	5.2	16.6	9.5	1.2	6.1	18.0	60.7	41.8	102.5
687.5854	Solar cells 1/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/
687.5856	Other photo diodes 1/	2/	2/	2/	2/	2/	2/	2/	2/	3.3	10.2	13.5
687.5859	Zener diodes 1/	9.8	2/	2/	2/	2/	2/	2/	2/	11.3	2.2	13.5
687.5861	Microwave diodes 1/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/
687.5862	Thyristors 1/	2.6	2/	9.9	8.9	2/	2/	2/	2/	21.5	11.3	32.8
687.5866	Signal diodes 1/	2/	2/	2/	2/	2/	2/	2/	2/	5.6	8.2	13.8
687.5867	Power diodes 1/	11.1	2/	4.4	2/	2/	2/	3.2	13.0	32.5	26.4	58.9
687.5870	Other semiconductors 1/	15.6	2/	4.4	2/	2/	2/	4.9	2/	21.9	9.1	31.0
687.5881	Chips, dice, and wafers 1/	2/	1.5	42.6	2.0	2/	1.0	2/	2/	48.5	100.8	149.3
687.5883	Other parts 1/	2/	2/	2/	2/	2/	3.9	2.1	2.5	10.1	24.4	34.5
	Total	91.5	69.3	613.6	486.0	277.8	202.5	89.9	110.8	1,958.1	750.3	2,708.4

1/ Extrapolated linearly on 8 months of data.
 2/ Less than \$1.0 million.
 3/ Extrapolated linearly on 3 months of data.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.
 Note.--Figures may not add to total because of rounding.

The estimated data show that only U.S. imports of integrated circuits, TSUSA items 687.5831-53; other semiconductors, TSUS item 687.5870; and chips, dice, and wafers, TSUSA 687.5881; are likely to exceed the competitive need provisions for volume or percentage of total imports for 1980. The estimated value of discrete semiconductors (transistors and diodes) and certain parts described under the other TSUS provisions are unlikely to exceed the competitive need criteria for volume and percentage.

The tabulation below shows, by TSUSA number, the developing countries which are expected to export \$40 million or more to the United States in 1980. The tabulation excludes some developing countries which, as a result of an upsurge of exports to the United States late in the year, may exceed \$40 million when official import statistics for the entire year are available.

<u>TSUSA item no.</u>	<u>Developing countries expected to exceed \$40 million in ex- ports to the United States in 1980</u>
687.5831	Malaysia, Singapore
687.5833	Singapore
687.5835	Malaysia, Philippine Republic, Republic of Korea
687.5841	Malaysia, Philippine Republic
687.5842	Malaysia, Singapore
687.5844	Malaysia, Singapore
687.5847	Malaysia
687.5881	Malaysia

None of the above countries is expected to account for 50 percent or more of the total value of U.S. imports under the specified TSUSA number. However, it is estimated that for the TSUSA items listed below, the countries specified are likely to account for 50 percent or more of the total value of U.S. imports in 1980.

<u>TSUSA item No.</u>	<u>Developing countries expected to account for 50 percent or more of the total value of U.S. im- ports in 1980</u>
687.5810-----	Singapore
687.5859-----	Mexico
687.5861-----	Malaysia
687.5870-----	Mexico

The value of U.S. imports under the TSUSA numbers shown for the countries listed above is not expected to exceed \$40 million in 1980.

Position of interested parties

GTE Sylvania does not support the proposed GSP reduction on TSUSA items 687.5810 (receiving tubes) and 687.5886 (parts of receiving tubes and other miscellaneous parts). GTE contends that the proposed reduction would benefit their principal competitor, the General Electric Company, which imports receiving tubes and parts from Singapore.

The Electronic Industries Association opposes a GSP grant on TSUS item 687.58 and its annotations which would benefit any developing nation which has not signed the General Agreement on Tariffs and Trade, which has violated the human rights of its citizens, or which erects arbitrary tariff or non-tariff barriers outside of the rules of the GATT.

The Semiconductor Industry Association (SIA) favors free trade including GSP treatment for semiconductors. Although many SIA members have indicated they cannot use the GSP because of the 35 percent local content

rule, the SIA favors a grant of GSP eligibility on semiconductors to assist the industry in its cash flow position.

Tadiran Israel Electronics Industries Limited favors GSP treatment for mounted piezo-electric crystals. The firm is of the opinion that the small amount of imports sourced from Israel and other developing countries would not affect U.S. producers but would detract from the market share of developed countries.

Varian Associates, Inc. is opposed to GSP treatment for TSUS item 687.58 and particularly for power and special purpose tubes, TSUSA items 687.5811-687.5823. Varian contends that the U.S. market for power and special purpose has been shrinking in terms of the number of producers supplying the market. It states that power and special purpose tubes are being replaced in the low power, low frequency end of the market by semiconductor devices.

The American Watch Association (AWA) is opposed to the designation of articles entered under TSUS item 687.58 and also used in watches as eligible articles for the GSP. The AWA contends that such designations is prohibited by section 503(r)(1)(B) of the Trade Act of 1974. Further, such designation would benefit some U.S. firms at the expense of other U.S. firms.

III. Probable Economic Effects of application of GSP to
certain electronic tubes and semiconductors

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IV. Statistical Data

Table A-1.—Certain electronic tubes and semiconductors: U.S. shipments, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

(Value in thousands of dollars)						
Period	Shipments	Exports	Imports	Apparent consumption	Ratio (per cent) of imports to consumption	
Quantity						
1976	:	:	:	:	:	:
1977	:	:	:	:	:	:
1978	:	:	:	:	:	:
1979	:	: N O T A V A : I L A B L E :			:	:
January-August—	:	:	:	:	:	:
1979	:	:	:	:	:	:
1980	:	:	:	:	:	:
Value						
1976	4,960,536	1,564,961	1,190,400	4,585,975	:	26.0
1977	4,937,655	1,673,199	1,433,885	4,698,341	:	30.5
1978	<u>1/</u> 5,999,808	2,034,460	1,856,436	<u>1/</u> 5,821,784	<u>1/</u>	31.9
1979	<u>1/</u> 7,546,822	2,722,097	2,513,644	<u>1/</u> 7,338,369	<u>1/</u>	34.3
January-August—	:	:	:	:	:	:
1979	<u>1/</u> 4,857,000	1,741,599	1,592,336	<u>1/</u> 4,707,737	<u>1/</u>	33.8
1980	<u>1/</u> 6,020,000	2,418,775	2,241,824	<u>1/</u> 5,843,049	<u>1/</u>	38.4
Unit value						
1976	:	:	:	:	:	:
1977	:	:	:	:	:	:
1978	:	:	:	:	:	:
1979	:	: N O T A V A : I L A B L E :			:	:
January-August—	:	:	:	:	:	:
1979	:	:	:	:	:	:
1980	:	:	:	:	:	:

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

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

Table A-2.—Electronic receiving tubes: U.S. shipments, exports, imports, and apparent consumption, 1976-79, January-August 1979 and January-August 1980

(Value in thousands of dollars)					
Period	Shipments	Exports	Imports	Apparent consumption	Ratio (per cent) of imports to consumption
Quantity					
1976					
1977					
1978					
1979	: N O T A V A : I L A B L E :				
January-August—					
1979					
1980					
Value					
1976	99,675	79,213	57,595	78,057	73.8
1977	104,631	76,717	31,045	58,959	52.7
1978	1/ 75,000	41,687	31,058	64,371	48.2
1979	1/ 65,000	45,958	22,676	41,718	54.3
January-August—					
1979	1/ 42,000	30,795	16,118	27,323	58.9
1980	1/ 40,000	26,649	28,151	41,502	67.8
Unit value					
1976					
1977					
1978					
1979	: N O T A V A : I L A B L E :				
January-August—					
1979					
1980					

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

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

Table A-3.—Power and special purpose electronic tubes: U.S. shipments, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

(Value in thousands of dollars)						
Period	Shipments	Exports	Imports	Apparent consumption	Ratio (per cent) of imports to consumption	
Quantity						
1976						
1977						
1978						
1979	: N O T A V A : I L A B L E :					
January-August—						
1979						
1980						
Value						
1976	451,986	47,448	25,405	429,943	5.9	
1977	395,252	50,481	29,035	373,805	7.8	
1978	557,177	65,124	35,101	527,154	6.7	
1979	<u>1/</u> 600,000	73,494	43,305	570,011	7.6	
January-August—						
1979	<u>1/</u> 400,000	47,798	28,725	<u>1/</u> 380,927	7.5	
1980	<u>1/</u> 560,000	67,002	32,810	<u>1/</u> 525,808	6.2	
Unit value						
1976						
1977						
1978						
1979	: N O T A V A : I L A B L E :					
January-August—						
1979						
1980						

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

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

Table A-4.—Transistors and related crystal components, except mounted piezo-electric crystals: U.S. shipments, exports, imports and apparent consumption, 1976-79, January-August 1979, and January-August 1980

(Value in thousands of dollars)						
Period	Shipments	Exports	Imports	Apparent consumption	Ratio (per-cent) of imports to consumption	
Quantity						
1976	:	:	:	:	:	:
1977	:	:	:	:	:	:
1978	:	:	:	:	:	:
1979	:	: N O T A V A : I L A B L E :			:	:
January-August—	:	:	:	:	:	:
1979	:	:	:	:	:	:
1980	:	:	:	:	:	:
Value						
1976	4,222,385	1,382,706	1,110,647	3,950,326	:	28.1
1977	4,280,895	1,488,353	1,356,576	4,149,118	:	32.7
1978	5,203,040	1,920,860	1,774,584	5,056,764	:	35.1
1979	6,711,822	2,593,513	2,426,110	6,544,419	:	37.1
January-August—	:	:	:	:	:	:
1979	<u>1/</u> 4,300,000	1,657,042	1,533,029	<u>1/</u> 4,175,987	:	<u>1/</u> 36.7
1980	<u>1/</u> 5,300,000	2,316,018	2,170,745	<u>1/</u> 5,154,727	:	<u>1/</u> 42.1
Unit value						
1976	:	:	:	:	:	:
1977	:	:	:	:	:	:
1978	:	:	:	:	:	:
1979	:	: N O T A V A : I L A B L E :			:	:
January-August—	:	:	:	:	:	:
1979	:	:	:	:	:	:
1980	:	:	:	:	:	:

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

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

Table A-5.—Mounted piezo-electric crystals: U.S. shipments, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

(Value in thousands of dollars)						
Period	Shipments	Exports	Imports	Apparent consumption	Ratio (per cent) of imports to consumption	
Quantity						
1976						
1977						
1978						
1979		: N O T A V A I L A B L E :				
January-August—						
1979						
1980						
Value						
1976	186,490	25,539	<u>1/</u> 3,400	<u>1/</u> 164,351	<u>1/</u> 2.1	
1977	156,877	18,706	5,180	143,351	3.6	
1978	164,591	6,789	7,917	165,719	4.8	
1979	<u>1/</u> 170,000	9,132	9,696	170,564	5.7	
January-August—						
1979	<u>1/</u> 115,000	5,964	5,977	<u>1/</u> 115,013	<u>1/</u> 5.2	
1980	<u>1/</u> 120,000	9,106	10,118	<u>1/</u> 121,012	<u>1/</u> 8.4	
Unit value						
1976						
1977						
1978						
1979		: N O T A V A I L A B L E :				
January-August—						
1979						
1980						

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

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

Table B1.--Certain electronic tubes and semiconductor: U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980

(In thousands of dollars)

Market	1976					1977					1978					1979					January-August-- 1980					
Malaysia.....	190,004					244,410					352,070					467,036					294,121					406,059
Singapr.....	186,961					235,230					300,060					419,608					276,998					324,196
FR Germ.....	103,806					123,084					150,863					194,288					124,701					194,906
Kor Rep.....	167,597					144,671					161,974					192,329					126,215					150,115
Japan.....	98,905					88,917					114,873					184,284					128,532					105,632
Phil R.....	55,735					64,405					106,178					177,198					110,268					191,532
Mexico.....	136,967					109,187					124,690					159,782					102,094					144,949
Canada.....	52,933					62,101					79,164					156,129					99,317					137,072
All other.....	572,053					601,193					644,587					771,442					479,353					764,315
Total.....	1,564,961					1,673,199					2,034,460					2,722,097					1,741,599					2,418,775

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

Table B2.--Receiving tubes: U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980

(In thousands of dollars)

Market	1976	1977	1978	1979	January-August--	
					1979	1980
Canada.....	10,287	8,695	5,458	8,771	5,926	3,496
Singapr.....	5,297	8,183	7,752	5,440	4,027	2,882
Japan.....	5,613	5,115	3,452	5,161	3,113	2,915
Mexico.....	18,724	21,508	3,490	4,355	2,900	2,908
FR Germ.....	1,646	1,841	1,224	3,033	2,452	1,178
U King.....	1,916	2,513	2,181	2,912	1,795	1,512
France.....	2,262	3,546	2,068	2,324	1,581	2,359
Belgium.....	2,620	2,191	2,274	1,812	1,311	859
All other.....	30,847	23,124	13,788	12,150	7,689	8,540
Total....	79,213	76,717	41,687	45,958	30,795	26,649

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

Table B3.--Special purpose electronic tubes: U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980

(In thousands of dollars)

Market	1976				1977				1978				1979		January-August-- 1980		
FR Germ.....	4,113				3,915				6,727				8,973			5,904	6,066
U King.....	5,915				4,342				6,433				7,978			5,760	6,507
Japan.....	3,466				4,796				5,900				7,386			4,861	5,202
Canada.....	3,925				6,567				6,194				6,848			4,517	5,233
France.....	2,326				2,923				4,186				5,606			3,220	5,127
Italy.....	2,807				3,400				4,192				4,939			3,139	4,409
Switzid.....	1,810				2,654				3,537				3,824			2,507	3,688
Israel.....	3,505				2,496				3,081				3,677			2,251	4,243
All other....	19,582				19,387				24,874				24,262			15,639	26,525
Total....	47,548				50,481				65,124				73,494			47,798	67,002

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

Table B4.--Transistors and related electronic crystal components except mounted piezoelectric crystals: U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980

(In thousands of dollars)

Market	1976	1977	1978	1979	January-August--	
					1979	1980
Malaysia.....	189,702	244,240	351,749	466,106	293,540	405,896
Singapr.....	180,747	224,799	291,982	413,558	272,694	320,661
Kor Rep.....	163,752	142,254	160,732	189,710	124,452	147,952
FR Gurm.....	91,414	109,690	142,183	181,153	115,473	187,266
Phil R.....	53,450	63,310	104,872	175,747	109,316	190,388
Japan.....	85,813	75,017	105,245	171,424	120,363	97,317
Mexico.....	112,246	84,108	119,740	154,074	98,425	138,539
Canada.....	29,592	35,610	66,678	139,321	88,138	126,994
All other....	475,990	509,325	577,679	702,413	434,642	701,004
Total....	1,382,706	1,488,353	1,920,860	2,593,313	1,657,042	2,316,018

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

Table B5.--Mounted piezo-electric crystals: U.S. exports of domestic merchandise, by principal markets, 1976-79 and January-August 1979, and January-August 1980

(In thousands of dollars)

Market	1976	1977	1978	1979	January-August--	
					1979	1980
Canada.....	2,906	2,693	834	1,190	736	1,350
U King.....	1,510	1,775	939	1,161	734	1,852
Switzld.....	537	574	1,158	1,142	738	1,336
FR Germ.....	3,617	3,436	730	1,129	872	1,395
France.....	748	679	430	796	438	974
Malaysa.....	247	394	232	589	426	52
Italy.....	275	523	220	337	262	270
Japan.....	2,191	584	277	314	195	197
All other....	13,508	8,049	1,969	2,474	1,563	3,680
Total....	25,539	18,706	6,789	9,132	5,964	9,106

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

Table C1.--Certain electronic tubes and semiconductor: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

(In thousands of dollars)

Source	1976				1977				1978				1979				January-August--	
																	1979	1980
Malaysia.....	206,538				286,866				465,953				592,001			376,123	536,006	
Singapr.....	247,608				272,256				317,776				427,477			289,280	386,397	
Japan.....	79,670				107,621				160,656				270,599			169,226	293,456	
Kor Rep.....	165,636				224,439				225,980				257,411			171,276	158,273	
Phil R.....	58,967				71,502				127,011				205,952			126,976	206,750	
Mexico.....	114,773				86,537				93,781				120,972			75,367	84,200	
Taiwan.....	70,025				93,720				92,374				97,414			61,359	96,644	
Hq Kong.....	90,718				84,193				91,005				89,232			55,853	71,485	
All other.....	156,465				206,752				281,900				452,585			266,876	408,613	
Total.....	1,190,400				1,533,885				1,856,436				2,533,644			1,592,336	2,241,824	

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

Table C2.--Receiving tubes: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

(In thousands of dollars)

Source	1979					1980	
	1976	1977	1978	1979	January-August-- 1979	January-August-- 1980	
Singapr.....	10,596	14,750	15,697	12,885	9,094	9,926	
Mexico.....	14,035	6,745	6,052	4,631	3,570	4,034	
Japan.....	10,799	7,191	6,618	2,666	1,803	2,714	
Kor Rep.....	608	765	854	1,013	777	1,780	
U King.....	948	531	400	338	237	777	
Yugosl.....	9	11	1	297	103	6	
Nethlds.....	1,762	134	140	206	166	1,613	
FR Germ.....	587	239	141	162	102	735	
All other.....	18,250	678	1,156	479	266	6,566	
Total....	57,595	31,045	31,058	22,676	16,118	28,151	

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

Table C1.--Special purpose electronic tubes: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

(In thousands of dollars)

Source	1976-1979					January-August 1980	
	1976	1977	1978	1979	1979	1980	
Japan.....	12,394	11,248	14,643	18,694	12,752	11,690	
U King.....	6,001	6,496	8,733	9,542	6,420	7,681	
FR Germ.....	1,205	1,305	1,764	4,514	2,451	3,993	
France.....	1,519	1,738	2,735	4,093	2,866	2,575	
Canada.....	1,892	3,533	2,411	2,642	1,539	3,117	
Nethlds.....	1,353	2,902	2,704	1,200	1,794	1,060	
Kor Rep.....	170	24	393	404	289	52	
Hungary.....	3	6	21	341	216	167	
All other....	868	1,702	1,697	1,874	1,399	2,477	
Total....	25,405	29,035	35,101	43,305	28,725	32,810	

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

Table C4.--Transistors and related electronic crystal components except mounted piezoelectric crystals: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

(In thousands of dollars)

Source	1976					1977					1978					1979					January-August-- 1980				
Malaysia.....																									
Singapr.....																									
Kor Rep.....																									
Japan.....																									
Phil R.....																									
Mexico.....																									
Taiwan.....																									
Hq Kong.....																									
All other.....																									
Total.....																									

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

Table C5.--Mounted piezo-electric crystals: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

(In thousands of dollars)

Source	1976		1977		1978		1979		January-August 1979		January-August 1980	
Japan.....	-	-	3,496	-	2,677	-	4,183	-	2,314	-	5,570	-
Canada.....	-	-	317	-	2,262	-	2,242	-	1,500	-	1,915	-
Mexico.....	-	-	97	-	2,185	-	1,563	-	1,049	-	82	-
F.R. Germ.....	-	-	31	-	14	-	885	-	659	-	893	-
Kor Rep.....	-	-	839	-	421	-	465	-	250	-	703	-
Hk Kong.....	-	-	14	-	6	-	114	-	25	-	296	-
Malaysia.....	-	-	179	-	143	-	55	-	47	-	16	-
Singapr.....	-	-	17	-	63	-	55	-	46	-	28	-
All other....	-	-	191	-	144	-	134	-	87	-	616	-
Total....	-	-	5,180	-	7,917	-	9,696	-	5,977	-	10,118	-

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

Table D1.--Certain electronic tubes and semiconductors: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity						
Gross imports	0	0	0	0	0	0
26 developed cttries, total	0	0	0	0	0	0
GSP countries, total	0	0	0	0	0	0
Malaysia	0	0	0	0	0	0
Singapr	0	0	0	0	0	0
Kor Rep	0	0	0	0	0	0
Phil R	0	0	0	0	0	0
Mexico	0	0	0	0	0	0
Taiwan	0	0	0	0	0	0
Hg Kong	0	0	0	0	0	0
Thailand	0	0	0	0	0	0
Other GSP	0	0	0	0	0	0
Other	0	0	0	0	0	0
Value (1,000 dollars)						
Gross imports	1,190,400	1,433,885	1,856,436	2,513,644	2,241,824	100
26 developed cttries, total	180,462	217,979	299,180	556,297	561,865	25
GSP countries, total	1,009,340	1,215,159	1,556,482	1,956,040	1,679,254	75
Malaysia	206,538	286,866	465,953	592,001	536,006	24
Singapr	247,608	272,256	317,776	427,477	386,397	17
Kor Rep	165,636	224,439	225,980	257,411	158,273	7
Phil R	58,967	71,502	127,011	205,952	206,750	9
Mexico	114,773	86,537	93,781	120,972	84,200	4
Taiwan	70,025	93,720	92,374	97,414	96,644	4
Hg Kong	90,718	84,193	91,005	89,232	71,485	3
Thailand	4,635	22,227	55,251	51,003	55,859	2
Other GSP	50,440	73,419	87,351	114,576	83,639	4
Other	597	747	774	1,308	705	1/

1/ Less than 0.5 percent.

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

Table B2.--Receiving tubes: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity					
Gross imports	0	0	0	0	0	0
26 developed cttries, total	0	0	0	0	0	0
GSP countries, total	0	0	0	0	0	0
Singapr	0	0	0	0	0	0
Mexico	0	0	0	0	0	0
Kor Rep	0	0	0	0	0	0
Yugoslvy	0	0	0	0	0	0
Brunei	0	0	0	0	0	0
India	0	0	0	0	0	0
Hk Kong	0	0	0	0	0	0
Taiwan	0	0	0	0	0	0
Other GSP	0	0	0	0	0	0
Other	0	0	0	0	0	0
	Value (1,000 dollars)					
Gross imports	57,595	31,045	31,058	22,676	28,151	100
26 developed cttries, total	26,338	8,458	7,944	3,646	8,096	29
GSP countries, total	31,181	22,683	22,747	18,923	19,943	71
Singapr	10,596	14,750	15,697	12,885	9,926	35
Mexico	14,035	6,745	6,052	4,631	4,034	14
Kor Rep	608	765	854	1,013	1,780	6
Yugoslvy	9	11	1	297	6	1/
Brunei	-	-	-	68	-	-
India	30	107	34	26	51	1/
Hk Kong	65	-	38	2	2,779	10
Taiwan	1,395	21	69	1	426	2
Other GSP	4,441	85	3	1	941	3
Other	76	104	366	108	112	1/

1/ Less than 0.5 percent.

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

Table 04.--Transistors and related electronic crystal components except mounted piezoelectric crystals: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity					
Gross imports	0	0	0	0	0	0
26 developed cttries, total	0	0	0	0	0	0
GSP countries, total	0	0	0	0	0	0
Malaysia	0	0	0	0	0	0
Singapr	0	0	0	0	0	0
Kor Rep	0	0	0	0	0	0
Phil R	0	0	0	0	0	0
Mexico	0	0	0	0	0	0
Taiwan	0	0	0	0	0	0
Hk Kong	0	0	0	0	0	0
Thailand	0	0	0	0	0	0
Other GSP	0	0	0	0	0	0
Other	0	0	0	0	0	0
	Value (1,000 dollars)					
Gross imports	1,110,647	1,356,576	1,774,586	2,426,110	2,170,745	100
26 developed cttries, total	130,861	167,506	247,746	499,597	514,275	24
GSP countries, total	979,320	1,188,559	1,526,541	1,925,703	1,656,198	76
Malaysia	205,969	286,118	465,417	591,235	535,312	25
Singapr	237,018	257,377	303,159	414,953	376,424	17
Kor Rep	164,861	222,669	224,327	256,187	155,738	7
Phil R	58,871	71,466	126,728	204,962	206,056	9
Mexico	101,218	79,151	82,130	107,325	79,309	4
Taiwan	68,656	93,318	91,581	96,573	96,036	4
Hk Kong	90,715	84,146	90,635	88,888	68,404	3
Thailand	4,634	22,199	55,244	50,956	55,723	3
Other GSP	47,377	72,116	87,321	114,624	83,197	4
Other	467	511	299	810	271	1/

1/ Less than 0.5 percent.

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

Table D5.--Mounted piezo-electric crystals: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity						
Gross imports	0	0	0	0	0	0
26 developed cttries, total	0	0	0	0	0	0
GSP countries, total	0	0	0	0	0	0
Mexico	0	0	0	0	0	0
Kor Rep	0	0	0	0	0	0
Hg Kong	0	0	0	0	0	0
Malaysa	0	0	0	0	0	0
Singapr	0	0	0	0	0	0
Thailand	0	0	0	0	0	0
Taiwan	0	0	0	0	0	0
Israel	0	0	0	0	0	0
Other GSP	0	0	0	0	0	0
Other	0	0	0	0	0	0
Value (1,000 dollars)						
Gross imports	5,180	7,917	9,696	10,118	100	100
26 developed cttries, total	3,899	5,022	7,364	8,438	83	83
GSP countries, total	1,281	2,895	2,325	1,562	15	15
Mexico	97	2,185	1,563	82	1	1
Kor Rep	839	421	465	703	7	7
Hg Kong	14	6	114	296	3	3
Malaysa	179	143	55	16	1/	1/
Singapr	17	63	55	28	1/	1/
Thailand	2	1	33	-	-	-
Taiwan	81	41	28	89	1	1
Israel	6	26	11	14	1/	1/
Other GSP	46	8	1	336	3	3
Other	-	-	6	118	1	1

1/ Less than 0.5 percent.

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

CERTAIN DISPOSABLE GLOVES OF PLASTICS WITH SEAMS WHICH ARE HEAT
SEALED OR DISPOSABLE MEDICAL EXAMINATION GLOVES

I. TSUSA item number; brief description; rates of duty

TSUSA item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81) 1/	MTN final concession col. 1 2/	Current col. 2 (1/1/81)
705.8540	Gloves of plastics, disposable, with seams which are heat sealed, and not sewn or stitched; without textile fabric four- chettes or sidewalls-----	14.8% ad val.	14% ad val. 2/	25% ad val.
or	or			
705.8540 (pt.)	Disposable medical examination gloves-----	14.8% ad val.	14% ad val. 2/	25% ad val.

1/ This rate of duty represents the second of 8 staged reductions from the Jan. 1, 1980 rate of duty of 15% ad val., carried out in accordance with Presidential Proclamation 4768 (1980).

2/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through 8 staged reductions, the first already having occurred July 1, 1981. The remaining are 7 equal annual stages with the first stage on Jan. 1, 1981, and the last stage on Jan. 1, 1987.

II. Comment

Description and uses

TSUSA item 705.8540 provides for disposable gloves made wholly of plastics and with seams which are heat-sealed. These gloves, which can be worn on either hand, are used primarily in the food processing and food service industries and in the hair care industry, where they are packaged in hair coloring and home permanent kits. A much smaller number are used as medical or veterinary examination gloves. Disposable gloves intended for medical use may or may not be sterilized, and are usually made from a co-polymer polyethylene, which allows for greater elasticity and comfort.

Those intended for other uses generally are not sterilized and are made from a single polymer polyethylene.

Imported and domestic gloves are essentially similar in construction; however, imports are usually of lower quality than domestic gloves. Quality is determined mostly by seam strength and, consequently, wear resistance.

U.S. tariff treatment

The current column 1 rate of duty on TSUS item 705.85 is 14.8 percent ad valorem, which became effective on January 1, 1981, and was the second of eight staged MTN duty reductions on this item. ^{1/} The pre-MTN rate of 15 percent ad valorem was initially reduced on July 1, 1980, to 14.9 percent ad valorem; the final MTN concession rate of 14 percent ad valorem will be reached on January 1, 1987. The 14-percent rate also represents the LDDC rate. The column 2 rate applicable to imports from certain specified Communist countries is 25 percent ad valorem.

U.S. consumption, production, and producers

Domestic consumption of disposable plastic gloves was estimated to be *** units, valued at approximately *** in 1979, a ***-percent increase in quantity from the 1976 level (table A-1.). January-August 1980, showed a ***percent increase in quantity and a ***percent increase in the value of apparent consumption compared with the same period in 1979. Imports' share of domestic consumption increased by quantity from ***percent in 1976 to *** percent in January-August 1980. Domestic consumption of medical examination gloves is supplied mostly by domestic production, as the majority of imports are believed to be used in the food processing and service industries.

^{1/} Pursuant to Presidential Proclamation 4768, which was issued on June 23, 1980, to carry out the agreement on implementation of the customs valuation code and for other purposes.

Approximately seven firms, located primarily in New Jersey, Texas, Illinois, and other Midwestern States, produce disposable plastic gloves. Three of these firms produce disposable gloves for medical and veterinary examination purposes. Less than 75 production workers are employed in the manufacture of disposable plastic gloves.

U.S. production of these gloves increased less than***percent from *** gloves in 1976 to *** gloves in 1979 (table A-1.). The value of production, however, increased*** percent from *** in 1976 to *** in 1979. Production in January-August 1980 remained stable when compared with the corresponding period in 1979. Industry sources stated there has been slow growth in the demand for these items. Four of the seven firms are currently producing these gloves at approximately *** capacity; a decrease in capacity utilization from prior years.

Domestic production of disposable gloves used for medical and veterinary examination purposes decreased***percent from an estimated *** gloves in 1976 to *** gloves in 1979 (table A-2.). Value decreased *** percent for the same period. The quantity and value of U.S. production in January-August 1980 remained stable compared with the same period in 1979. Decreases in production are largely attributed to the slow growth in demand for these items.

U.S. exports

Exports were estimated to be *** gloves in 1979, and accounted for only 1 percent of production for the entire period under consideration (table A-1.). The majority of exports are medical examination gloves. The principal foreign markets are Israel, West Germany, Sweden, and the United Kingdom.

U.S. imports

The bulk of U.S. imports are believed to be disposable plastic gloves used in the food processing and service industries. Only a small portion are believed to be used in the medical field.

The quantity of imports increased 164 percent from 42.7 million units in 1976 to 112.8 million units in 1979 (table B). The period January-August 1980, showed a further increase in quantity of 38 percent from the corresponding period in 1979. The value of imports in 1979 was \$712,000, a 15-percent increase from the value in 1976. The first 8 months of 1980, showed a 66-percent increase in value over the same period in 1979.

Imports are priced lower than the domestically produced items with an average unit value of 1 cent per glove. This compares with an average manufacturer's selling price of***cents per glove for those domestically produced medical examination gloves and***cents per glove for those gloves intended for other purposes.

The Republic of Korea (Korea) was consistently the major source of imports, supplying 73 percent of the total quantity (table B). Eligible GSP designated countries, including Korea and Hong Kong, supplied 99 percent of the total quantity and 88 percent of the total value in January-August 1980 (table C).

Position of interested parties

The Commission received testimony in favor of GSP from representatives of the petitioner, Pollack International, Ltd. of Israel and briefs opposing GSP from three U.S. producers: United Plastic, Inc., Champaign, Illinois; National Poly Products, Mankato, Minnesota; and Handguards, Inc., Northbrook, Illinois.

The petitioner, the only producer in Israel of plastic disposable medical examination gloves, has a production capacity of 40 million units a year. It contends that its heat-sealed (seamed) gloves should be accorded the same treatment as seamless, surgical and medical gloves (TSUS item 705.82), which are currently eligible for the GSP. It further stated that the granting of GSP to TSUSA item 705.8540 would not adversely affect the U.S. industry producing these gloves, because Korea which supplied 70 percent of the total value of imports in January-October 1980 would not be eligible for the GSP as a result of the competitive-need limitation. The petitioner stated that their heat-sealed medical gloves would not compete with other heat-sealed gloves used in the institutional and industrial markets, because its medical gloves are priced significantly higher than those made domestically for industrial use. ***

This compares with National Poly Products' price of \$15.00 per 1,000 gloves sold for industrial use.

United Plastic, Inc., a U.S. manufacturer of the disposable gloves for use in food processing, food servicing, and industrial finishing industries, opposes the petition for GSP, because imports of these gloves from GSP eligible countries--Korea, Taiwan, and Hong Kong--have been flooding the U.S. market. Although generally comparable in thickness and seam quality as domestically produced gloves, imports are 40-50 percent lower in price. Consequently, United Plastic, Inc., has not experienced consistent growth in its heat-sealed glove business during the past 10 years. Moreover, United Plastic has been certified for trade adjustment assistance by the Department of Commerce. Their testimony further stated that heat-sealed gloves are not

universally accepted by the medical profession, which prefers to use seamless gloves. Thus the imported heat-sealed medical gloves will most likely be competing in the high-volume industrial and institutional food service and processing markets.

National Poly Products, a U.S. producer of disposable plastic gloves used for industrial purposes, opposes the petition. It claims that heat-sealed gloves—similar to the petitioners—cannot be used as surgical or medical examination gloves owing to the rough edge of the heat-sealed seams. Imports of these items would displace their gloves in the industrial markets, because of the imports' lower prices. The firm is operating at less than full capacity, and its production growth rate has been low. Its profit margin has been decreasing since 1976.

Handguards, Inc., a U.S. producer of disposable, heat-sealed gloves used in the medical and veterinary profession, the food handling and processing industries, and the laboratory and safety fields, opposes the petition because the gloves imported from developing countries are underselling its gloves by 50 percent. The firm is also operating at 40 percent of capacity and feels that the imported medical gloves would be sold in industrial markets.

III. Probable Economic Effects of Application of GSP
to Certain Disposable Plastic Gloves with Heat-Sealed Seams
(TSUSA item 705.8540 or 705.8540 (pt.))

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III. Statistical Data

Table A-1.—Certain disposable gloves of plastics, with seams which are heat sealed: U.S. production, foreign trade, and apparent consumption, 1975-79, January-August 1979, and January-August 1980

(Quantity in millions of units; value in thousands of dollars;
unit value in cents per glove)

Period	Production <u>1/</u>	Exports <u>2/</u>	Imports	Apparent consumption <u>3/</u>	Ratio (per- cent) of imports to consumption <u>3/</u>
Quantity					
1976-----	***	***	42.7	***	***
1977-----	***	***	83.6	***	***
1978-----	***	***	91.4	***	***
1979-----	***	***	112.8	***	***
January-August--	***	***		***	***
1979-----	***	***	75.2	***	***
1980-----	***	***	103.8	***	***
Value					
1976-----	***	***	331	***	***
1977-----	***	***	507	***	***
1978-----	***	***	489	***	***
1979-----	***	***	712	***	***
January-August--	***	***		***	***
1979-----	***	***	422	***	***
1980-----	***	***	702	***	***
Unit Value					
1976-----	***	***	1	-	-
1977-----	***	***	1	-	-
1978-----	***	***	1	-	-
1979-----	***	***	1	-	-
January-August--	***	***			
1979-----	***	***	1	-	-
1980-----	***	***	1	-	-

1/ Data represents estimated production statistics for 6 of the 7 domestic producers.

2/ Estimated from industry sources.

3/ Partly estimated.

Source: Compiled from official statistics of the U.S. Department of Commerce and estimated from industry sources.

Table A-2.—Certain disposable gloves of plastics, with seams which are heat sealed, and used for medical or veterinary examination purposes: U.S. production, foreign trade, and apparent consumption, 1975-79, January-August 1979, and January-August 1980

(Quantity in millions of units; value in thousands of dollars;
unit value in cents per glove)

Period	Production ^{1/}	Exports ^{1/}	Imports	Apparent consumption	Ratio (per- cent) of imports to consumption
Quantity					
1976-----	***	***	<u>2/</u>	<u>2/</u>	<u>2/</u>
1977-----	***	***	<u>2/</u>	<u>2/</u>	<u>2/</u>
1978-----	***	***	<u>2/</u>	<u>2/</u>	<u>2/</u>
1979-----	***	***	<u>2/</u>	<u>2/</u>	<u>2/</u>
January-August--	***	***			
1979-----	***	***	<u>2/</u>	<u>2/</u>	<u>2/</u>
1980-----	***	***	<u>2/</u>	<u>2/</u>	<u>2/</u>
Value					
1976-----	***	***	<u>2/</u>	<u>2/</u>	<u>2/</u>
1977-----	***	***	<u>2/</u>	<u>2/</u>	<u>2/</u>
1978-----	***	***	<u>2/</u>	<u>2/</u>	<u>2/</u>
1979-----	***	***	<u>2/</u>	<u>2/</u>	<u>2/</u>
January-August--	***	***			
1979-----	***	***	<u>2/</u>	<u>2/</u>	<u>2/</u>
1980-----	***	***	<u>2/</u>	<u>2/</u>	<u>2/</u>
Unit Value					
1976-----	***	***	<u>2/</u>	-	-
1977-----	***	***	<u>2/</u>	-	-
1978-----	***	***	<u>2/</u>	-	-
1979-----	***	***	<u>2/</u>	-	-
January-August--	***	***			
1979-----	***	***	<u>2/</u>	-	-
1980-----	***	***	<u>2/</u>	-	-

^{1/} Estimated from industry sources.

^{2/} Not available.

Source: Compiled from industry sources.

Table C. Disposable gloves: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity (units)					
Gross imports	42,724,786	83,620,786	91,426,896	112,843,600	103,773,890	100
26 developed countries, total	1,820,167	1,458,500	1,606,114	3,612,548	1,255,057	1
GSP countries, total	40,904,619	82,162,286	89,820,782	109,163,372	102,518,833	99
Kor Rep	24,534,832	63,923,811	79,584,222	82,716,364	84,406,300	81
Hq Kong	13,376,460	18,062,475	9,199,360	26,444,668	17,562,333	17
Taiwan	2,943,302	176,000	1,000,000	2,340	550,000	1
Mexico	0	0	37,200	0	0	
Phil R	25	0	0	0	0	
Other	0	0	0	67,680	0	
	Value (1,000 dollars)					
Gross imports	331	507	489	712	702	100
26 developed countries, total	73	73	85	129	85	12
GSP countries, total	258	434	404	557	617	88
Kor Rep	158	324	357	389	487	69
Hq Kong	61	106	41	141	127	18
Taiwan	39	3	3	27	3	
Mexico	-	-	-	-	-	
Phil R	2/	-	-	-	-	
Other	-	-	-	26	-	

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

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

CERTAIN FLAT GOODS

I. TSUS(A) item numbers; brief description; rates of duty

TSUS(A) item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. I 1/	Current col. 2 (1/1/81)
706.2380	Flat goods: Of textile mate- rials, vegetable fiber, not braid, not pile or tufted <u>2/</u> -----	6.5% ad val.	<u>3/</u>	40% ad val.
706.2460	Of other textile materials, not vegetable fiber, not braid <u>4/</u> -----	20% ad val.	<u>3/</u>	65% ad val.
706.3000(pt.)	Of reinforced or laminated plas- tics <u>5/6/</u> -----	9.2¢/lb. + 7.5% ad val. (AVE 10.1%)	5.5¢/lb. + 4.6% (AVE 6.1%)	50¢/lb. + 40% ad val.
706.6045	Of certain other materials <u>7/</u> -----	20% ad val.	<u>3/</u>	45% ad val.

1/ This rate of duty represents the full concession rate for the products included in the item. The full concession rate will become effective through eight equal annual stages with the first stage on Jan. 1, 1980, and the last stage on Jan. 1, 1987.

2/ Articles consist of such materials as jute, flax (linen), raffia, sisal, and ramie.

3/ No concession was made on this item in the Multinational Trade Agreements.

4/ Articles consist of manmade materials such as rayon and nylon.

5/ Although either luggage, handbags, or flat goods may enter under this item, its entries are believed to consist almost exclusively of luggage.

6/ Articles are made of rigid plastics.

7/ Virtually all articles are of soft, flexible plastics.

II. Comment

Description and uses

The term flat goods covers small flatwares designed to be carried on the person, such as billfolds, change purses, key cases, and similar articles. This digest covers only flat goods of certain materials as shown in the above tabulation.

U.S. consumption, production, and producers

Separate data on U.S. consumption, production, and producers are not available on the certain flat goods covered in this digest. Only the U.S. import part of consumption is available and is shown in table A. This table does not include any imports of flat goods entered under TSUS item 706.30, which are believed to be nil or negligible.

It is believed that the very great bulk of U.S. consumption and production of all flat goods is either of leather or plastic materials and a large part of the U.S. imports under consideration here are of plastic materials. In 1977, about three quarters of U.S. shipments of flat goods were made of leather and undoubtedly has changed little since then. In that same year, 256 establishments produced flat goods. The number producing only flat goods covered in this investigation is not known, but is probably very small. However, most establishments make flat goods of a variety of materials.

Production of flat goods is labor intensive and employees are semi- or unskilled workers. About a third of production is concentrated in the states of New York and New Jersey, with smaller concentrations in Massachusetts and California. For all flat goods, the ratio of imports to consumption ranged between 10 and 14 percent during 1976-80.

Domestic producers have experienced some advantages in competing with imports. They concentrate on quality leather products and many have widely advertised brand names. Because the size of these items is small and the average price lower, the costs of carrying inventory are not as great as for many other consumer goods, allowing retailers to depend on U.S. producers for quick supply near the critical selling seasons such as Christmas when gifts are in demand. The small size of these articles allows consumers to continue to prefer leather despite increasing prices as these items are still relatively low in price compared with many other leather and gift items.

In addition, the long lead time required for ordering imports reduces their attractiveness. However, the prices for many imported flat goods, especially those from the Far East, are believed to be lower than those for comparable domestic products and supply a substantial part of the market for less expensive lower quality flat goods. As the price of leather has increased in recent years, colorful, fashionable less expensive imported textile and plastic flat goods have experienced increased demand.

U.S. exports

Data are not separately reported for exports of the subject flat goods. However, such exports are believed to be small. U.S. exports of all flat goods are small, amounting to only 1 or 2 percent of total U.S. producers' shipments during 1976-79.

U.S. imports

Table A shows the aggregate imports of the certain flat goods covered in this digest. The following tabulation shows the percentage for each TSUS(A) item and for certain flat goods to total U.S. imports of flat goods:

<u>Period</u>	<u>706.2380</u>	<u>706.2460</u>	<u>706.3000</u>	<u>706.6045</u>	<u>Total of certain flat goods</u>
1976—	2	4	<u>1/</u>	38	44
1977—	1	6	<u>1/</u>	40	47
1978—	1	13	<u>1/</u>	35	49
1979—	<u>2/</u>	14	<u>1/</u>	32	47
January—					
August—					
1979—	1	15	<u>1/</u>	32	48
1980—	1	17	<u>1/</u>	35	53

1/ Imports of flat goods are believed to be nil or negligible.

2/ Less than 0.5 percent.

Clearly, TSUS(A) item 706.6045, primarily flat goods of soft flexible plastics is important, registering between a third and two fifths of total imports of flat goods in recent years. TSUS(A) 706.2460 has become more important as imports of flat goods of manmade materials such as nylon and rayon have increased from 6 percent of total imports of flat goods in 1976 to 17 percent in 1980. Together, these two TSUS(A) items accounted for nearly half of total imports of flat goods in recent years. U.S. imports of flat goods under TSUS(A) items 706.2380 and 706.3000 have been small or negligible. In general, U.S. imports of all flat goods provide moderate competition for the U.S. industry, supplying between 10 and 14 percent of U.S. consumption during 1976-80.

Tables B-1 through B-4 show U.S. imports, by principal source, for the flat goods covered in this investigation. U.S. imports of flat goods of certain vegetable fibers (table B-1) have not been significant in recent years. Taiwan has been the principal supplier of imports under this item, accounting for between 60 and 80 percent of such imports, except for the period January-August 1980, when Hong Kong supplied about three-fourths. However, such imports never exceeded \$1 million and thus these countries would not have been eliminated under this competitive need criterion. In terms of value, virtually all U.S. imports under this item originated from GSP countries in recent years (table C-1).

Data in table B-2 show that U.S. imports of certain other textile materials (principally manmade fibers such as nylon and rayon) increased sharply from \$1.7 million in 1976 to \$9.0 million in 1979 and further increased from \$5.9 million in January-August 1979 to \$8.4 million in January-August 1980. Taiwan, Hong Kong, and Korea were the principal suppliers. Since Taiwan accounted for 52 percent of such imports in 1979, it would have been eliminated from GSP under this competitive need criterion. Of some interest, despite the small starting base is the steady and rapid emergence of both Korea and the Peoples Republic of China as suppliers. If China becomes a GSP country in the future, this item could be a target market. In 1980, 89 percent of the value of U.S. imports under this item were from GSP countries (table C-2). Flat goods of these textile materials have experienced increased demand in recent years as colorful, less expensive alternatives to leather flat goods, the prices of which have increased considerably along with other leather products.

Tables B-3 and C-3 show data on U.S. imports of luggage, handbags, and flat goods of reinforced or laminated plastics. It is believed that virtually all such imports are of luggage. In 1980, only 36 percent of such imports originated from GSP countries.

By far the most important item under investigation is flat goods of other materials, n.s.p.f., principally articles of soft flexible plastics. These imports are highly price competitive with U.S. produced flat goods and substitutable for flat goods of any other material. It is likely that for the cheapest of these imported items, few comparably priced articles are produced in the United States. U.S. imports of such flat goods increased from \$16.2 million in 1976 to \$21.7 million in 1978, and then decreased slightly to \$20.6 million in 1979 (table B-4). These imports resumed the upward trend, increasing from \$12.9 million in January-August 1979 to \$17.4 million in January-August 1980. Hong Kong and Taiwan were the principal suppliers, accounting for 70 to 80 percent of the value of such imports during 1976-80. However, neither exceeded the GSP competitive need criteria in any year. In January-August 1980, GSP countries supplied 86 percent of flat goods of other materials, n.s.p.f.—80 percent came from Hong Kong and Taiwan (table C-4).

Position of interested parties

There were no representations from interested parties during the course of the investigation.

III. Probable Economic Effects of Application of
GSP to Certain Flat Goods.

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Table A.—Certain flat goods: U.S. production, exports, imports, and apparent consumption, 1976-79, January-August 1979, and January-August 1980

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

Period	Production	Exports	Im- ports <u>2/</u>	Apparent consump- tion	Ratio (per- cent) of imports to consumption
Quantity					
1976-----	:	:	:	:	:
1977-----	:	:	:	:	:
1978-----	:	:	:	:	:
1979-----	:	NOT	AVAILABLE	:	:
January-August—	:	:	:	:	:
1979-----	:	:	:	:	:
1980-----	:	:	:	:	:
Value					
1976-----	<u>1/</u>	<u>1/</u>	18,591	<u>1/</u>	<u>1/</u>
1977-----	<u>1/</u>	<u>1/</u>	23,323	<u>1/</u>	<u>1/</u>
1978-----	<u>1/</u>	<u>1/</u>	30,725	<u>1/</u>	<u>1/</u>
1979-----	<u>1/</u>	<u>1/</u>	29,813	<u>1/</u>	<u>1/</u>
January-August—	:	:	:	:	:
1979-----	<u>1/</u>	<u>1/</u>	18,973	<u>1/</u>	<u>1/</u>
1980-----	<u>1/</u>	<u>1/</u>	26,524	<u>1/</u>	<u>1/</u>
Unit value					
1976-----	:	:	:	-	-
1977-----	:	:	:	-	-
1978-----	:	:	:	-	-
1979-----	:	NOT	AVAILABLE	-	-
January-August—	:	:	:	:	:
1979-----	:	:	:	-	-
1980-----	:	:	:	-	-

1/ Not available.

2/ Does not include any imports of flat goods under TSUS item 706.30, which are believed to be nil or negligible.

Source: Estimated, based on official statistics of the U.S. Department of Commerce.

Table B-1--Flat goods of certain vegetable fibers, not braided, not pile or tufted: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

(In thousands of dollars)

Source	1976-79				January-August	
	1976	1977	1978	1979	1979	1980
Taiwan.....	484	501	497	161	140	149
Hong Kong.....	26	18	78	64	60	545
Italy.....	2	1	18	9	1	2
China P.....	4	1	4	6	2	7
France.....	1	1	4	5	3	4
Phil R.....	49	2	24	4	2	11
U King.....	1/	1/	1	3	1	4
Romania.....	-	1/	1	2	1	-
All other.....	112	121	127	2	1	12
Total....	685	643	753	256	212	734

1/ Less than 500.

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

Table B-2.--Flat goods of certain other textile materials, not braids: U.S. Imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

(In thousands of dollars)

Source	1977				1978		1979		January-August--	
	1976	1977	1978	1979	1978	1979	1979	1979	1980	
Taiwan.....	523	771	4,986	4,673	4,986	4,673	3,268	4,598		
Hong Kong.....	525	939	1,798	2,205	1,798	2,205	1,333	2,097		
Korea.....	29	349	485	740	485	740	431	314		
Italy.....	233	441	391	482	391	482	326	496		
China P.....	11	15	63	203	63	203	123	158		
Japan.....	275	387	298	193	298	193	131	178		
U Kingdom.....	52	169	140	180	140	180	99	37		
Mexico.....	-	-	6	179	6	179	70	385		
All other.....	51	68	113	121	113	121	89	100		
Total.....	1,692	3,138	8,280	8,978	8,280	8,978	5,869	8,364		

1/ Less than 500.

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

Table B-3.--Luggage, flat goods, and handbags of reinforced or laminated plastics: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

Source	Quantity (1,000 pounds)				Value (1,000 dollars)			
	1976	1977	1978	1979	1979	1979	1979	1980
Japan.....	277	219	346	258	614	1,286	1,101	907
FR Germ.....	41	5	15	31	29	103	221	169
Taiwan.....	33	93	61	118	107	99	219	105
Hg Kong.....	18	19	10	36	37	80	63	54
Kor Rep.....	1	12	2	32	32	5	48	43
Haiti.....	0	0	0	3	-	-	33	33
Canada.....	3	6	3	12	27	66	12	32
Italy.....	3	8	6	3	17	55	20	23
All other.....	8	7	10	8	30	54	46	37
Total.....	383	368	451	501	936	1,610	1,803	1,403
Japan.....	695	614	1,286	1,101	614	1,286	1,101	907
FR Germ.....	433	29	103	221	29	103	221	169
Taiwan.....	57	107	99	219	107	99	219	105
Hg Kong.....	30	37	80	63	37	80	63	54
Kor Rep.....	2	32	5	48	32	5	48	43
Haiti.....	-	-	-	33	-	-	33	33
Canada.....	27	66	12	32	27	66	12	32
Italy.....	17	55	20	23	17	55	20	23
All other.....	30	54	46	37	30	54	46	37
Total.....	1,291	936	1,610	1,803	1,291	1,610	1,803	1,403
Japan.....	62.51	62.61	63.72	64.27	62.51	63.72	64.27	63.70
FR Germ.....	10.54	5.61	7.06	7.11	10.54	7.06	7.11	13.81
Taiwan.....	1.71	1.15	1.64	1.85	1.71	1.64	1.85	2.15
Hg Kong.....	1.69	2.01	2.81	2.24	1.69	2.81	2.24	2.58
Kor Rep.....	2.22	2.71	3.53	1.52	2.22	3.53	1.52	2.51
Haiti.....	-	-	-	10.31	-	-	10.31	-
Canada.....	9.91	10.84	2.15	2.79	9.91	2.15	2.79	4.72
Italy.....	6.15	7.23	6.50	7.18	6.15	6.50	7.18	8.07
All other.....	3.79	6.37	5.82	5.53	3.79	5.82	5.53	4.87
Average.....	3.37	2.68	3.57	3.60	3.37	3.57	3.60	3.43

1/ Less than 500.

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

Table B-4.--Flat goods of other materials n.s.p.f.: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

(In thousands of dollars)

Source	JANUARY-AUGUST--			
	1976	1977	1978	1979
Hong Kong.....	7,788	8,134	7,716	8,280
Taiwan.....	4,589	6,632	7,436	7,459
Japan.....	843	1,195	1,748	1,667
Kor Rep.....	534	1,377	2,023	960
FR Germ.....	481	487	612	560
Italy.....	532	456	513	483
U King.....	454	255	294	248
Hacao.....	108	215	594	200
All other.....	879	792	756	721
Total....	16,207	19,542	21,692	20,579
				12,892
				17,526

1/ Less than 500.

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

Table C-1.--Flat goods of certain vegetable fibers, not braided, not pile or tufted: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (number)						
Gross imports	0	0	0	0	0	0
26 developed cttries, total	0	0	0	0	0	0
GSP countries, total	0	0	0	0	0	0
Taiwan	0	0	0	0	0	0
Hg Kong	0	0	0	0	0	0
Phil R	0	0	0	0	0	0
Romania	0	0	0	0	0	0
Kor Rep	0	0	0	0	0	0
Guatmal	0	0	0	0	0	0
Mexico	0	0	0	0	0	0
Haiti	0	0	0	0	0	0
Other GSP	0	0	0	0	0	0
Other	0	0	0	0	0	0
Value (1,000 dollars)						
Gross imports	685	643	753	256	734	100
26 developed cttries, total	54	40	108	18	16	2
GSP countries, total	627	602	632	232	711	97
Taiwan	484	501	497	161	149	20
Hg Kong	26	18	78	64	545	74
Phil R	49	2	24	4	11	2
Romania	-	2/	1	2	-	-
Kor Rep	66	81	23	2/	-	-
Guatmal	-	-	2/	2/	-	-
Mexico	2/	-	-	-	1	1/
Haiti	1	1	15	-	4	1
Other GSP	1	1	6	6	7	1
Other	5	1	6	6	7	1

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

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

Table C-2.--Flat goods of certain other textile materials not made in U.S. Imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
	Quantity (number)					
Gross imports	0	0	0	0	0	0
26 developed ctres, total	0	0	0	0	0	0
GSP countries, total	0	0	0	0	0	0
Taiwan	0	0	0	0	0	0
Hg Kong	0	0	0	0	0	0
Kor Rep	0	0	0	0	0	0
Mexico	0	0	0	0	0	0
Hacao	0	0	0	0	0	0
Thailand	0	0	0	0	0	0
Phil R	0	0	0	0	0	0
Hepal	0	0	0	0	0	0
Other GSP	0	0	0	0	0	0
Other	0	0	0	0	0	0
	Value (1,000 dollars)					
Gross imports	1,692	3,138	8,280	8,978	8,364	100
26 developed ctres, total	583	1,034	877	913	774	9
GSP countries, total	1,027	2,085	7,337	7,860	7,531	82
Taiwan	523	771	4,986	4,673	4,598	55
Hg Kong	525	939	1,798	2,205	2,097	25
Kor Rep	29	349	485	740	314	4
Mexico	-	-	6	179	385	5
Hacao	-	8	32	39	1/	1/
Thailand	13	7	17	16	6	1/
Phil R	-	-	2	4	5	1/
Hepal	-	-	1	1	-	-
Other GSP	8	11	10	2	16	1/
Other	18	19	65	205	158	2

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

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

TIME LOCKS

I. TSUS(A) item; brief description; rates of duty

TSUS item number	Brief description	Rates of duty		
		Current col. 1 (1/1/81)	MTN final concession col. 1 1/	Current Col. 2 (1/1/81)
715.53 (pt)	Time Locks (Apparatus valued over \$10 with watch or clock movements or with synchronous motors for recording the time of day, or for measuring, re- cording, or other- wise indicating in- tervals of time.)----	95¢ each + 14.4% ad val. + 5.3¢ for each jewel if any	45¢ each + 7% ad val. + 2.5¢ for each jewel if any	\$4.50 each + 65% ad val. + 25¢ for each jewel, if any

1/ This rate of duty represents the full concession rate for the products included in this item. The full concession rate will become effective through eight annual stages with the first stage on Jan. 1, 1980, and the last stage on Jan. 1, 1987.

II. Comment

Description and uses

Time locks are timed controlled lock devices designed for use on vault and safe doors. Such devices generally consist of a lock mechanism controlled by two to four independent timers, any one of which is capable of regulating the lock. The purpose of multiple timers is simply to ensure that the lock will always open. The primary end use of time locks is on bank vaults and supermarket safes.

U.S. tariff treatment

For tariff purposes, time locks are considered to be apparatus with watch or clock movements, or with synchronous motors, for recording the time of day or for measuring, recording, or otherwise indicating intervals of time. Any

product falling into this category is also classified in terms of value. As time locks almost always contain a minimum of two clock movements and a locking mechanism, they are generally valued over \$10 and are classified under TSUS item 715.53. The column one rate for this item is currently 95 cents each +14.4 percent ad valorem + 5.3¢ for each jewel, if any. The LDDC rate for TSUS item 715.53 is 45¢ each + 7 percent ad valorem + 2.5¢ for each jewel, if any. Currently, the column 2 rate for this item is \$4.50 each + 65 percent ad valorem + 25¢ for each jewel, if any.

U.S. consumption, production, and producers

Industry sources estimate total consumption to be valued at approximately \$3 to \$5 million. There are currently three major domestic producers of time locks, two of which are located in Ohio, and the third in Kentucky. These firms are manufacturers of a wide array of various security devices, using imported clock movements to produce their time locks. In addition, two of the firms manufacture time locks primarily for use in their own safes and vaults, while the third firm manufactures time locks primarily to sell to other safe and vault producers. Employment data are unavailable as time locks account for a relatively small part of the producers' total production.

U.S. exports

Export data concerning time locks are unavailable. However, one of the firms that manufactures time locks for incorporation in their own products indicated that exports were insignificant. The firm which manufactures time locks for sale to other safe and vault manufacturers indicated that up to 50 percent of its production of time locks is for the export market. Data concerning exports of certain time recording apparatus are provided in table A.

U.S. imports

Import data concerning time locks are unavailable; however, industry sources indicated that imports of time locks are negligible in terms of total consumption. Data concerning imports of all time recording apparatus valued over \$10 are provided in table B.

Position of interested parties

There were two representations from domestic producers during the course of this investigation. Both of these firms indicated their opposition to the designation of time locks as an eligible article for GSP purposes.

III. Probable Economic Effects of Application of GSP to Time Locks

* * * * *

Table H.--Timing apparatus valued over 610 dollars each: U.S. imports for consumption, by principal sources, 1976-79 and January-August 1979, and January-August 1980

Source	1976		1977		1978		1979		January-August--	
	Quantity (number)	Value (1,000 dollars)								
Japan.....	21,866	23,082	34,199	47,829	31,388	37,366	31,388	37,366	31,388	37,366
FR Germ.....	7,791	11,794	12,086	13,756	9,490	8,686	9,490	8,686	9,490	8,686
U King.....	5,566	4,846	5,825	7,672	4,603	2,893	4,603	2,893	4,603	2,893
Taiwan.....	23	0	74	17,360	7,060	198	7,060	198	7,060	198
Switzld.....	689	759	1,065	2,196	156	257	156	257	156	257
Hg Kong.....	1	21	4,428	4,909	4,909	26	4,909	26	4,909	26
Canada.....	2,180	1,631	8,785	586	380	519	380	519	380	519
France.....	609	143	366	392	91	103	91	103	91	103
All other....	1,110	1,084	1,724	1,131	807	9,358	807	9,358	807	9,358
Total....	32,035	53,388	68,555	95,031	59,685	52,506	59,685	52,506	59,685	52,506
Value (1,000 dollars)										
Japan.....	1,445	1,568	2,964	4,165	2,842	2,883	2,842	2,883	2,842	2,883
FR Germ.....	271	526	539	600	362	261	362	261	362	261
U King.....	120	124	194	292	176	157	176	157	176	157
Taiwan.....	3	1	2	237	102	3	102	3	102	3
Switzld.....	34	42	102	198	79	36	79	36	79	36
Hg Kong.....	17	17	122	55	55	17	55	17	55	17
Canada.....	101	43	132	39	21	61	21	61	21	61
France.....	19	19	10	34	25	15	25	15	25	15
All other....	56	81	26	89	65	298	65	298	65	298
Total....	2,050	2,393	4,162	5,789	3,728	3,715	3,728	3,715	3,728	3,715
Unit value										
Japan.....	666.06	667.91	686.68	687.08	690.55	677.15	690.55	677.15	690.55	677.15
FR Germ.....	34.85	44.61	44.64	49.41	38.10	29.99	38.10	29.99	38.10	29.99
U King.....	21.63	25.64	33.27	38.00	38.31	54.10	38.31	54.10	38.31	54.10
Taiwan.....	144.35	163.75	28.95	13.68	13.00	15.55	13.00	15.55	13.00	15.55
Switzld.....	40.05	55.32	96.23	90.02	504.53	141.96	504.53	141.96	504.53	141.96
Hg Kong.....	300.00	15.00	27.57	11.28	18.19	18.19	18.19	18.19	18.19	18.19
Canada.....	46.31	26.26	15.07	66.94	55.88	117.05	55.88	117.05	55.88	117.05
France.....	31.80	43.53	26.49	86.18	278.60	147.19	278.60	147.19	278.60	147.19
All other....	50.18	75.18	55.73	72.01	60.32	31.86	60.32	31.86	60.32	31.86
Average..	51.46	55.15	60.72	60.41	62.46	62.51	62.46	62.51	62.46	62.51

1/ Less than 500.

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

Note.--This table includes data for all of TSUS item 715.53.

Table 5.--Timing apparatus valued over \$10 dollars each: U.S. imports by certain world areas including designated GSP countries, 1976-79 and January-August 1980

Item	1976	1977	1978	1979	Jan.-Aug. 1980	Jan.-Aug. 1980 percentage distribution
Quantity (number)						
Gross imports	32,825	43,388	68,554	25,831	52,506	100
26 developed cttries, total	39,780	42,863	63,104	73,170	52,103	88
GSP countries, total	35	523	5,518	22,653	7,299	12
Taiwan	23	8	74	17,360	198	1/
Hg Kong	1	21	4,428	4,909	26	1/
Brazil	0	430	402	288	692	1
Israel	0	1	0	96	1,620	2
Pahamas	0	1	0	0	0	
Argent	10	10	2	0	0	
Portugl	0	0	0	0	2	1/
Singapr	0	0	0	0	4,605	8
Other GSP	1	52	502	0	356	1
Other	20	2	62	8	4	1/
Value (1,000 dollars)						
Gross imports	2,050	2,323	4,162	5,789	3,714	100
26 developed cttries, total	2,043	2,350	4,000	5,471	3,512	95
GSP countries, total	6	43	161	317	201	5
Taiwan	3	1	2	237	3	1/
Hg Kong	2/	2/	122	55	2/	1/
Brazil	-	37	23	21	90	2
Israel	-	1	-	3	34	1
Pahamas	-	2/	-	-	-	
Argent	2	2	2/	-	-	
Portugl	-	-	-	-	1	1/
Singapr	-	-	-	-	64	2
Other GSP	2/	1	13	-	8	1/
Other	1	2/	2	1	1	1/

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

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

Note.--This table includes data for all of TSUS item 715.53.

APPENDIX A

UNITED STATES TRADE REPRESENTATIVE'S REQUESTS OF OCTOBER 10, 1980,
AND JANUARY 9, 1981 FOR PROBABLE ECONOMIC EFFECTS ADVICE

SECRET
NUMBER
684
Title of the
Document
The Honorable Bill Alberger

396

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

RECEIVED

OCT 10 1975
OCT 10 PM 4 18

The Honorable Bill Alberger
Chairman
United States International Trade Commission
701 "E" Street, N.W.
Washington, D.C. 20436

OFFICE OF THE CHAIRMAN
U.S.I.T.C.

Dear Mr. Chairman:

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

Pursuant to sections 503(a) and 131(a) of the Trade Act, I request that the Commission provide its advice, with respect to each article listed in Annex I, 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. For item 687.58 I request that specific advice be provided on each statistical annotation of that item. With respect to the several instances in the list where a 5-digit item of the tariff schedules is followed by a 7-digit statistical annotation or other indication that only part of the item may also be considered for designation as an eligible article, advice is requested both as to the effect of designating the whole item as an eligible article, and as to the effect of designating as an eligible article only that part of the item specified.

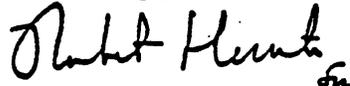
In providing its advice, I request the Commission to assume that benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the "competitive-need" limits specified in section 504(c) of the Trade Act.

Section 504(d) of the Trade Act exempts from one of the competitive-need limits in section 504(c) articles for which no like or directly competitive article was being produced

in the United States on the date of enactment of the Trade Act of 1974. Accordingly, pursuant to the authority of section 332(g) of the Tariff Act of 1930, as amended (19 U.S.C. 1332(g)), delegated by section 8(d) of Executive Order 11846, I request that the Commission also provide advice with respect to whether products like or directly competitive with those described in Annexes I and II were being produced in the United States on January 3, 1975.

Under provisions of the Trade Act of 1974, the Commission has six months to provide the advice requested herein. However, it would be greatly appreciated if the advice could be provided as soon as possible in order to permit any actions to be taken on these items to be included in the Executive Order which should be issued in early March.

Sincerely,



Reubin O'D. Askew

Enclosures

ACTION

Agency Clearance Officer—Dana Rodgers, Acting—254-3501

New Forms

- Management Information System (MIS) for ACTION/OVCP—Yes
- Monthly
- Participant is receiving job serv. in 12 sites in 3 States. 42,670 responses. 17,465 hours
- Arnold Strasser, 335-6880

C. Louis Kincannon,

Acting Deputy Assistant Director for Reports Management

(FR Doc. 80-31280 Filed 10-10-80 8:45 am)

BILLING CODE 3110-01-M

OFFICE OF PERSONNEL MANAGEMENT

Privacy Act of 1974; Adoption of New Routine Uses

AGENCY: Office of Personnel Management

ACTION: Notice: adoption of new routine uses for an existing system of records.

SUMMARY: The purpose of this document is to announce adoption of two new routine uses for the Office's General Personnel Records System (OPM/GOVT-1). These routine uses permit disclosure of records by health care facilities to organizations accrediting such facilities and disclosure of records in connection with a Veterans Administration matching program.

EFFECTIVE DATE: October 14, 1980.

FOR FURTHER INFORMATION CONTACT: William H. Lynch, Work Force Records Management Branch (202) 254-9790/9793.

SUPPLEMENTARY INFORMATION: The Office proposed two new routine uses for its General Personnel Records system on July 18, 1980 (45 FR 48291). The 30-day public comment period ended on August 18, 1980. After reviewing comments the Office determined that routine use cc. should be adopted as proposed. The non-specified routine use for VA's matching project is being changed to reflect the use of a more up-to-date listing of Federal employees and to extend the life of the routine use to a full six months from the date of adoption (April 14, 1981). Accordingly this routine use is adopted as it appears below.

Office of Personnel Management
Beverly M. Jones,
Issuance System Manager.

OPM GOVT-1

SYSTEM NAME:

General Personnel Record.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

Note.—The following routine use is alphabetically unspecified as it is temporary in nature. I.e., will cease to exist after April 14, 1981.

To disclose the name, Social Security Number, date of birth, annual salary, work schedule (full time, part time or intermittent), geographic location code (duty station location), agency subelement code (employing agency), and service office location of all Federal employees as of June 30, 1980, to the Veterans Administration in connection with that agency's matching program, conducted under authority of Pub. L. 93-452, to reduce fraud and unauthorized payment in all benefits programs administered by that agency, and to collect debts owed to the Federal government. This routine use will be operative for a limited period of six months from October 14, 1980 (April 14, 1981).

(FR Doc. 80-31283 Filed 10-10-80 8:45 am)

BILLING CODE 3325-01-M

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVES

Trade Policy Staff Committee; Requests for Public Comment: The International Sugar Organization; November Council Meeting

The International Sugar Organization, of which the United States is a member, will hold its second annual Council meeting from November 10-21. The United States is also a full member of the International Sugar Agreement.

To assist in formulating the Government's position for the meeting, the Trade Policy Staff Committee is soliciting public views and comments on revision of the price range and the global quota.

Views on adjustment of the price range, currently set at 12-22 cents per pound, would be particularly useful.

Any interested party may file a written statement, in 20 copies, with the Office of the U.S. Trade Representative in accordance with section 2003.2 of Title 15 of the Code of Federal

Regulations. Statements should be forwarded to Carolyn Frank, Secretary, Trade Policy Staff Committee, Room 735, Office of the U.S. Trade Representative, Washington, D.C. 20541 by October 31.

For further information, call Ms. R. Prager on (202) 395-6127.

Ann H. Hughes,

Chairman, Trade Policy Staff Committee.

(FR Doc. 80-31777 Filed 10-10-80 8:45 am)

BILLING CODE 3190-01-M

Trade Policy Staff Committee: Generalized System of Preferences (GSP) Subcommittee; Articles Being Considered for Designation as Eligible Articles for Purposes of the Generalized System of Preferences and Other Matters Pertaining to the Annual GSP Product Review

Summary: The purpose of this notice is (1) to announce the list of articles sent by the United States Trade Representative to the International Trade Commission for probable economic effect advice with respect to designating articles as eligible for GSP; (2) to announce public hearings on certain articles before the GSP Subcommittee of the Trade Policy Staff Committee (TPSC); and (3) to correct a notice appearing in the August 20 Federal Register announcing the petitions accepted for consideration in the 1980 GSP product review.

L. Articles Which May Be Considered for Designation as Eligible Articles for Purposes of the Generalized System of Preferences

In conformity with sections 503(a) and 131(a) of the Trade Act (19 U.S.C. 2463(a) and 2151(a)), notice is hereby given that the articles listed in Annex 1 of this notice may be considered for designation as eligible articles for purposes of the Generalized System of Preferences (GSP). The articles are identified by reference to five-digit numbers of the Tariff Schedules of the United States (TSUS) (19 U.S.C. 1202) and consist of all articles in such listed item numbers except as limited by the addition of two-digit statistical suffixes of the Tariff Schedules of the United States Annotated (1980) and by footnote descriptions. The Tariff Schedules of the United States Annotated (1980) is for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20404 and is also available for inspection at any field office of the U.S. Customs Service or the Department of Commerce. A list giving informal abbreviated descriptions of the articles contained in the TSUS items

identified in this notice is available upon written request from the Secretary, GSP Subcommittee, Office of the United States Trade Representative, Executive Office of the President, Room 711, Washington, D.C. 20508.

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

II. Public Hearings

Notice of the public hearings to consider these articles was published in the Federal Register on August 20, 1980, in the announcement of the acceptance for review of petitions to modify the list of articles receiving duty-free treatment under the GSP (45 FR 55688).

III. Advice of the International Trade Commission

On behalf of the President and in accordance with sections 503(a) and 131(a) of the Trade Act, the International Trade Commission is being furnished with a list of articles published in Annex I for the purpose of securing from the Commission its advice on the probable economic effect on United States industries producing like or directly competitive articles, and on consumers, of the designation of such articles as eligible articles for purposes of the GSP.

IV. Announcement of Public Hearings on Certain Articles Before the GSP Subcommittee

The articles listed in Annex II will be the subject of public hearings before the GSP Subcommittee on Thursday, November 6, 1980, in Room 730, Office of the United States Trade Representative, 1800 "G" Street, Northwest, Washington, D.C. 20508. The hearings will begin at 10:00 a.m. and continue until all witnesses scheduled to present testimony that day have been heard. Requests to present oral testimony in connection with these hearings, accompanied by twenty copies in English of all written briefs or statements, should be received by the Chairman of the GSP Subcommittee, Room 711, Office of the United States Trade Representative, Washington, D.C. 20508, not later than close of business, Friday, October 24, 1980.

Oral testimony before the GSP Subcommittee will be limited to five-

minute presentations. All such requests to appear and accompanying briefs or statements must conform to the regulations codified at 15 CFR Parts 2001-2003 and 2007. Part 2007 was published in the September 9, 1977 Federal Register (42 FR 45532). Rebuttal briefs or statements will be accepted if submitted in twenty copies in English within one week after the close of the hearings (but in no case later than close of business, Thursday, November 13, 1980).

Parties not wishing to appear at the hearings also may submit written briefs or statements in twenty copies in English in connection with the articles listed in Annex II, provided that such submissions are filed by November 13 and conform with the regulations cited above.

Ann H. Hughes,

Chairman, Trade Policy Staff Committee.

BILLING CODE 3199-07-0

V. Corrections to August 20, 1980 Federal Register Notice Announcing Acceptance of Petitions for Consideration in the 1980 Product Review (15 FR 3148)

The TSUS item numbers for four articles announced for consideration in the 1980 GSP product review have been revised. Case numbers 80-4, 80-11, 80-12, and 80-38 should be modified as follows:

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

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences

Deletes:

Case No.:	TSUS or TSUSA 1/ Item No.:	Article	Petitioner
-----------	----------------------------	---------	------------

Other cheeses, and substitutes for cheeses
[Cheeses made from sheep's milk]
Other:

Valued over 25 cents per pound:
[Colby]
Other:

[Cheese and substitutes for cheese, whether or not in original leaves, containing or processed from Romano, Reggiano, Parmesano, Provolone, Provolotte, Sbrinas, and Goya, all the foregoing made from cow's milk]
Other:

[Provided for in item 950.071; provided for in item 950.08A; provided for in item 950.08B; provided for in item 950.09B; provided for in item 950.10A]
Other:

Of the type provided for in item 950.10B;
[subject to quota]

Other: Government of Portugal

80-4 117.8860

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

Substitutes:

Case No.:	TSUS or TSUSA 1/ Item No.:	Article	Petitioner
-----------	----------------------------	---------	------------

Other cheeses, and substitutes for cheeses
[Cheeses made from sheep's milk]
Other:

Valued over 25 cents per pound:
[Colby]
Other:

[Cheese and substitutes for cheese, whether or not in original leaves, containing or processed from Romano, Reggiano, Parmesano, Provolone, Provolotte, Sbrinas, and Goya, all the foregoing made from cow's milk]
Other:

[Provided for in item 950.071; provided for in item 950.08A; provided for in item 950.08B; provided for in item 950.09B; provided for in item 950.10A]
Other:

[Of the type provided for in item 950.10C; 950.10D; 950.10E]

Other: Government of Portugal

80-4 117.8875

Deletes:

Case No.:	TSUS or TSUSA 1/ Item No.:	Article	Petitioner
-----------	----------------------------	---------	------------

Other:

80-11 412.68

Products provided for in the Chemical Appendix to the Tariff Schedules

M. G. Pollak (International) Ltd., Israel

or

412.68 pt.
Catheter lubrication jelly

do.

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

Substitutes:		Deletes:	
Case No.	TSUS or TSUSA 1/ Item No.	Article	Petitioner
80-01	412.70	Other	M. G. Pollak (International) Ltd., Israel
<p>Products provided for in the Chemical Appendix to the Tariff Schedule</p>			
<p>Other:</p>			
<p>412.70 pt. Catheter lubrication jelly</p>			
<p>or</p>			
<p>412.70 pt. Chronometric time locks</p>			
<p>Valued over \$10 each</p>			
<p>or</p>			
<p>715.68</p>			
<p>Time switches with watch or clock movements, or with synchronous or asynchronous motors</p>			
<p>Substitutes:</p>			
Case No.	TSUS or TSUSA 1/ Item No.	Article	Petitioner
80-02	412.70	Other	Syntex USA Inc., San Francisco, CA
<p>or</p>			
<p>412.70 pt. Naproxen and naproxen sodium</p>			
<p>or</p>			
<p>412.22</p>			
<p>Drugs primarily affecting the central nervous system, except alkaloids and their derivatives:</p>			
<p>Analgesics; antipyretics, and nonhormonal anti-inflammatory agents [Propoxyphene hydrochloride]</p>			
<p>Other</p>			
<p>412.22 pt. Naproxen and naproxen sodium</p>			
<p>or</p>			
<p>412.22</p>			
<p>Syntex USA Inc., San Francisco, CA</p>			
<p>do.</p>			
<p>412.22 pt. Chronometric time locks</p>			
<p>Apparatus with watch or clock movements or with synchronous motors, for recording the time of day, or for measuring, recording, or otherwise indicating intervals of time</p>			
<p>Substitutes:</p>			
Case No.	TSUS or TSUSA 1/ Item No.	Article	Petitioner
80-03	715.68	Chronometric time locks	Government of Argentina

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

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

ANNEX I

As indicated in Section IV of this notice, the revised TSUS item numbers not included in the August 20, 1980 Federal Register notice are listed in Annex I and will be subject to public hearings before the GSP Subcommittee on November 6, 1980.

Case No. 80-25, TSUS 169.13 pt., Cachaca or aguardente de canna in containers each holding not over 1 gallon, is hereby deleted from the list of petitions accepted for review as announced in the August 20, 1980 Federal Register. The United States Customs Service has informed the GSP Subcommittee that this product should be classified under TSUS 169.49 or TSUS 169.43, which spirits, and preparations in chief value of distilled spirits, fit for use as beverage or for beverage purposes, other, in containers each holding not over, or over, 1 gallon. Articles classified under TSUS 169.49 and TSUS 169.43 are already eligible articles for purposes of the GSP.

TSUS OR TSUSA Item	TSUS OR TSUSA Item	TSUS OR TSUSA Item	TSUS OR TSUSA Item
112.22 pt. 1/	145.58	167.3025	650.4920
112.31	145.60	386.0430	687.58
112.86	149.24	386.5040	705.8510
117.8875	148.52	387.34	704.2380
121.50 pt. 2/	148.54	411.60 pt. 3/	706.2460
121.64	150.05	412.22	706.30 pt. 4/
135.61	161.07	412.70	706.6015
136.20	170.63	425.9940	715.53 pt. 7/
136.22	182.49	472.12	727.11
137.10	184.51	490.12	
27.9122 pt. 3/	184.53	533.22	
138.4510	240.17	533.64	
138.4570	353.5012	533.76	
140.70	360.05	533.78	
141.78	361.2210	546.64	
145.50	361.2245	546.68	
145.50 pt. 4/	363.75	650.47	

- 1/ Only sardines in immediate containers weighing with their contents 15 ounces each, in tomato sauce.
- 2/ Only pig and hog leather in pieces of at least 5 square feet.
- 3/ Only water chestnuts.
- 4/ Only macadamia nuts.
- 5/ Only ampicillin trihydrate.
- 6/ Only flat goods.
- 7/ Only chromometric time locks.

ANNEX IIA. Articles being considered for addition to the list of eligible articles for the Generalized System of Preferences

TSUS OR
TSUSA
Item

117.8875
412.22
533.22
687.58
715.53 pt. 1/

1/ Only chrometric time locks.

B. Articles being considered for removal from the list of eligible articles for the Generalized System of Preferences

TSUS OR
TSUSA
Item

373.22 2/
653.00 pt. 2/ 3/

2/ This item may be treated more expeditiously than is usual practice during the annual review process.

3/ Only parts of offshore oil and natural gas drilling and production platforms.

(FR Doc. 80-31805 Filed 10-10-80; 8 45 AM)
BILLING CODE 9199-112

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

RECEIVED

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OFFICE OF THE CHAIRMAN
U.S.I.T.C.

The Honorable Bill Alberger -
Chairman
United States International
Trade Commission
701 "E" Street, N.W.
Washington, D. C. 20436

Dear Mr. ^{B.H.}Chairman:

On October 10, 1980, Ambassador Askew requested the Commission to provide probable economic effect advice with respect to items currently being considered for addition to the U.S. Generalized System of Preferences (GSP). On October 31 you notified this Office that the Commission had instituted investigations TA-503(a)-8 and 332-118 in order to provide such advice as soon as possible, but not later than March 2, 1981.

It would be greatly appreciated if the Commission could provide this advice no later than the week of February 9. This will provide a minimum amount of time for the new Administration to familiarize itself with the program so as to be able to make product decisions and provide the public with adequate notice before the March 31 deadline for implementing various annual product changes in the GSP.

I look forward to your response on this important matter.

Sincerely,



Robert D. Hormats
Acting

APPENDIX B
LIST OF GSP PETITIONERS

LIST OF GSP PETITIONERS

Articles

Sardines, in tomato sauce, in airtight containers weighing with their contents at least 8 ounces but not over 15 pounds each (TSUS(A) item 112.2200(pt))-----

Cheeses not specially provided for (TSUS(A) item 117.8875)-----
Pig and hog leather (TSUS(A) item 121.5000(pt))-----

Fancy goat and kid leather (TSUS(A) item 121.6400)-----
Fresh celery (TSUS(A) item 135.6100)-----
Fresh eggplant (TSUS(A) items 136.2000 and 136.2200)-----
Fresh peppers (TSUS(A) item 137.1000)-----
Frozen water chestnuts (TSUS(A) item 137.8782(pt))-----

Vegetables, reduced in size, not specially provided for, fresh or chilled (TSUS(A) item 138.4510)-----
Vegetables, reduced in size, not specially provided for, frozen (TSUS(A) item 138.4570)-----

Morocco

Sliced bamboo shoots, frozen (TSUS(A) item 138.4570(pt))-----

Sliced water chestnuts, frozen (TSUS(A) item 138.4570(pt))-----

Potato flour (TSUS(A) item 140.7000)-----

Pecans, shelled (TSUS(A) item 145.5000)-----

Macadamia nuts, shelled or blanched (TSUS(A) item 145.5800(pt))-----

Strawberries, fresh (TSUS(A) items 146.5800 and 146.6000)-----

Watermelons, fresh (TSUS(A) item 148.2400)-----

Cigarettes containing clove (TSUS(A) item 170.6300)-----

Shrimp chips (TSUS(A) item 182.4900)-----

Rapeseed oil cake and oil-cake meal (TSUS(A) item 184.5100)-----

Plywood not face finished, with a face ply of Philippine mahogany (TSUS(A) item 240.1700)-----

Petitioner

Toluca Corporation, Salt Lake City, Utah,
representing Alimentos Concentrados de
Guaymas, Guymas, Sonora, Mexico

Government of the Azores Islands
Industrija usnja Vrhnika and Tovarna
usnja Kamnik of Yugoslavia

Florsheim Shoe Company, Chicago, Illinois
Agricultural Export Company Ltd. of Israel
Government of Morocco

Agricultural Export Company Ltd. of Israel
La Choy Food Products, Archbold, Ohio, a
division of Beatrice Foods Company

Agricultural Export Company Ltd. of Israel
Government of Mexico and Government of

La Choy Food Products, Archbold, Ohio, a
division of Beatrice Foods Company
La Choy Food Products, Archbold, Ohio, a
division of Beatrice Foods Company

Guatemala Export Promotion Centre
Government of Mexico

Government of Malawi

Government of Morocco

Government of Honduras

Government of Indonesia

Government of Indonesia

Government of Argentina

Government of Indonesia and Government of
Malaysia

LIST OF GSP PETITIONERS

Articles

Petitioner

Plywood, not face finished, with a face ply of meranti (TSUS(A) item 240.1700(pt))-----

Government of Indonesia and Government of Malaysia

Ornamented fabrics, woven in the piece, and ornamented motifs, of cotton by weight (TSUS(A) item 353.5012)-----

Kashmir Valley Arts (Calif.)

Certain handmade textile floor coverings of specialty hairs (TSUS(A) item 360.05)-----

Governments of Bolivia, Morocco, and Peru

Certain textile floor coverings of cords and similar materials (TSUS(A) items 361.2210 and 361.2245)-----

Government of Morocco

Certain nonornamented wool bedding, other than blankets, or certain nonornamented wool pillow covers (TSUS(A) item 363.75 or 363.75(pt))-----

American Chamber of Commerce of Bolivia and Artesanias Titicaca of La Paz, Bolivia
Kashmir Valley Arts (Calif.), and the
American Chamber of Commerce of Bolivia and
Artesanias Titicaca of La Paz, Bolivia

Nonornamented wool wall hangings (TSUS(A) item 367.3025)-----

Government of El Salvador

Certain articles of cotton or handwoven hammocks (TSUS(A) item 386.0430 or 386.0430 (pt) and 386.5040 or 386.5040(pt))-----

Articles, not ornamented, knit, pile, or tufted, of vegetable fibers other than cotton or jute or such articles of coir (TSUS(A) item 387.34 or 387.34(pt))-----

Government of India

Ampicillin trihydrate (TSUS(A) 411.60(pt))-----

Government of Mexico for Fermentaciones Y Sintesis, S.A., Mexico

Certain drugs including naproxen and naproxen sodium (TSUS(A) 412.22 or 412.22(pt))-----

Catheter lubrication jelly (TSUS(A) 412.70(pt))-----

Syntex U.S.A. Inc.
H.G. Pollak (Int'l) Ltd., Israel

Certain carboxylic acids including monobromo acetic acid (TSUS(A) 25.9940 or 425.9940(pt))-----

Bromine Compounds Ltd., Israel
Government of Mexico
Government of Colombia

Barium sulfate, natural, ground (TSUS(A) 472.12)-----

Stearic acid (TSUS(A) 490.12)-----

Certain household ware of fine-grained earthenware or of fine-grained stoneware (TSUS(A) item 533.22)-----

Requested by USTR

Certain household ware of nonbone chinaware or of subporcelain (TSUS(A) items 533.64, 533.76, and 533.78)-----

Government of Argentina

List of GSP Petitioners

Articles

Petitioner

Certain household glassware articles (TSUS(A) items 546.64 and 546.68)----- Certain table forks (including table serving forks) (TSUS(A) item 650.4920)-----	B. Z. T. Ltd. (Israel)
Electronic tubes (except x-ray tubes, television picture tubes and cathode ray tubes); transistors and other related electronic crystal components; mounted piezo-electric crystals; all the foregoing and parts thereof (TSUS(A) item 687.58)-----	Government of Malaysia
Receiving tubes (TSUS(A) item 687.5810)-----	Government of Argentina
Gas and vapor electron tubes (TSUS(A) item 687.5811)-----	Government of Argentina
Diodes, triodes and tetrodes (electron tubes) (TSUS(A) item 687.5813)-----	Government of Argentina
Microwave magnetron tubes (TSUS(A) item 687.5815)-----	Government of Argentina
Microwave klystron tubes (TSUS(A) item 687.5817)-----	Government of Argentina
Other microwave tubes (TSUS(A) item 687.5819)-----	Government of Argentina
Light-sensing tubes (TSUS(A) item 687.5821)-----	Government of Argentina
Other electronic tubes (TSUS(A) item 687.5823)-----	Government of Argentina
Transistors rated at less than 1 watt (TSUS(A) item 687.5825)-----	Governments of Argentina, Malaysia and Singapore
Transistors rated at 1 watt or greater (TSUS(A) item 687.5827)-----	Governments of Argentina, Malaysia and Singapore
Linear monolithic integrated circuits (TSUS(A) item 687.5831)-----	Governments of Argentina and Malaysia
Digital bipolar, memory, monolithic integrated circuits (TSUS(A) item 687.5833)-----	Governments of Argentina and Malaysia
Digital bipolar, transistor-transistor logic monolithic integrated circuits (TSUS(A) item 687.5835)-----	Governments of Argentina and Malaysia
Digital bipolar, emitter coupled logic monolithic integrated circuits (TSUS(A) item 687.5838)-----	Governments of Argentina and Malaysia
Other digital bipolar monolithic integrated circuits (TSUS(A) item 687.5840)-----	Governments of Argentina and Malaysia
Digital MOS random access memory of less than 9,000 bits, monolithic integrated circuits (TSUS(A) item 687.5841)-----	Governments of Argentina and Malaysia
Digital MOS random access memory of 9,000 bits and greater, monolithic integrated circuits (TSUS(A) item 687.5842)-----	Governments of Argentina and Malaysia
Other Digital MOS Memory, monolithic integrated circuits (TSUS(A) item 687.5844)-----	Governments of Argentina and Malaysia

List of GSP Petitioners

<u>Articles</u>	<u>Petitioner</u>
Digital MOS microprocessor, monolithic integrated circuits (TSUS(A) item 687.5845)-----	Governments of Argentina and Malaysia
Other digital MOS monolithic integrated circuits (TSUS(A) item 687.5847)-----	Governments of Argentina and Malaysia
Other monolithic integrated circuits (TSUS(A) item 687.5848)-----	Governments of Argentina and Malaysia
Integrated circuits other than monolithic (TSUS(A)A item 687.5853)-----	Governments of Argentina and Malaysia
Photosensitive solar cells (TSUS(A) item 687.5854)-----	Governments of Argentina and Malaysia
Other photosensitive discrete semiconductor devices (TSUS(A) item 687.5856)-----	Governments of Argentina and Malaysia
Zener diodes (TSUS(A) item 687.5859)-----	Governments of Argentina and Malaysia
Microwave semiconductor diodes (TSUS(A) item 687.5861)-----	Governments of Argentina and Malaysia
Semiconductor thyristors (TSUS(A) item 687.5862)-----	Governments of Argentina and Malaysia
Other semiconductor diodes and rectifiers rated at a maximum current of .5 amperes or less (TSUS(A) item 687.5866)-----	Governments of Argentina and Malaysia
Other semiconductor diodes and rectifiers (TSUS(A) item 687.5867)-----	Government of Argentina
Mounted piezo-electric crystals (TSUS(A) item 687.5868)-----	Governments of Argentina and Singapore
Other discrete electronic crystal components (TSUS(A) item 687.5870)-----	Government of Argentina
Chips, dice and wafers (parts of semiconductors) (TSUS(A) item 687.5881)-----	Government of Argentina
Other parts of semiconductors (TSUS(A) item 687.5883)-----	Government of Argentina
Other components and parts (except parts of semiconductors) (TSUS(A) item 687.5886)-----	Government of Argentina and Singapore
Certain disposable gloves of plastics, with seams which are heat sealed; or certain disposable gloves of plastics used for medical examination purposes (TSUS(A) item 705.8540 or 705.8540(pt))-----	H.G. Pollack (International) Ltd. of Israel
Flat goods: Of textile materials, vegetable fiber, not braid, not pile or tufted (TSUS(A) item 706.2380)-----	Government of Malta
Of other textile materials, not vegetable fiber, not braid (TSUS(A) item 706.2460)-----	K-Mart Corporation (Washington, D.C.) and Government of Malta
Of reinforced or laminated plastics (TSUS item 706.30 (pt))-----	Government of Malta
Of certain other materials (TSUS(A) item 706.6045)-----	K-Mart Corporation (Washington, D.C.)
Time locks (TSUS(A) item 715.53(pt))-----	Government of Argentina
Hand-held electronic game machines (TSUS(A) item 734.2040(pt))-----	Interstate Industries, Inc. (Mundelein, IL)

APPENDIX C

LIST OF PRODUCTS BY TSUS(A) ITEM NUMBER WITH INDICATION OF WHETHER
OR NOT LIKE OR DIRECTLY COMPETITIVE PRODUCTS WERE BEING
PRODUCED IN THE UNITED STATES ON JANUARY 3, 1975

List of products by TSUS(A) item number with indication of whether or not like or directly competitive products were being produced in the United States on January 3, 1975

TSUS(A) item number	Like or directly competitive products produced in the United States on January 3, 1975	
	Yes	No
I. Articles being considered for designation as eligible articles for purposes of the GSP:		
112.22(pt) _____	X	
117.8875 _____	X	
121.50(pt) _____	X	
121.64 _____	X	
135.61 _____	X	
136.20 _____	X	
136.22 _____	X	
137.10 _____	X	
137.8782(pt) _____		X
138.4510 _____	X	
138.4570 _____	X	
138.4570(pt) (sliced bamboo shoots) _____		X
138.4570(pt) (sliced water chestnuts) _____		X
140.70 _____	X	
145.50 _____	X	
145.58(pt) _____	X	
146.58 _____	X	
146.60 _____	X	
148.24 _____	X	
170.63 _____		X
182.49 _____	X	
184.51 _____		X
240.17 _____	X	
240.17(pt) _____	X	
353.5012 _____	X	
360.05 _____		X
361.2210 _____		X
361.2245 _____		X
363.75 _____		X
363.75(pt) _____		X
367.3025 _____		X
386.0430 _____	X	
386.0430(pt) _____	X	
386.5040 _____	X	
386.5040(pt) _____	X	
387.34 _____		X

List of products by TSUS(A) item number with indication of whether or not like or directly competitive products were being produced in the United States on January 3, 1975—Continued

TSUS(A) item number	Like or directly competitive products produced in the United States on January 3, 1975	
	Yes	No
I. Articles being considered for designation as eligible articles for purposes of the GSP:		
387.34(pt)-----		X
411.60(pt)-----	X	
412.22-----	X	
412.22(pt)-----	X	
412.70(pt)-----	X	
425.9940-----	X	
425.9940(pt)-----	X	
472.12-----	X	
490.12-----	X	
533.22-----	X	
533.64-----	X	
533.76-----	X	
533.78-----	X	
546.64-----	X	
546.68-----	X	
650.4920-----		X
687.5810-----	X	
687.5811-----	X	
687.5813-----	X	
687.5815-----	X	
687.5817-----	X	
687.5819-----	X	
687.5821-----	X	
687.5823-----	X	
687.5825-----	X	
687.5827-----	X	
687.5831-----	X	
687.5833-----	X	
687.5835-----	X	
687.5838-----	X	
687.5840-----	X	
687.5841-----	X	
687.5842-----	X	
687.5844-----	X	
687.5845-----	X	
687.5847-----	X	
687.5847-----	X	
687.5848-----	X	

List of products by TSUS(A) item number with indication of whether or not like or directly competitive products were being produced in the United States on January 3, 1975—Continued

TSUS(A) item number	Like or directly competitive products produced in the United States on January 3, 1975	
	Yes	No
I. Articles being considered for designation as eligible articles for purposes of the GSP:		
687.5853	X	
687.5854	X	
687.5856	X	
687.5859	X	
687.5861	X	
687.5862	X	
687.5866	X	
687.5867	X	
687.5868	X	
687.5870	X	
687.5881	X	
687.5883	X	
687.5886	X	
705.8540	X	
705.8540(pt)	X	
706.2380	X	
706.2460	X	
706.30(pt)	X	
706.6045	X	
715.53(pt)	X	
II. Articles being considered for designation as not like or directly competitive with any article produced in the United States on January 3, 1975:		
121.55	X	
121.62	X	
141.70		X
734.2040(pt)		X

APPENDIX D

LIST OF WITNESSES APPEARING AT PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's public hearing on the President's List of Articles Which May Be Designated as Eligible Articles for Purposes of the Generalized System of Preference. Investigation Nos. TA-503(a)-8 and 332-118. Sessions were held in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington, beginning at 10:00 a.m., e.s.t., on January 13, 1981.

Witness and organization:Subject:

Wayne L. Crain, Manager, Production & Marketing
Div., Florida Fruit & Vegetable Association,
Orlando, Florida

Celery, eggplant,
peppers and
strawberries

Clark E. McDonald, Managing Director, Hardwood
Plywood Manufacturers Association, Reston,
Virginia

Philippine mahogany

George R. Tuttle--Counsel
San Francisco, California
on behalf of

Syntex (USA) Inc.

Naproxen and
naproxen sodium

Lawrence A. Kirkham, Customs Manager,
Syntex (USA) Corporation

Steven W. Corless, Treasurer and Vice
President, Syntex (USA) Corporation

George R. Tuttle } OF-COUNSEL
Richard S. Hoffman }

Witness and organization:Subject:

Greenblatt, Greenblatt & Riesenburger--Counsel
 Vineland, New Jersey
on behalf of

Vineland Chemical, Inc.

Monobromo acetic acid

Franklin J. Riesenburger--OF COUNSEL

Kaplan, Russin & Vecchi--Counsel
 Washington, D.C.
on behalf of

Ameribrom, Inc.

Monobromo acetic acid

Leonard Glass, Vice President - Sales

Dennis James, Jr.--OF COUNSEL

Howrey & Simon--Counsel
 Washington, D.C.
on behalf of

Lenox Chiga, Inc.
 and
 Lenox Crystal, Inc.

Certain chinaware of
 subporcelain household
 ware and certain glass-
 ware table items

Stephen F. Lichtenstein, Vice President,
 Secretary and General Counsel

Ronald L. Chevrrier, Vice President, Market-
 ing and Sales, Gorham Division of Textron,
 Inc.

John F. Bruce--OF COUNSEL

Kaplan, Russin & Vecchi--Counsel
 Washington, D.C.
on behalf of

Zameron Trading, Inc.

Certain glassware

Michael Kagin, President

Dennis James, Jr.--OF COUNSEL

Howard P. Chester, Executive Secretary, Stone Glass
 and Clay Coordinating Committee, Washington, D.C.

Ceramics and glassware

Witness and organization:

Williams & Ince--Counsel
Washington, D.C.
on behalf of

American Dinnerware Emergency Committee
(ADEC)

James D. Williams, Jr.--OF COUNSEL

Kaplan, Russin & Vecchi--Counsel
Washington, D.C.
on behalf of

Isramid, Inc.

Amir Porat

Dennis James, Jr.--OF COUNSEL

Kaplan, Russin & Vecchi--Counsel
Washington, D.C.
on behalf of

Israel Electronics, Industries, Inc.

Yehuda Auerbach, Manager

Dennis James, Jr.--OF COUNSEL

Rex Parmelee, President, Sargent & Greenleaf
International, Inc., Nicholasville,
Kentucky

Barnes, Richardson & Colburn--Counsel
Chicago, Illinois
on behalf of

Florsheim Shoe Company

Joseph A. Bistany

Steven P. Sonnenberg--OF COUNSEL

Subject:

Earthenware and stoneware
tableware and kitchen
articles

Certain lubrication
jelly and disposable
examination gloves

Quartz crystals

Timelocks

Buffalo & kid leather

Witness and organization:

Barnes, Richardson & Colburn--Counsel
Chicago, Illinois
on behalf of

Interstate Industries, Inc.

Paul S. Anderson--OF COUNSEL

Subject:

Electronic hand-held
games



