

**INFORMATION FOR USE IN  
DETERMINING WHETHER TO  
CONTINUE DESIGNATION OF  
CERTAIN HEADWEAR OF  
STRAW AS ARTICLES  
ELIGIBLE FOR DUTY-FREE  
TREATMENT UNDER THE  
GENERALIZED SYSTEM  
OF PREFERENCES**

**Report to the President on  
Investigation No. 332-139  
Under Section 332(g)  
of the Tariff Act of 1930**

**USITC PUBLICATION 1318**

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



# UNITED STATES INTERNATIONAL TRADE COMMISSION

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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 that 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.



## PROBABLE ECONOMIC EFFECTS OF THE CONTINUATION OF GSP BENEFITS

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## EXTENT TO WHICH THE DOMESTIC INDUSTRY USES TSUS ITEM 702.25

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## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

On February 26, 1982, the United States Trade Representative (USTR), at the direction of the President, requested the U.S. International Trade Commission to provide advice concerning the continued designation of certain headwear of straw, items 702.25, 702.28, and 702.30 of the Tariff Schedules of the United States (TSUS), as eligible for duty-free treatment under the Generalized System of Preferences (GSP). <sup>1/</sup> Accordingly, on March 23, 1982, the Commission instituted investigation No. 332-139 under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to report on the probable economic effect which continued GSP designation of such straw headwear is likely to have on domestic producers of like or directly competitive products and on consumers. The Commission was also requested to provide, where possible, data on U.S. production, exports, imports, employment, and prices and an assessment of the extent to which unfinished straw headwear entering under TSUS item 702.25 is used by the U.S. industry to produce finished straw headwear.

Notice of the institution of the investigation and of the public hearing was published in the Federal Register of March 31, 1982 (47 F.R. 13611). The public hearing was held on July 20, 1982, in the Commission Hearing Room, 701 E Street NW., Washington, D.C.

This investigation evolved from a petition submitted to the Trade Policy Staff Committee (TPSC) by the United Hatters, Cap, & Millinery Workers International Union, AFL-CIO, and the U.S. Hat & Cap Industry Trust Fund. The petitioners requested that the straw headwear be removed from the list of items eligible for the GSP. A statement was also made to the TPSC in opposition to the petition by the Young An Hat Co., of Korea, a producer and exporter of the straw headwear. It urged the TPSC to retain the headwear on the list of GSP-eligible items.

## Description and Uses

The headwear under investigation includes both finished and unfinished hats of straw that have been sewn. The unfinished headwear is classified for tariff purposes under TSUS item 702.25 and is commonly known as hat bodies, shells, or hoods (hereafter hat bodies). Hat bodies resemble the rough shape of a hat, but have not been blocked (i.e., shaped) or trimmed. The finished sewn straw hats, which have been blocked or trimmed, are classified under TSUS items 702.28 (valued not over \$15 a dozen) and 702.30 (valued over \$15 a dozen).

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<sup>1/</sup> GSP is a program of nonreciprocal tariff preferences granted by the United States and certain other developed countries to developing countries to aid their economic development by encouraging greater diversification and expansion of their production and exports. The U.S. GSP program, provided under title V of the Trade Act of 1974, was implemented on Jan. 1, 1976 and is scheduled to expire on Jan. 4, 1985.

These hats come in many different styles, ranging from inexpensive gardening or beach hats to expensive men's Panama dress hats (see the figure on the following page). Straw hats are generally worn in the summer or warmer months and in tropical climates for protection from the sun, and for fashion appeal.

There is a lack of agreement in the industry concerning the definition of straw, an unspun (i.e., not made into yarn) fibrous vegetable material. For tariff purposes, the U.S. Customs Service defines straw as that material derived only from the stalk or stems of grain plants, such as wheat, barley, rye, oats, buckwheat, and rice. <sup>1/</sup> The domestic industry, on the other hand, uses the term more loosely--although not uniformly--to include other unspun fibrous vegetable materials which have strawlike features but which are derived from nongrain plants. These materials include abaca, palm leaf, hemp, toquilla, and coconut. In addition, many producers indicated to the Commission staff that they could not distinguish their straw headwear by the type of vegetable material used and that, for the most part, the materials were interchangeable.

Because of this definitional problem, headwear made from the unspun fibrous vegetable materials of nongrain plants having strawlike features will be combined with headwear made from materials of grain plants and will be referred to as headwear of natural straw. Competing directly with these hats are sewn hats made from synthetic straw (usually polypropylene and polyethylene) and paper straw. Also directly competitive are woven hats made of natural straw, synthetic straw, and paper straw. These hats are produced in the same styles and sold in the same markets as the sewn straw hats under investigation.

The manufacture of sewn hats is labor intensive, with labor representing about one-third of the wholesale price. Straw, whether natural or synthetic, is formed into braids, which are then sewn together in a circular or spiral fashion on specially designed sewing machines to produce hat bodies. During the sewing operation, the crown and brim are sewn to the dimensions of the finished hat. Because the braid comes in different widths, the amount of skill and time required to sew the braid varies. The narrower the braid, the more skill and time are required.

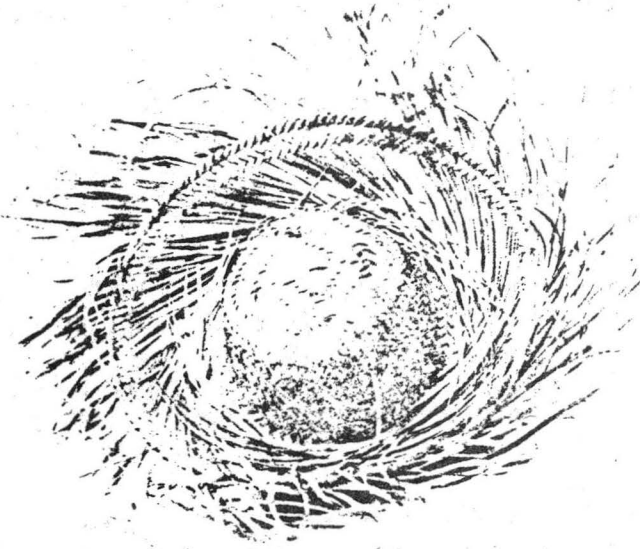
After the hat body is sewn, it is blocked or shaped on a hydraulic blocking machine or hat press. In this process, the hat body is fitted onto a rubber and metal mold having the shape of the style and the size of the finished hat, and steam and water pressure are applied. A different mold exists for each style and size. The hat body is then stiffened by spraying or dipping it into a solution of sizing in a process known as lacquering. <sup>2/</sup> The finer hats are blocked a second time as some shape is lost in lacquering.

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<sup>1/</sup> The most prevalent type of grain straw used in the hats under investigation is wheat straw from China.

<sup>2/</sup> Although most straw hats are stiff in shape and form, some fold into a compact shape for packing and carrying and are known as foldable hats. There is no domestic production of these hats; all are imported from Taiwan.

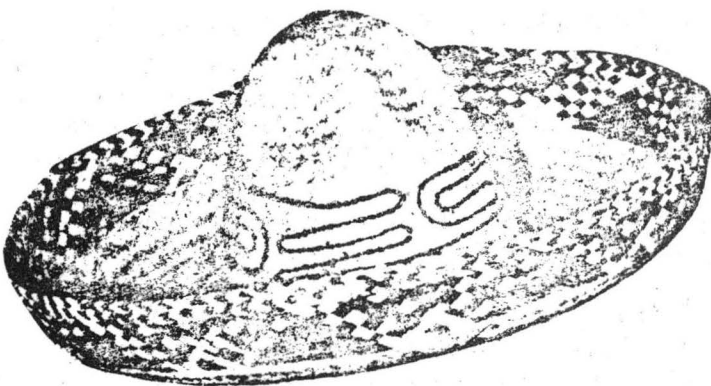
## DIFFERENT STYLES OF STRAW HATS



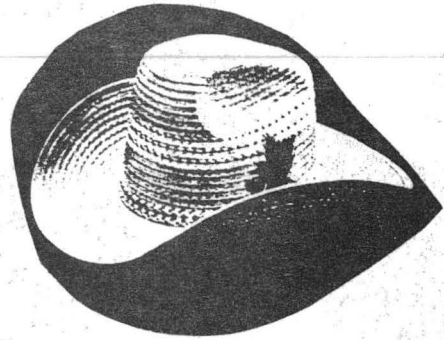
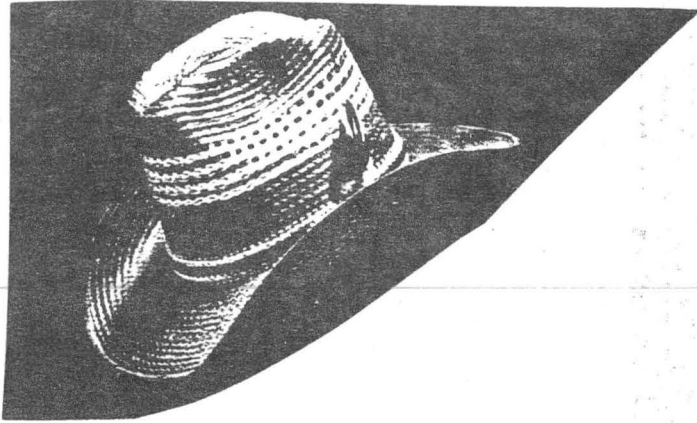
Birds' Nest Hat (woven)



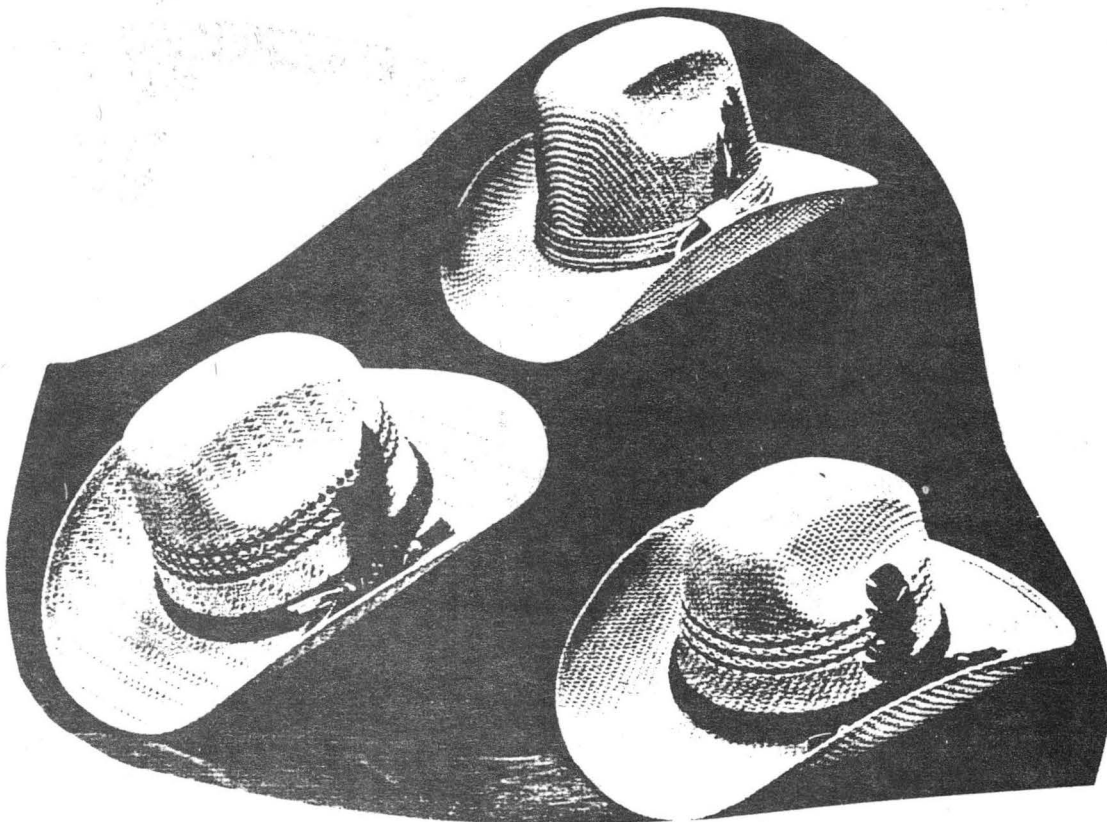
Foldable Hat (sewn)



Sombrero (woven)



Sewn Straw Western Hats



Woven Straw Western Hats





Men's Panama Dress Hats  
(woven)



Ladies' Sun-Shader Brim  
(woven)



Ladies' Fedora-shaped Straw  
Hat (woven)

The final stage in manufacturing straw headwear is trimming. A sweatband made of leather or leatherlike material is sewn in a circle corresponding to the desired head size and attached to the inside of the crown of the hat. In addition, a decorative band or ornament or both may be attached to the outside. The edges of the brim are finished by hemming (turning the edge of the straw brim to the inside) and binding (applying a separate piece of straw tape to the edge of the brim).

The directly competitive woven straw hats are manufactured by weaving natural, synthetic, or paper straw directly into a hat body, which is then blocked and trimmed in basically the same manner as the sewn hats. U.S. producers employ only the blocking and trimming processes, since all woven hat bodies are imported.

Few technological advancements have been made in straw hat manufacturing. Many of the sewing and tacking machines used date back to the 1920's and 1930's and are out of production. Wherever possible, some producers attempt to adapt modern machines to these manufacturing operations. However, because straw hats are stiffer than most garments and the sewing must be done on a three-dimensional article, adapting modern machinery is often difficult.

#### U.S. Tariff Treatment

The current and future rates of duty applicable to the straw headwear under investigation (TSUS items 702.25, 702.28, and 702.30) and to the like or directly competitive headwear are shown in the following table. In addition, a copy of that part of the Tariff Schedules of the United States Annotated (1982) (TSUSA) providing for the headwear is provided in appendix A.

Duty reductions were granted on the sewn straw headwear in the Tokyo round of the Multilateral Trade Negotiations (MTN), conducted under the General Agreement on Tariffs and Trade during 1973-79. The duty reductions granted on the headwear will be implemented in 1-year intervals (staging) over a period of 8 years, with the initial reductions effective January 1, 1980.

Products classified under TSUS items 702.25, 702.28, and 702.30 have been eligible for GSP treatment since the program began on January 1, 1976. However, imports of hat bodies from Taiwan under item 702.25 were ineligible for GSP treatment from March 1, 1978, to February 29, 1979, because they accounted for 52 percent of the value of total imports of the article in 1977 and, therefore, exceeded the "competitive need" limits. <sup>1/</sup>

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<sup>1/</sup> The competitive-need limits pertaining to the GSP, as set forth in sec. 504(c) of the Trade Act of 1974, provide that articles imported from any one country are excluded from GSP eligibility if the imports of the article from that country in the preceding calendar year exceeded (1) a specified dollar limit, adjusted annually to reflect changes in the U.S. gross national product (GNP) (\$50.9 million in 1981) or (2) 50 percent of the total value of U.S. imports of that article. The latter limit was amended by sec. 1111 of the Trade Agreements Act of 1979 giving the President discretionary authority to waive the 50-percent limit if the value of total imports of the article during the most recent calendar year did not exceed a specified dollar amount, also adjusted annually to reflect changes in the GNP (\$1.2 million in 1981). The President waived the 50-percent limit for Taiwan in 1982 for TSUS item 702.28.

Straw headwear: 1/ U.S. rates of duty, and U.S. imports for consumption  
in 1981, by TSUS items

TSUS item No. <u>2/</u>	Description	Pre-MTN col. 1 rate of duty <u>3/</u>	Staged col. 1 rates of duty <u>4/</u> effective with respect to articles entered on or after Jan. 1--								Col. 2 rate: of duty <u>5/</u>	Imports
			1980	1981	1982	1983	1984	1985	1986	1987		
	Sewn, whether or not blocked or trimmed: Of straw:		Cents per dozen; percent ad valorem									1,000 dollars
702.25A	Not blocked or trimmed-----	85¢ + 8.5%	78¢ + 7.9%	72¢ + 7.2%	65¢ + 6.6%	59¢ + 6%	53¢ + 5.3%	46¢ + 4.7%	40¢ + 4%	34¢ + 3.4%	\$3 + 50%	298
702.28A	Blocked or trimmed, valued-- Not over \$15 a dozen-----	94¢ + 8%	87¢ + 7.4%	80¢ + 6.8%	72¢ + 6.2%	65¢ + 5.6%	58¢ + 5%	51¢ + 4.4%	44¢ + 3.8%	37¢ + 3.2%	\$3 + 50%	381
702.30A	Over \$15 a dozen-----	80¢ + 6%	76¢ + 5.7%	72¢ + 5.5%	68¢ + 5.2%	65¢ + 4.9%	61¢ + 4.6%	57¢ + 4.4%	53¢ + 4.1%	50¢ + 3.8%	\$3 + 50%	1,302
702.32A*	Of materials other than straw-----	60¢ + 10%	56¢ + 9.4%	52¢ + 8.8%	49¢ + 8.2%	45¢ + 7.6%	41¢ + 7%	37¢ + 6.4%	34¢ + 5.8%	30¢ + 5.2%	\$3 + 50%	2,980
702.35A	Not sewn, blocked, or trimmed: Of palm leaf or pandan, and valued not over \$3 a dozen.	6.25%	5.8%	5.3%	4.8%	4.4%	3.9%	3.4%	3%	2.5%	25%	278 <sub>10</sub>
702.37A	Other: Not bleached or colored-----	10%	9.3%	8.5%	7.8%	7%	6.2%	5.5%	4.8%	4%	25%	10,631
702.40A	Bleached or colored-----	6¢ + 5%	5.5¢ + 4.6%	5.1¢ + 4.3%	4.6¢ + 3.9%	4.2¢ + 3.5%	3.7¢ + 3.1%	3.3¢ + 2.8%	2.8¢ + 2.4%	2.4¢ + 2%	25¢ + 25%	10,086
702.45A	Not sewn, but blocked or trimmed: Valued not over \$3 a dozen-----	25%	6/	6/	6/	6/	6/	6/	6/	6/	25%	58
702.47A*	Other-----	102 +5%	6/	6/	6/	6/	6/	6/	6/	6/	\$3.50 + 50%	4,199

1/ Excludes headwear made from synthetic straw of manmade fibers, provided for under TSUS items 703.05 and 703.15. Most of the imports under item 703.05 (31.8 million dollars' worth in 1981) and item 703.15 (\$4.5 million dollars' worth) consist of textile hats and are subject to control under the MFA.

2/ The designation "A" or "A\*" indicates that the item is currently designated as an eligible article for duty-free treatment under the U.S. Generalized System of Preferences. "A" indicates that all beneficiary developing countries are eligible for the GSP. "A\*" indicates that certain of these countries, specified in general headnote 3(c) of the Tariff Schedules of the United States Annotated (TSUSA), are not eligible. A copy of general headnote 3(c) of the TSUSA is included in app. A.

3/ Rate effective prior to Jan. 1, 1980.

4/ The col. 1 rates are most-favored-nation rates assessed on imports from all noncommunist countries and China, Hungary, Poland, Romania, and Yugoslavia.

5/ The col. 2 rates are assessed on imports from Communist countries other than those listed above.

6/ No tariff reduction granted in the Tokyo round of the MTN.

Like or directly competitive headwear, except for synthetic straw headwear (TSUS items 703.05 and 703.15), is also eligible for GSP treatment. However, imports from Mexico under items 702.32 and 702.40 are not eligible for duty-free treatment in 1982 because Mexico exceeded the competitive-need limits in 1981.

With the exception of synthetic straw headwear made of manmade fibers (items 703.05 and 703.15), straw headwear is not subject to import controls under the Multifiber Arrangement (MFA). Officially known as the Arrangement Regarding International Trade in Textiles, the MFA provides the legal framework for bilateral agreements among its signatories, allowing for the orderly development of international trade in textiles and apparel of cotton, wool, and manmade fibers.

### The Domestic Industry

#### U.S. producers

Information received from industry sources indicates that approximately 10 to 15 firms currently produce headwear of sewn natural straw; two other firms ceased production of these hats in 1981. Approximately 25 additional firms produce woven natural, synthetic, and paper straw headwear and a few of these also sew synthetic or paper braid into hats.

Questionnaire responses were received from 20 firms; however, usable data were received from only 13. The 13 firms are located in Illinois, Massachusetts, Missouri, New York, and Texas. Most of the firms produce cloth headwear, as well as straw hats, with straw hats representing between 25 and 50 percent of their total headwear shipments. About half the firms produced only men's headwear. The remaining firms produced both men's and women's headwear or only women's. Two firms producing millinery (women's hats) sewed only synthetic braid, and five firms produced only woven straw headwear.

#### Channels of distribution

The distribution of straw headwear varies considerably, by type of hat and by producer. Much of the distribution of men's straw headwear is controlled primarily by "jobbers." Unlike jobbers in other parts of the apparel industry, which own the materials and contract out their production, the headwear jobbers act as wholesalers or distributors. They purchase straw hats from domestic producers, importers, and occasionally from foreign producers and, in turn, sell to and service retail accounts, varying from department stores to small specialty and gift stores. Some jobbers also sell directly to consumers. Jobbers sell headwear through their sales forces, catalogs, and exhibits at trade shows.

U.S. producers of millinery distribute their products through several different channels. Some sell directly to retail stores, employing their own sales agents; others contract with independent sales agents (known as commission houses), which handle a variety of headwear and other apparel articles. The independent sales agent does not purchase the headwear, but

serves the function of selling the millinery. Both types of sales agents have showrooms in New York City, where retailers or representatives from buying offices come to purchase merchandise. The sales agent then places the order with the manufacturer, who distributes the merchandise directly to the retail stores.

#### U.S. production

Since most U.S. producers could not provide data on their production of natural straw hats according to the type of plants from which the straw was derived, data were compiled on all sewn headwear of natural straw. Such production increased 7 percent from 1979 to 1981, and decreased 60 percent in January-April 1982, compared with the corresponding period in 1981, as shown in the following tabulation:

	<u>Production</u> <u>(dozen)</u>
1979-----	134,189
1980-----	138,965
1981-----	144,123
January-April--	
1981-----	72,100
1982-----	29,193

Approximately three-quarters of these straw hats were Western hats, with the remainder consisting of men's dress hats, women's dress hats, and State police and other uniform hats. The increase in production from 1979 to 1981 was caused largely by the increased popularity and demand for Western hats which began in 1979, peaked in the beginning of 1981, and declined in the summer of 1981. The significant decrease in production occurring in January-April 1982 largely reflected the sharp decline in demand for Western hats and the resulting increased producers' inventories. Industry sources indicated that the demand for Western or cowboy hats in 1979 started suddenly and the increased production that occurred between 1979 and early 1981 was such that U.S. producers could not fill orders fast enough to meet the rapidly rising demand.

The producers' capacity to produce sewn headwear of natural straw cannot be separately determined since the employees and machinery used in the production of natural straw hats are also used in the production of synthetic and paper hats. Therefore, capacity data were collected on all sewn straw headwear. The estimated capacity for eight of the firms sewing all types of straw headwear increased from 210,287 dozen in 1979 to 304,936 dozen in 1981. In January-April 1982, overall capacity for the respondents decreased 10 percent from the level in January-April 1981. The rate of capacity utilization for these firms decreased slightly in 1980 from the level in 1979. One firm which accounted for \* \* \* percent of total capacity in 1980, increased their capacity, gearing up for the projected increased demand for Western hats. This firm's production, however, did not increase as rapidly as their capacity during 1980. The following tabulation illustrates the rate of

capacity utilization for the firms producing sewn headwear of synthetic, paper, and natural straw:

Item	1979	1980	1981	January-April--	
				1981	1982
Production of sewn straw headwear-----dozen--	184,271	197,051	201,377	104,184	38,284
Capacity of sewn straw headwear-----dozen--	210,287	233,067	304,936	114,797	103,626
Capacity utilization rate-----percent--	88	85	66	91	37

The trend in U.S. production of like or directly competitive articles, as reported in the Commission questionnaires, parallels that of the production of sewn natural straw headwear, showing an increase from 1979 to 1981 and a decrease in January-April 1982 compared with January-April 1981. U.S. production of like or directly competitive products, by types, is shown in the following tabulation:

Item	1979	1980	1981	January-April--	
				1981	1982
Woven natural straw hats-----dozen--	222,014	281,488	332,646	114,592	72,365
Woven synthetic and paper straw hats					
dozen--	162,630	194,923	214,537	72,143	58,604
Sewn synthetic and paper straw hats-----dozen--	50,082	58,086	57,254	32,084	9,091
Total-----	434,726	534,497	604,437	218,819	140,060

#### U.S. producers' shipments

As can be seen from the following table, shipments of sewn natural straw hats generally paralleled production. Domestic shipments of these items increased 7 percent from 132,900 dozen in 1979 to 142,515 dozen in 1981. Shipments then declined 61 percent to 28,603 dozen in January-April 1982, compared with shipments in the corresponding period of 1981.

The value of domestic shipments of sewn natural straw headwear increased steadily from 1979 to 1981, by 23 percent, compared with a 7-percent increase



in quantity. In January-April 1982, the value of shipments decreased 44 percent compared with the value of shipments in January-April 1981. Much of the decrease can be attributed to the decline in demand for Western hats. Although shipments from all but two of the reporting firms decreased in January-April 1982, those firms producing mainly Western hats experienced the greatest decreases.

Shipments of directly competitive articles paralleled the trend that occurred in domestic shipments of sewn natural straw headwear. Specifically, total shipments of directly competitive products increased 37 percent from 393,996 dozen in 1979 to 540,161 dozen in 1981 and decreased 47 percent in January-April 1982 compared with shipments in the corresponding period in 1981. The value of these shipments totaled \$44.3 million in 1981, or 56 percent more than in 1979.

Sewn natural straw headwear and like or directly competitive articles:

Shipments by certain U.S. producers, by types, 1979-81, January-April 1981, and January-April 1982

Type	1979	1980	1981	January-April--	
				1981	1982
	Quantity (dozen)				
Sewn natural straw hats-----	132,900	138,193	142,515	73,405	28,603
Sewn synthetic or paper straw headwear-----	48,232	55,286	52,554	31,294	7,251
Woven natural straw headwear-----	198,797	269,050	311,527	130,495	67,881
Woven synthetic and paper straw headwear-----	146,967	189,275	176,080	71,896	48,795
Total, like or directly competitive articles-----	393,996	513,611	540,161	233,685	123,927
	Value (1,000 dollars)				
Sewn natural straw headwear-----	7,650	8,584	9,438	5,155	2,884
Sewn synthetic or paper straw headwear-----	2,731	3,281	3,482	2,049	657
Woven natural straw headwear-----	11,676	17,406	19,671	8,095	4,548
Woven synthetic and paper straw headwear-----	13,954	19,493	21,107	10,388	9,089
Total, like or directly competitive articles-----	28,361	40,180	44,260	20,532	14,294

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.



### U.S. producers' inventories

Inventories of natural straw hats, both sewn and woven, held by U.S. producers responding to the Commission's questionnaires increased 99 percent in terms of quantity from 1979 to 1981, and 94 percent in terms of value, as shown in the following tabulation:

Item	As of Dec. 31--			As of Apr. 30--	
	1979	1980	1981	1981	1982
Quantity-----dozen--	21,065	23,215	41,828	***	24,216
Value-----1,000 dollars--	779	851	1,506	543	869

The sizable inventory increases in 1981 and January-April 1982 were caused in part by the abrupt decline in demand for the Western hats which took place about June 1981. \* \* \*. The inventory level for these firms as a share of their total production increased from 6 percent in 1979 to 9 percent in 1981. The inventory level as of April 30, 1982, was 24 percent of production, compared with \* \* \* percent as of April 30, 1981.

### U.S. Employment

Data on employment submitted by 15 producers of all types of straw headwear in response to Commission questionnaires are shown in the following tabulation:

Item	1979	1980	1981	January-April--	
				1981	1982
All persons employed by establishments producing straw headwear-----	1,780	2,171	1,845	2,292	1,268
Production and related workers employed in the production of--					
All headwear-----	1,590	1,970	1,643	2,034	1,060
Sewn headwear of straw <u>1/</u> <u>2/</u> -----	145	158	167	123	114
Woven headwear of straw <u>1/</u> -----	637	885	761	820	557

1/ Partially estimated by the Commission staff.

2/ Includes all workers producing sewn straw headwear; sewers and finishers.

Employment of production and related workers producing all types of headwear, including cloth headwear, increased 24 percent from 1979 to 1980, decreased 17 percent from 1980 to 1981, and decreased 48 percent in January-April 1982 compared with the level in the corresponding period in 1981. Employment of production and related workers producing woven straw hats followed the same trend throughout the period. Employment in sewn straw hat production, however, increased from 1979 through 1981 and then decreased 7 percent in January-April 1982. For most of the firms, employment of production and related workers producing sewn straw hats remained relatively stable during the period; however, the number of workers in one of the larger firms producing men's sewn straw dress and Western hats increased 24 percent from 1980 to 1981. The overall decline in the number of production and related workers in January-April 1982 most likely reflects the decline in demand for Western hats.

Data on the number of man-hours worked by production and related workers in the industry were available from the questionnaire respondents only for workers producing all headwear. The data reported by 13 firms, indicate that man-hours worked by production and related workers producing all types of headwear, including cloth headwear, increased 38 percent from 1979 to 1981 and then decreased 42 percent in January-April 1982 compared with those in the corresponding period of 1981, as shown in the following tabulation:

	<u>Man-hours</u> <u>(thousands)</u>
1979-----	2,992
1980-----	3,787
1981-----	4,126
January-April--	
1981-----	1,515
1982-----	881

### U.S. Importers

Importers of straw headwear include (1) general importers that handle a diverse group of products, including headwear; (2) importers that deal in all types of headwear; (3) large retail chains that import directly; (4) shops specializing in apparel and accessories and novelty or gift shops; and (5) private citizens. In addition, many of the U.S. straw hat producers directly import hat bodies (mostly woven as opposed to sewn) to block and trim into finished headwear and, to a lesser extent, import finished straw hats to supplement their lines.

### U.S. Imports

Questionnaires requesting data on imports were mailed to all known importers of sewn straw headwear and a sample of importers of like or directly competitive articles. Respondents to the Commission's questionnaire accounted for approximately 45 percent of the total value of imports of the sewn straw headwear under investigation in 1981. The percentage of total imports of like or directly competitive articles accounted for by these respondents in 1981 amounted to approximately 40 percent.

U.S. imports of natural synthetic straw headwear include both finished and unfinished headwear, of which many styles or types are not produced domestically. Virtually all the woven straw hat bodies used in the domestic production of finished woven straw hats are imported, and many of the inexpensive finished woven straw hats, such as birds' nest hats, sun or beach hats, sombreros, and the foldable hats from Taiwan are not produced domestically. The types of imported headwear that are produced domestically include Western hats, men's dress hats, such as the Panama and Harrison Ford styles, and millinery, such as some of the wide-brim "floppy" hats.

Although there are great variations in the quality and styling of imported straw hats, they are generally comparable in quality to the domestically made hats. Of the 18 questionnaire respondents which imported finished sewn straw headwear under TSUS items 702.28 and 702.30, 12 imported only Western straw headwear and accounted for approximately 60 percent of the total value of the 18 respondents' imports. The remaining six firms imported the foldable hats from Taiwan, men's dress hats, and millinery.

### U.S. imports of the headwear under investigation

Official statistics of the U.S. Department of Commerce show that U.S. imports of the sewn straw headwear under investigation (TSUS items 702.25, 702.28, and 702.30) increased 280 percent from 31,766 dozen in 1977 to 120,823 dozen in 1981 (table 1, app. B). The value of these imports increased 350 percent from \$517,000 in 1977 to \$2.3 million in 1980 before decreasing 15 percent to \$2.0 million in 1981. <sup>1/</sup> In January-June 1982, these imports

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<sup>1/</sup> Counsel representing a Korean producer and exporter of straw hats testified at the Commission public hearing that the level of these imports is somewhat overstated because they include sewn headwear derived from nongrain plants as well as grain plants. Transcript of the hearing, p. 76.

decreased 36 percent in terms of quantity and 25 percent in terms of value from those in the corresponding period of 1981. The sharp increases in imports occurring in 1979 and 1980 were generated in part by the increased demand for the popular Western hats; the decrease in imports during January-June 1982 was largely a delayed response to the demise of the fad.

From 1977 to 1980, the major supplier of the sewn straw headwear under investigation was Italy (a non-GSP beneficiary country), accounting for 49 percent of total imports in 1980. Virtually all the imports from Italy consisted of straw headwear valued at more than \$15 a dozen (TSUS item 702.30). According to industry sources, many of the Italian hats were Western hats made from braided wheat straw imported from China. The remainder consisted of millinery and some men's dress hats. Although Italy remained the major supplier in 1981 in terms of value, its shipments declined 47 percent in terms of value and 54 percent in terms of quantity from those in 1980. Imports from Italy continued to decrease in January-June 1982, declining 41 percent from imports in the corresponding period of 1981. The decrease was attributed in part to \* \* \*.

The decrease in shipments of Italian headwear in 1980 and 1981 was more than offset by an increase in imports from Taiwan and Korea (GSP beneficiary countries) and China (a non-GSP beneficiary country). Imports of the headwear under investigation from Taiwan increased 321 percent from \$108,000 in 1980 to \$455,000 in 1981. Most of these imports consisted of straw headwear valued not over \$15 a dozen (TSUS item 702.28), of which Taiwan has been the major supplier since 1979. In 1981, Taiwan accounted for 74 percent of the total value of imports classified under TSUS item 702.28 (table 2).

Korea entered the U.S. market for sewn straw headwear in 1981 with 14,721 dozen, valued at \$314,000, thereby becoming the third largest foreign supplier (table 1). Almost three-fourths of these imports consisted of sewn straw hats valued at more than \$15 a dozen (TSUS item 702.30), and are believed to have been mostly Western hats. In January-June 1982, Korean hats imported under TSUS item 702.30 totaled 9,117 dozen, valued at \$243,000, up from 4,055 dozen, valued at \$87,000, in January-June 1981 (table 3). Some of this increase is believed to have been due to Western hats ordered in 1981, which because of the lag time in shipping, arrived in the first half of 1982.

Imports of the sewn straw headwear under investigation from China decreased from 3,048 dozen, valued at \$10,000, in 1979 to 2,597 dozen, valued at \$23,000, in 1980 (table 1). In 1981, these imports rose to 19,764 dozen, valued at \$111,000. Most consisted of hat bodies imported under TSUS item 702.25, of which China became the leading supplier in 1981. Before 1981, Taiwan and Brazil (both GSP beneficiary countries) were the major suppliers. Imports of hat bodies have been increasing steadily since 1977, reaching \$298,000 in 1981 (table 4). Such imports rose 45 percent in January-June 1982 from those in the corresponding period of 1981, totaling \$244,000, and Italy emerged as the leading supplier with 41 percent of the total. None of the U.S. manufacturers which responded to the Commission questionnaire reported using imported hat bodies in their manufacturing operations. However, representatives for the domestic industry stated in their posthearing statement that U.S. manufacturers do occasionally import certain quantities of

these hat bodies. One U.S. firm which imported one large shipment of hat bodies in 1981 to finish into Western hats was located by the Commission staff. Only a small portion of these hats entered the market because the sewn bodies were not as pliable as woven hat bodies and did not result in a satisfactory product.

U.S. imports of like or directly competitive headwear

Headwear that is commercially competitive with the headwear classified under TSUS items 702.25, 702.28, and 702.30 includes sewn strawlike headwear made from synthetic materials, paper, and unspun fibrous vegetable materials other than straw, and woven straw headwear. U.S. import data for sewn straw headwear of synthetic materials are not available from official statistics. Data were requested on imports of synthetic and paper sewn hats together in the questionnaires; however, only 7 of the 47 respondents reported imports of these items. These data are not likely to represent a significant portion of the total imports of these hats, but may be indicative of trends. The trend in imports of these hats as reported in the questionnaires roughly parallels the trend in imports of the sewn straw hats under investigation, with the quantity increasing from 1979 to 1981. However, such imports declined sharply in January-April 1982 compared with imports in the corresponding period of 1981, as shown in the following tabulation:

Item	1979	1980	1981	January-April--	
				1981	1982
Quantity-----dozen--	***	42,102	42,929	***	***
Value-----	***	\$733,347	\$870,955	***	***

Western hats accounted for 89 percent of the total value in 1981, millinery accounted for 7 percent, and men's dress hats accounted for 4 percent.

U.S. imports of sewn headwear of straw made from paper or unspun fibrous vegetable materials other than grain plants (TSUS item 702.32) increased from \$352,000 in 1977 to approximately \$3.0 million in 1981 (table 5). Imports of these items decreased 85 percent in January-April 1982 from those in the corresponding period of 1981. Many of these imports consisted of Western hats. Italy was the major supplier during 1977-79, and Mexico was the major supplier in 1980 and 1981. Imports from Mexico decreased 89 percent in January-April 1982 from those in the corresponding period of 1981, presumably as a result of its loss of GSP eligibility in April 1981 combined with the decreased demand for Western hats. Mexico was the largest supplier of Western hats during the peak period of 1980 and the first half of 1981. A popular type of Western hat imported from Mexico under TSUS item 702.32 was an inexpensive sewn hat made from a woven paper material which was cut into the shape of a crown and a brim and then sewed together.



Official statistics reveal that U.S. imports of woven straw headwear in 1981 totaled 2.6 million dozen, valued at \$25.3 million, far exceeding the amount of imports of the sewn straw headwear under investigation (table 6). Approximately three-fourths of the woven straw headwear imports consisted of hat bodies, which are blocked, trimmed, and otherwise finished by the domestic industry (tables 7 and 8). Woven straw headwear is eligible for GSP treatment except for the imports from Mexico of woven straw hats valued over \$3.00 per dozen, (TSUS item 702.47). U.S. imports of woven straw headwear followed a pattern similar to that of imports of sewn straw headwear, except that the decrease in imports did not take place until January-April 1982. Specifically, the woven straw headwear imports increased from \$6.8 million in 1977 to \$25.3 million in 1981, with the largest increase, 106 percent, occurring from 1979 to 1980 (table 6). In January-April 1982, imports decreased 65 percent from those in the corresponding period of 1981. Many of these imports were Western hats, and the trend in imports appears to have closely followed the demand for those hats. China (a non-GSP beneficiary country) became the major supplier in 1978, followed by Taiwan (a GSP beneficiary country).

#### U.S. imports under the GSP

U.S. imports of the sewn straw headwear under investigation from GSP beneficiary countries represented 25 percent of the quantity and 11 percent of the value of total imports in 1976, the first year these items were eligible for duty-free treatment (table 9). These ratios remained relatively close to this level until 1979, when GSP imports' share of total imports began to increase. By 1981, GSP imports' share of the total increased to 63 percent in terms of quantity and 53 percent in terms of value. These GSP imports generally followed the same trends as total imports of these items, increasing in terms of quantity from 1978 to 1981 and decreasing in January-June 1982. However, the value of GSP imports, increased 58 percent from 1980 to 1981, while the total value of the imports under investigation decreased 15 percent. Taiwan was the leading supplier of GSP imports from 1978 to 1981, except in 1980, when Mexico led. Korea was the second largest supplier in 1981 and the largest supplier during January-June 1982.

Imports of sewn straw hat bodies (TSUS item 702.25) from GSP beneficiary countries rose from less than \$9,000 in 1978, or 27 percent of total imports of these items, to \$91,000, or 85 percent of the total, in 1980 (table 10). GSP imports of these items in 1981 increased to \$194,000, but their share of total imports dropped to 65 percent; their share dropped again in January-June 1982, to 49 percent. Leading suppliers during the period were Taiwan, Brazil, Mexico, and Ecuador.

The highest ratios of duty-free imports to total imports, 42 percent in 1978 and 91 percent in 1981, were for sewn straw headwear valued not over \$15 a dozen (TSUS item 702.28). The ratio declined to 63 percent in January-June 1982. The value of the duty-free imports increased steadily from \$42,178 in 1978 to \$346,636 in 1981 (table 11). Taiwan was the major supplier of these imports except for in 1980, when Mexico was the leading supplier.

Sewn straw headwear valued over \$15 a dozen (TSUS item 702.30) showed the lowest ratios of duty-free imports to total imports, although imports entering

in January-June 1982 indicated an increasing proportion of GSP imports (table 12). GSP imports accounted for 3 percent of the total in 1978, 39 percent in 1981, and 53 percent in January-June 1982. Mexico was the leading supplier of GSP imports until Korea entered the market in 1981.

### U.S. Exports

Data on U.S. exports of sewn natural straw headwear and like or directly competitive articles are not reported in official statistics. Data submitted by 10 producers of these articles responding to Commission questionnaires indicated that exports of these products were negligible from 1979 through January-April 1982.

### Apparent U.S. Consumption and Market Penetration of Imports

U.S. producers responding to the Commission questionnaires were unable to provide separate data on shipments of sewn headwear of straw made from grain plants; therefore, the following table compares imports of sewn headwear of straw made from grain plants, TSUS items 702.25, 702.28, and 702.30, with domestic shipments of sewn natural straw headwear, i.e., with the straw derived from both grain and nongrain plants.

Sewn natural straw headwear: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, <sup>1/</sup> and apparent consumption, 1979-81, January-April 1981, and January-April 1982

Period	Producers' shipments <sup>2/</sup>	Imports <sup>3/</sup>	Apparent consumption	Ratio of imports to consumption
		Dozen		Percent
1979-----	132,900	62,992	195,892	32
1980-----	138,193	103,592	241,785	43
1981-----	142,515	120,823	263,338	46
January-April--				
1981-----	73,405	44,510	117,915	38
1982-----	28,603	45,869	74,472	62

<sup>1/</sup> U.S. exports of sewn natural straw headwear were reported by 1 firm, which exported a negligible amount in 1979.

<sup>2/</sup> Producers' shipments include sewn headwear of natural straw derived from grain and nongrain plants.

<sup>3/</sup> Imports include only sewn headwear of straw derived from grain plants.

Source: Producers' shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports compiled from official statistics of the U.S. Department of Commerce.



U.S. consumption of sewn natural straw headwear increased steadily from 195,892 dozen in 1979 to 263,338 dozen in 1981. Consumption in January-April 1982 was 74,472 dozen, down 37 percent from that in the corresponding period of 1981. Imports' share of the market increased each year. In 1979, imports accounted for 32 percent of U.S. consumption, and by 1981, for 46 percent. The increase appears to follow the increased popularity of Western hats. According to industry sources, U.S. producers could not fill orders for Western hats fast enough, and many purchasers turned to imports to satisfy the demand.

Imports continued to increase in January-April 1982, and totaled more than producers' shipments for the first time in the period. Producers' shipments declined 61 percent in January-April 1982 from those in the corresponding period of 1981.

#### Comparison of Producers' and Importers' Sale Prices

Net selling prices were collected from U.S. producers and importers on their largest selling items. Prices reported by U.S. producers on sewn natural straw hats were evenly divided among men's dress hats, uniform and State police hats, and Western hats. U.S. producers' prices for the other types of straw hats were reported mainly for Western hats, although a few were reported for millinery and men's dress hats. The majority of prices reported by U.S. importers were for Western hats, with a few reported for the foldable hat from Taiwan, the birds' nest hat from Mexico, and various sun and beach hats. Except for the foldable hat from Taiwan, all the prices reported by U.S. importers on sewn natural straw hats were for Western hats.

Price comparisons for straw headwear present the inherent problem that no two straw hats from any two manufacturers, whether they be domestic or foreign, are exactly alike. The same style hat may differ from manufacturer to manufacturer in quality of the straw and hat body, type of sweatband used, and type of decorative band or ornament added. The effect of adding a decorative band made of leather versus one made of fabric, or ornamenting the hat with a feather, changes the cost of the hat and hence the selling price. In addition, both the domestically produced and imported hats come in a wide range of styles. Given these difficulties, the Commission has compared wholesale prices of these articles by three different methods.

The first method compares wholesale price ranges for U.S.-made hats and imported hats, by types, for each year, as shown in the following table.

Straw hats: Wholesale price ranges for U.S.-produced hats and imported hats, by types, 1979-82

(Per dozen)				
Item	1979	1980	1981	1982
Sewn natural straw hats:				
U.S.-made-----	\$26.00-\$156.00	\$27.00-\$168.00	\$28.00-\$192.00	\$28.00-\$204.00
Imported-----	8.25- 40.00	9.75- 84.00	10.75- 96.00	14.00- 72.00
Sewn synthetic and paper straw hats:				
U.S.-made-----	42.50- 120.00	43.00- 120.00	46.00- 120.00	39.00- 120.00
Imported-----	<u>1/</u>	24.00- 84.00	27.00- 84.00	18.00- 72.00
Woven natural straw hats:				
U.S.-made-----	24.00- 150.00	25.00- 198.00	26.00- 264.00	26.00- 168.00
Imported-----	3.96- 25.00	7.18- 81.60	5.95- 60.00	5.95- 48.00
Woven synthetic and paper straw hats:				
U.S.-made-----	60.00- 111.00	62.00- 126.00	64.00- 132.00	64.00- 144.00
Imported-----	<u>1/</u>	<u>2/</u> 66.60	36.00- 180.00	44.00- 72.00

1/ Prices were not reported by importers in response to Commission questionnaires for this type of hat in 1979.

2/ This was the only price reported by importers for this type of hat in 1980.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Taking into consideration the fact that the prices reported by both U.S. producers and importers are for varying styles, the comparisons serve to indicate that the price ranges for imported hats generally were much lower than those for U.S.-made hats. The least expensive sewn natural straw hat for which data were reported by domestic firms for all the years was a Western hat, as was the least expensive imported hat. The most expensive domestically made sewn natural straw hat was a uniform straw hat; the most expensive imported sewn natural straw hat was a Western hat.

The second method of comparison looks at the average of the wholesale prices reported by questionnaire respondents, by types, for each year, as shown in the following table.

Straw hats: Average of certain wholesale prices of U.S.-made hats and imported hats, by types, 1979-82

(Per dozen)					
Item	1979	1980	1981	1982	
Sewn natural straw hats:					
U.S.-made-----	\$89.00	\$95.43	\$105.86	\$110.00	
Imported-----	22.08	37.06	36.51	26.55	
Sewn synthetic and paper straw hats:					
U.S.-made-----	73.93	77.29	82.00	80.50	
Imported-----	<u>1/</u>	<u>2/</u> 45.75	61.73	46.37	
Woven natural straw hats:					
U.S.-made-----	72.19	87.95	110.99	104.32	
Imported-----	9.42	30.53	27.87	23.57	
Woven synthetic and paper straw hats:					
U.S.-made-----	85.80	96.00	100.00	100.80	
Imported-----	<u>1/</u>	<u>2/</u> 66.60	82.12	80.00	

1/ Prices were not reported by importers in response to Commission questionnaires for this type of hat in 1979.

2/ This was the only price reported by importers for this type of hat in 1980.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

As was shown by the other method of price comparison, the imported straw hats were less expensive than the U.S.-made hats.

The third method of price comparison, shown in the following table, looks at the average of prices reported for Western straw hats by U.S. producers and U.S. importers. Although Western hats also vary in styling and quality, the products compared by this method are more similar in style than those compared by the other methods.

Western straw hats: Average of certain wholesale prices of U.S.-made  
and imported Western hats, by types, 1979-82

(Per dozen)				
Item	1979	1980	1981	1982
Of sewn natural straw:				
U.S.-made-----	\$69.00	\$69.50	\$70.00	\$70.00
Imported-----	20.75	37.46	41.43	30.04
Of sewn synthetic or paper straw:				
U.S.-made-----	66.25	70.50	77.25	74.00
Imported-----	<u>1/</u>	45.75	61.73	46.37
Of woven natural straw:				
U.S.-made-----	76.38	88.38	94.98	80.64
Imported-----	10.26	35.64	28.28	24.12
Of woven synthetic or paper straw:				
U.S.-made-----	89.25	100.50	110.00	112.00
Imported-----	<u>1/</u>	<u>2/</u> 66.60	93.65	80.00

1/ Prices were not reported by importers in response to Commission questionnaires for this type of Western hat in 1979.

2/ This was the only price reported by importers for this type of hat in 1980.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The average net selling prices for all types of the imported straw Western hats were lower than the average net selling prices of the U.S.-made Western hats. Although Western hats are made in the United States and abroad in many different styles and price ranges, the prices reported for the most expensive imported Western hats were lower than those reported for the most expensive U.S.-made Western hats. Specifically, the most expensive sewn natural straw Western hat imported in 1981 was priced at \$96.00 per dozen, while the most expensive U.S.-made sewn natural straw hat was priced at \$120.00 per dozen. The least expensive imported Western hats were also priced consistently lower than the least expensive U.S.-made hats.

#### Profit-and-loss Experience

The Commission received profit-and loss data from eight producers of sewn straw headwear. These producers are believed to represent the majority of the U.S. sewn straw hat industry. Their profit-and-loss experience reported in the following table covers manufacturing operations for all headwear they produced. Domestic shipments of sewn straw headwear from these firms accounted for 16 percent of their total net sales in 1981.

Profit-and-loss experience 1/ of U.S. producers of sewn straw headwear 2/,  
1979-81 and January-June 1982

Item	1979	1980	1981	January-June 1982 <u>3/</u>
Net sales-----1,000 dollars--	50,645	68,668	65,147	18,321
Cost of goods sold:				
Raw materials-----do-----	21,682	29,314	29,205	6,742
Direct labor-----do-----	9,751	11,697	10,892	3,436
Other factory costs--do-----	8,488	9,659	10,501	3,582
Total-----	39,921	50,670	50,598	13,760
Gross profit-----do-----	10,724	17,998	14,549	4,561
General, selling, and administrative expenses				
1,000 dollars--	***	6,569	7,728	4,519
Net operating profit--do-----	***	11,429	6,821	42
Other expenses-----do-----	***	***	***	384
Net profit or (loss) before taxes-----1,000 dollars--	***	***	***	(342)
Ratio of net operating profit to net sales <u>4/</u> percent--	***	***	***	<u>5/</u>
Number of firms reporting net operating losses-----	0	0	0	2
Range of individual firm's sales:				
High-----1,000 dollars--	***	***	***	***
Low-----do-----	***	***	***	***
Range of individual firm's net operating profit or (loss):				
High-----1,000 dollars--	***	***	***	***
Low-----do-----	***	***	***	***

1/ Data include profit-and-loss experience of U.S. sewn straw headwear producers on their manufacturing operations for all headwear, including cloth headwear.

2/ Includes sewn headwear of natural, synthetic, and paper straw.

3/ Firms reported profit-and-loss experience for various time periods in 1982; therefore, the data reported for January-June 1982 do not always cover the first 6 months of 1982. Includes profit-and-loss experience for 7 firms.

4/ The comparable ratio for all manufacturing, based on published data of the Federal Trade Commission, was 8.9 percent in 1979, 7.6 percent in 1980, and 7.5 percent in 1981.

5/ Less than 0.5 percent.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Net sales of questionnaire respondents increased 36 percent from \$50.6 million in 1979 to \$68.7 million in 1980 and then decreased 5 percent to \$65.1 million in 1981. Net operating profit and the ratio of net operating profit to net sales increased from 1979 to 1980 and decreased in 1981. Respondents' net profit before taxes increased \* \* \* percent from 1979 to 1980 and then decreased \* \* \* percent in 1981 to a level just below the 1979 level. Data for the first half of 1982 show losses for the first time in this period. Two firms reported losses in 1982; none were reported in 1979-81.

### Representations by Interested Parties

Witnesses testifying at the Commission's public hearing included representatives of the United Hatters, Cap, & Millinery Workers International Union, AFL-CIO, and the Headwear Institute of America, and counsel for the Young An Hat Co., a Korean manufacturer and exporter of sewn straw headwear. Written testimony was received from Ed's West, Inc., a major importer of sewn straw headwear. A summary of their statements is presented below.

#### Domestic industry

The witnesses appearing on behalf of the domestic industry stressed the import sensitivity of the sewn straw headwear industry. U.S. imports of these items increased sharply between 1979 and 1981, with the majority entering duty free under the GSP. On the other hand, domestic production, employment, and profitability in the U.S. industry declined sharply since June of 1981. They further stated that the exclusion of imports of headwear of manmade fibers, cotton, and wool from the GSP demonstrates official recognition of the import sensitivity of the headwear industry. This makes straw headwear a prime target for foreign producers since--unlike headwear of cotton, wool, and manmade fibers--imports of straw hats are not controlled under the Multifiber Arrangement.

The industry and union witnesses refuted the claim made by counsel for the Korean producer that the cyclical nature of the headwear market, specifically the demise of the Western hat fad, was responsible for the sharp losses incurred by the industry in production, employment, and profitability. They stated that current production levels are well below what might be considered normal after a decline in a fad. They indicated that the closing of one firm and two manufacturing plants of another company was attributable to imports, and not the sudden decline in demand for the Western hats.

The representatives of the U.S. industry stated that imports of sewn straw headwear do not need GSP to compete in the U.S. market, where they have had a significant presence for many years. The witnesses pointed out that GSP treatment is utilized primarily by Korea and Taiwan, which are among the world's largest producers and exporters of headwear.

#### Importers

Young An Hat Co.--Counsel for the Korean manufacturer stated that U.S. imports of sewn straw headwear have not had an adverse impact on the domestic industry. The increase in imports between 1979 and 1981 reflected increased demand for Western hats, which domestic producers operating at full capacity could not meet. When demand declined, imports decreased also. Moreover, GSP imports paralleled trends in domestic production, and the granting of duty-free treatment did not have an appreciable effect on total U.S. imports of these items. He further stated that the U.S. headwear industry experienced a period of unparalleled prosperity beginning in 1979 and lasting through much of 1981, due to the Western hat craze. Counsel presented as testimony news articles quoting representatives of the headwear industry, who stated that



their sales of Western hats had increased drastically, to the point that even producing at 100 percent capacity, they could not fill all the orders or service new accounts for several years. Counsel further stated that the losses currently experienced by the domestic industry in production, employment, and profitability are the result of the current severe recession and the sudden demise of the Western hat craze, which resulted in large inventories.

Counsel for the Korean manufacturer--believed to be the only producer and exporter of sewn straw hats in that country--also added that official statistics on U.S. imports of sewn straw headwear are somewhat overstated due to misclassification. He submitted to the Commission a confidential listing of Young An's shipments of straw headwear, which indicated that none of the straw headwear exported to the United States in 1981 and 1982 was of the type classified under the three tariff provisions under consideration in this investigation. Moreover, this listing indicated that shipments from the Young An Hat Co. declined in the first 6 months of 1982 and will continue to decline into 1983.

Importer of the straw headwear under investigation.--In written testimony, Ed's West, Inc., stated that the domestic industry's losses in profitability and employment were caused not by an import surge, but by the rapid rise and fall in demand for Western hats. It also mentioned that woven straw hats imported from Korea and China had been misclassified in the TSUS items under investigation. It refuted the domestic industry's claim that importers switched their purchases from Italy to Korea in 1981 because of the impact of GSP. Rather, it switched its purchases from the Italian-made straw hats to synthetic straw hats made in Taiwan because of styling reasons. It stated that the increase in shipments from Korea in 1981 was caused by the misclassification of the woven straw hats.





APPENDIX A

Excerpts from the Tariff Schedules of the United States  
Annotated (1982)

## TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1982)

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## SCHEDULE 7. - SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS

Part 1. - Footwear; Headwear and Hat Braids; Gloves; Luggage,  
Handbags, Billfolds, and Other Flat Goods

7 - 1 - B

702.06 - 702.37

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			Subpart B. - Headwear and Hat Braids				
			Subpart B headnote:				
			1. For the purposes of this subpart --				
			(a) the term "headwear" includes hats, caps, berets, bonnets, hoods, and all other head coverings, of whatever material composed (including bodies, forms, plateaux, manchons, and shapes for headwear), designed for human wear, except infants' knit headwear, but does not include mufflers, scarves, shawls, mantillas, veils, and similar articles; hair nets; hair ornaments; or wigs and similar articles; and				
			(b) the term "caps" (items 702.15 and 702.20) means headwear without a brim but with a shade or visor in front.				
			Headwear, of vegetable fibers, of unspun fibrous vegetable materials, of real horsehair, of paper yarn, or of any combination thereof:				
			Of cotton, flax, or both:				
			Knit:				
	702.06	00	Of cotton.....(359)	Doz....v	16.3% ad val.		45% ad val.
A	702.08	00	Other.....	Lb. Doz....v	16.3% ad val.	8.4% ad val.	45% ad val.
			Not knit:				
	702.12	00	Certified hand-loomed and folklore products; and headwear of cotton....(359)	Doz....v	15.5% ad val.		37.5% ad val.
A	702.14	00	Other.....	Lb. Doz....v	15.5% ad val.	8% ad val.	37.5% ad val.
			Other:				
			Caps:				
A	702.15	00	Of paper yarn.....	Doz....v	8.5% ad val.	7% ad val.	35% ad val.
A	702.20	00	Of materials other than paper yarn.....	Lb. Doz....v	5% ad val.		25% ad val.
			Headwear other than caps:				
			Sewed, whether or not blocked or trimmed:				
			Of straw:				
A	702.25	00	Not blocked and not trimmed....	Doz....	65c per doz. + 6.6% ad val.		\$3 per doz. + 50% ad val.
			Blocked or trimmed:				
A	702.28	00	Valued not over \$15 per dozen.....	Doz....	72c per doz. + 6.2% ad val.	37c per doz. + 3.2% ad val.	\$3 per doz. + 50% ad val.
A	702.30	00	Valued over \$15 per dozen.....	Doz....	68c per doz. + 5.2% ad val.	50c per doz. + 3.8% ad val.	\$3 per doz. + 50% ad val.
A*	702.32	00	Of materials other than straw.....	Doz....	49c per doz. + 8.2% ad val.	30c per doz. + 5.2% ad val.	\$3 per doz. + 50% ad val.
			Not sewed, not blocked, and not trimmed:				
A	702.35	00	Of palm leaf or of pandan, and valued not over \$3 per dozen.....	No.....	4.8% ad val.		25% ad val.
			Other:				
A	702.37		Not bleached and not colored.....	.....	7.8% ad val.	4% ad val.	25% ad val.
		20	Of palm-leaf and over \$3 per dozen.....	No.			
		60	Of toquilla.....	No.			
		85	Other.....	No.			
			Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).				

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Part 1. - Footwear; Headwear and Hat Braids; Gloves; Luggage, Handbags, Billfolds, and Other Flat Goods

702.40 - 703.35

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			Headwear, of vegetable fibers, of unspun fibrous vegetable materials, of real horsehair, of paper yarn, or of any combination thereof (con.): Other (con.): Headwear other than caps (con.): Not sewed, not blocked, and not trimmed (con.): Other (con.):				
A	702.40		Bleached or colored.....	.....	4.6c per doz. + 3.9% ad val.		25c per doz. + 25% ad val.
		20	Of paper.....	Doz.			
		40	Of ramie.....	Doz.			
		60	Other.....	Doz.			
A	702.45	00	Not sewed, but blocked or trimmed: Valued not over \$3 per dozen.....	No.....	25% ad val.		25% ad val.
A*	702.47	00	Other.....	Doz.....	\$1.02 per doz. + 5% ad val.		\$3.50 per doz. + 50% ad val.
			Headwear, of wool: Knit:				
	702.54	00	Valued not over \$2 per pound.....(459)	No.....v Lb.	27c per lb. + 14.8% ad val.		44c per lb. + 45% ad val.
	702.56	00	Valued over \$2 per pound.....(459)	No.....v Lb.	32c per lb. + 21.4% ad val.		50c per lb. + 50% ad val.
			Felt, not knit or woven: Not pulled, not stamped, not blocked, and not trimmed.....(459)	No.....v Lb.	9c per lb. + 21.3% ad val.		40c per lb. + 55% ad val.
	702.65	00	Pulled, stamped, blocked, or trimmed: Valued not over \$12 per dozen.....(459)	No.....v Lb.	11.6c per lb. + 15.5% ad val. + 3.2c per article		40c per lb. + 55% ad val. + 12.5c per article
	702.70	00	Valued over \$12 per dozen.....(459)	No.....v Lb.	11.6c per lb. + 11.9% ad val. + 3.2c per article		40c per lb. + 55% ad val. + 12.5c per article
			Other headwear of wool: Valued not over \$4 per pound.....(459)	No.....v Lb.	19c per lb. + 16.3% ad val.		33c per lb. + 45% ad val.
	702.80	00	Valued over \$4 per pound.....(459)	No.....v Lb.	29c per lb. + 16.3% ad val.		50c per lb. + 50% ad val.
A	702.85	00	Headwear of silk: For men or boys.....	No.....	31c each + 6.1% ad val.	16c each + 3% ad val.	\$2 each + 75% ad val.
A	702.90	00	For other persons: Knit.....	No.....	8.4% ad val.	5.8% ad val.	60% ad val.
A	702.95	00	Not knit.....	No.....	12.8% ad val.	7.5% ad val.	65% ad val.
			Headwear, of man-made fibers: Wholly or in part of braid.....(659)	Doz.....v Lb.	14% ad val.		90% ad val.
			Not in part of braid: Knit.....(659)	Doz.....v Lb.	22c per lb. + 17.8% ad val.		45c per lb. + 65% ad val.
	703.15		Not knit.....	.....	19c per lb. + 15.5% ad val.		45c per lb. + 65% ad val.
		10	Non-woven disposable apparel designed for use in hospitals, clinics, labor- atories or contaminated areas.....	Doz. v Lb.			
		15	Other.....(659)	Doz. v Lb.			
			Headwear, of fur not on the skin: For men or boys:				
A	703.20	00	Valued not over \$12 per dozen.....	Doz.....	21.3% ad val.	11% ad val.	65% ad val.
A	703.25	00	Valued over \$12 but not over \$18 per dozen.....	Doz.....	18.2% ad val.	9.4% ad val.	65% ad val.
A	703.30	00	Valued over \$18 but not over \$30 per dozen....	Doz.....	15.6% ad val.	8.2% ad val.	65% ad val.
A	703.35	00	Valued over \$30 per dozen.....	Doz.....	\$2.13 per doz. + 3.1% ad val.	\$1.10 per doz. + 1.6% ad val.	\$16 per doz. + 25% ad val.
Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).							

## TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1982)

## GENERAL HEADNOTES AND RULES OF INTERPRETATION

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1. Tariff Treatment of Imported Articles. All articles imported into the customs territory of the United States from outside thereof are subject to duty or exempt therefrom as prescribed in general headnote 3.

2. Customs Territory of the United States. The term "customs territory of the United States", as used in the schedules, includes only the States, the District of Columbia, and Puerto Rico.

3. Rates of Duty. The rates of duty in the "Rates of Duty" columns numbered 1 and 2 and the column designated LDDC of the schedules apply to articles imported into the customs territory of the United States as hereinafter provided in this headnote:

(a) Products of Insular Possessions.

(i) Except as provided in headnote 6 of schedule 7, part 2, subpart E, and except as provided in headnote 3 of schedule 7, part 7, subpart A, articles imported from insular possessions of the United States which are outside the customs territory of the United States are subject to the rates of duty set forth in column numbered 1 of the schedules, except that all such articles the growth or product of any such possession, or manufactured or produced in any such possession from materials the growth, product, or manufacture of any such possession or of the customs territory of the United States, or of both, which do not contain foreign materials to the value of more than 50 percent of their total value (or more than 70 percent of their total value with respect to watches and watch movements), coming to the customs territory of the United States directly from any such possession, and all articles previously imported into the customs territory of the United States with payment of all applicable duties and taxes imposed upon or by reason of importation which were shipped from the United States, without remission, refund, or drawback of such duties or taxes, directly to the possession from which they are being returned by direct shipment, are exempt from duty.

(ii) In determining whether an article produced or manufactured in any such insular possession contains foreign materials to the value of more than 50 percent, no material shall be considered foreign which either-

- (A) at the time such article is entered, or  
(B) at the time such material is imported

into the insular possession, may be imported into the customs territory from a foreign country, other than Cuba or the Philippine Republic, and entered free of duty; except that no article containing material to which (B) of this subdivision applies shall be exempt from duty under subdivision (i) unless adequate documentation is supplied to show that the material has been incorporated into such article during the 18-month period after the date on which such material is imported into the insular possession.

(iii) Subject to the limitations imposed under section 503(b) and 504(c) of the Trade Act of 1974, articles designated eligible articles under section 503 of such Act which are imported from an insular possession of the United States shall receive duty treatment no less favorable than the treatment afforded such articles imported from a beneficiary developing country under title V of such Act.

(b) Products of Cuba. Products of Cuba imported into the customs territory of the United States, whether imported directly or indirectly, are subject to the rates of duty set forth in column numbered 1 of the schedules. Preferential rates of duty for such products apply only as shown in the said column 1. <sup>1/</sup>

<sup>1/</sup> By virtue of section 401 of the Tariff Classification Act of 1962, the application to products of Cuba of either a preferential or other reduced rate of duty in column 1 is suspended. See general headnote 3(f), *infra*.

(c) Products of Countries Designated Beneficiary Developing Countries for Purposes of the Generalized System of Preferences (GSP).

(i) The following countries, territories, and associations of countries eligible for treatment as one country (pursuant to section 502(a)(3) of the Trade Act of 1974 (19 U.S.C. 2462(a)(3))) are designated beneficiary developing countries for the purposes of the Generalized System of Preferences, provided for in Title V of the Trade Act of 1974, as amended (19 U.S.C. 2461 *et seq.*):

Independent Countries 2/

Angola	Maldives
Argentina	Mali
Bahamas	Malta
Bahrain	Mauritania
Bangladesh	Mauritius
Barbados	Mexico
Benin	Morocco
Bhutan	Mozambique
Bolivia	Nauru
Botswana	Nepal
Brazil	Nicaragua
Burma	Niger
Burundi	Oman
Cameroon	Pakistan
Cape Verde	Panama
Central African Republic	Papua New Guinea
Chad	Paraguay
Chile	Peru
Colombia	Philippines
Comoros	Portugal
Congo	Romania
Costa Rica	Rwanda
Cyprus	Saint Lucia
Djibouti	Saint Vincent and the Grenadines
Dominica	San Tome and Principe
Dominican Republic	Senegal
Ecuador	Seychelles
Egypt	Sierra Leone
El Salvador	Singapore
Equatorial Guinea	Solomon Islands
Fiji	Somalia
Gambia	Sri Lanka
Ghana	Sudan
Grenada	Surinam
Guatemala	Swaziland
Guinea	Syria
Guinea Bissau	Taiwan
Guyana	Tanzania
Haiti	Thailand
Honduras	Togo
India	Tonga
Indonesia	Trinidad and Tobago
Israel	Tunisia
Ivory Coast	Turkey
Jamaica	Tuvalu
Jordan	Uganda
Kenya	Upper Volta
Kiribati	Uruguay
Korea, Republic of	Vanuatu
Lebanon	Venezuela
Lesotho	Western Samoa
Liberia	Yemen (Sana)
Madagascar	Yugoslavia
Malawi	Zaire
Malaysia	Zambia
	Zimbabwe

<sup>2/</sup> Pursuant to section 4(b)(1) of the Taiwan Relations Act (22 U.S.C. 3303(b)(1)) the reference to countries includes Taiwan.

## TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1982)

## GENERAL HEADNOTES AND RULES OF INTERPRETATION

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Non-Independent Countries & Territories

Anguilla <sup>1</sup>	Hong Kong
Antigua and Barbuda <sup>1</sup>	Macau
Relize	Montserrat
Bermuda	Netherlands Antilles
British Indian Ocean Territory	New Caledonia
Brunei	Nine
Cayman Islands	Norfolk Island
Christmas Island (Australia)	Pitcairn Islands
Cocos (Keeling) Islands	Saint Christopher-Nevis <sup>1</sup>
Cook Islands	Saint Helena
Falkland Islands (Islas Malvinas)	Tokelau
French Polynesia	Trust Territory of the Pacific Islands
Gibraltar	Turks and Caicos Islands
Heard Island and McDonald Islands	Virgin Islands, British
	Wallis and Futuna
	Western Sahara

Associations of Countries (treated as one country)

<u>Member Countries of the Cartagena Agreement (Andean Group)</u>	<u>Association of South East Asian Nations (ASEAN)</u>
---	--

## Consisting of:

Bolivia  
Colombia  
Ecuador  
Peru  
Venezuela

## Consisting of:

Indonesia  
Malaysia  
Philippines  
Singapore  
Thailand

<sup>1</sup> Member Countries of the Caribbean Common Market (CARICOM)

## Consisting of:

<sup>1</sup> Antigua and Barbuda	<sup>1</sup> Jamaica
<sup>1</sup> Barbados	<sup>2</sup> Montserrat
<sup>1</sup> Belize	<sup>1</sup> Saint Christopher-Nevis
<sup>1</sup> Dominica	<sup>1</sup> Saint Lucia
<sup>1</sup> Grenada	<sup>1</sup> Saint Vincent and the Grenadines
<sup>1</sup> Guyana	<sup>1</sup> Trinidad and Tobago

(ii) Articles for which the designations "A" or "A\*" appear in the column entitled "GSP" of the schedules are those designated by the President to be eligible articles for purposes of the GSP pursuant to Section 503 of the Trade Act of 1974. The designation "A" signifies that all beneficiary developing countries are eligible for preferential treatment with respect to all articles provided for in the designated TSUS item, while the designation "A\*" indicates that certain beneficiary developing countries, specifically enumerated in subdivision (c)(iii) of this headnote, are not eligible for such preferential treatment with regard to any article provided for in the designated TSUS item. Whenever an eligible article is imported into the customs territory of the United States directly from a country or territory listed in subdivision (c)(i) of this headnote, it shall receive duty-free treatment, unless excluded from such treatment by subdivision (c)(iii) of this headnote, provided that, in accordance with regulations promulgated by the Secretary of the Treasury the sum of (A) the cost or value of the materials produced in the beneficiary developing country or any 2 or more countries which are members of the same association of countries which is treated as one country under section 502(a)(3) of the Trade Act of 1974, plus (B) the direct costs of processing operations performed in such beneficiary developing country or such member countries is not less than 35 percent of the appraised value of such article at the time of its entry into the customs territory of the United States.

(iii) The following designated eligible articles provided for in TSUS item numbers preceded by the designation "A\*", if imported from a beneficiary developing country set opposite the TSUS item numbers listed below, are not entitled to the duty-free treatment provided for in subdivision (c)(ii) of this headnote:

TSUS item Number	Country or territory 1/	TSUS item Number	Country or territory 1/
107.48....	Brazil	319.01....	India
107.80....	Argentina <sup>1</sup>	319.03....	India
112.21....	Peru <sup>1</sup>	319.05....	India
113.01....	Thailand	337.40 {	Hong Kong
114.04....	Thailand	355.81....	Republic of Korea
114.06....	Republic of Korea <sup>1</sup>	356.25....	Israel <sup>1</sup>
121.35....	India <sup>1</sup>	360.35....	India
121.55....	India	365.84....	Philippines <sup>1</sup>
121.61....	Argentina <sup>1</sup>	386.09....	Taiwan <sup>1</sup>
130.37....	Argentina <sup>1</sup>	389.61 {	Hong Kong
135.51....	Mexico <sup>1</sup>	402.12....	Taiwan <sup>1</sup>
135.90....	Mexico	406.20....	Brazil <sup>1</sup>
135.95....	Mexico <sup>1</sup>	406.20....	Israel <sup>1</sup>
136.00....	Dominican Republic	406.96....	Republic of Korea <sup>1</sup>
136.20....	Mexico <sup>1</sup>	407.09....	Argentina <sup>1</sup>
136.22....	Mexico <sup>1</sup>	413.20....	Mexico <sup>1</sup>
136.30....	Mexico	413.24....	Republic of Korea <sup>1</sup>
136.80....	Mexico	417.22....	Mexico <sup>1</sup>
137.10....	Mexico <sup>1</sup>	418.80....	Argentina
137.40....	Mexico	425.84....	Netherlands Antilles
137.50....	Mexico <sup>1</sup>	428.30....	Brazil <sup>1</sup>
137.63....	Mexico <sup>1</sup>	428.86....	Brazil <sup>1</sup>
137.71....	Mexico	437.60....	Argentina
137.75....	Costa Rica <sup>1</sup>	437.64....	Brazil <sup>1</sup>
137.79....	Mexico <sup>1</sup>	445.42....	Taiwan <sup>1</sup>
138.05....	Mexico	452.44....	Brazil <sup>1</sup>
138.35....	Costa Rica	473.52....	Mexico
140.11....	Chile <sup>1</sup>	473.56....	Mexico
140.14....	Thailand	522.21....	Mexico
140.21....	Mexico	522.61....	Brazil <sup>1</sup>
141.77....	Mexico	532.22....	Republic of Korea <sup>1</sup>
145.09....	Dominican Republic <sup>1</sup>	532.31....	Mexico
146.22....	Turkey	534.94....	Taiwan
146.44....	Philippines	535.31....	Mexico <sup>1</sup>
146.76....	Mexico <sup>1</sup>	545.53....	Mexico
148.03....	Mexico <sup>1</sup>	545.65....	Mexico
148.12....	Mexico	603.40....	Chile
148.17....	Mexico <sup>1</sup>	612.06 {	Chile
148.25....	Mexico <sup>1</sup>	612.06 {	Peru
148.30....	Mexico	612.06 {	Zambia
148.72....	Chile	618.02....	Ghana <sup>1</sup>
149.50....	Mexico	618.15....	Venezuela <sup>1</sup>
155.20 {	Argentina	632.02....	Bolivia
155.35....	Brazil	642.14....	Republic of Korea
168.98....	Colombia	642.16....	Republic of Korea
169.46....	Dominican Republic	642.17....	Republic of Korea <sup>1</sup>
182.90....	Guatemala	646.32....	Republic of Korea <sup>1</sup>
192.21....	Panama	648.97....	Taiwan
192.85....	Philippines	650.89 {	Hong Kong
200.91....	Swaziland <sup>1</sup>	651.21....	Taiwan
202.62....	Thailand <sup>1</sup>	651.33....	Hong Kong <sup>1</sup>
206.47....	Taiwan	651.37....	Taiwan <sup>1</sup>
206.60....	Mexico	651.46 {	Republic of Korea <sup>1</sup>
206.98....	Taiwan	651.49....	Taiwan <sup>1</sup>
220.20....	Portugal	651.53....	Taiwan <sup>1</sup>
220.25....	Portugal	652.60....	Taiwan
220.48....	Portugal	652.84....	Mexico
222.10....	Hong Kong	653.48....	Taiwan
222.50....	Taiwan <sup>1</sup>	653.85....	Taiwan
240.19....	Taiwan <sup>1</sup>	653.93....	Taiwan
240.21....	Philippines	653.94....	Republic of Korea
245.20....	Brazil	653.99....	Taiwan <sup>1</sup>
245.30....	Brazil <sup>1</sup>	654.07....	Taiwan
256.60....	Republic of Korea <sup>1</sup>	654.12....	Taiwan
256.87....	Mexico	654.13....	Hong Kong
305.28....	Thailand <sup>1</sup>	657.24....	Taiwan
315.25....	Mexico	660.42....	Brazil
315.80....	Thailand	660.48....	Mexico <sup>1</sup>
		661.06 {	Hong Kong
		661.09....	Taiwan <sup>1</sup>
		662.35....	Singapore <sup>1</sup>
		672.16....	Mexico <sup>1</sup>
			Taiwan <sup>1</sup>

1/ Pursuant to section 4((b)(1) of the Taiwan Relations Act (22 U.S.C. 3303(b)(1)) the reference to countries includes Taiwan.

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TSUS item Number	Country or territory 1/	TSUS item Number	Country or territory 1/
674.35....	Taiwan	727.35....	Taiwan
676.20....	Taiwan ①	727.55....	Taiwan ①
676.52 {	Hong Kong	730.91....	Mexico ①
	Mexico	731.30....	Taiwan ①
678.50 {	Hong Kong	734.10....	Taiwan
	Republic of Korea	734.15....	Taiwan
682.35....	Mexico ①	734.20 {	Hong Kong
682.60 {	Hong Kong		Taiwan
	Mexico	734.25....	Hong Kong
683.05....	Taiwan ①	734.34....	Hong Kong
683.15....	Mexico	734.40....	Taiwan ①
683.70 {	Hong Kong	734.51....	Taiwan
	Taiwan ①	734.56....	Haiti
683.80....	Hong Kong	734.70....	Republic of Korea ①
684.10....	Taiwan ①	734.85....	Republic of Korea ①
684.15....	Singapore	734.86....	Taiwan ①
684.48....	Hong Kong ①	734.87....	Taiwan
① 684.53 {	Hong Kong	734.90....	Taiwan
	Taiwan ①	735.09....	Taiwan
684.55....	Hong Kong ①	735.12....	Taiwan ①
684.70 {	Republic of Korea	735.20....	Taiwan
	Taiwan	737.07....	Hong Kong ①
685.24 {	Hong Kong	737.15....	Hong Kong
	Republic of Korea	737.21....	Hong Kong
① 685.40....	Taiwan	737.23....	Taiwan ①
① 685.90....	Mexico	737.30....	Republic of Korea
① 686.30....	Taiwan	737.50....	Hong Kong
687.30....	Malaysia	737.60....	Hong Kong
688.10....	Taiwan	737.80....	Hong Kong
688.12....	Mexico	737.95 {	Hong Kong
688.15....	Mexico		Taiwan
688.45....	Hong Kong	740.11 {	Hong Kong
690.15....	Romania		Israel
692.32 {	Brazil	740.12....	Hong Kong
	Mexico	740.13....	Hong Kong
696.10....	Taiwan	740.14....	Hong Kong
① 696.35....	Taiwan	740.15....	Hong Kong
702.32....	Mexico	740.30....	Hong Kong
702.47....	Mexico	740.34....	Hong Kong
① 703.55....	Portugal	① 741.25....	Hong Kong
706.39 {	Hong Kong ①	750.25....	Hong Kong
	Republic of Korea ①	750.35....	Taiwan ①
① 706.44....	Hong Kong ①	750.50....	Republic of Korea
	Hong Kong ①	751.05....	Taiwan
706.61 {	Taiwan	755.25....	Hong Kong
708.47....	Hong Kong	771.43....	Taiwan ①
709.15....	Israel ①	771.45....	Taiwan ①
709.40....	Hong Kong	772.03....	Hong Kong
713.15....	Mexico	772.35....	Taiwan
① 713.17....	Taiwan ①	772.51....	Republic of Korea
725.32....	Taiwan ①	① 774.45....	Hong Kong
727.06....	Mexico	① 790.03....	Taiwan
727.11....	Hong Kong ①	① 790.39....	Taiwan
727.12....	Philippines	① 790.62....	Taiwan
727.23....	Taiwan ①	① 790.70....	Republic of Korea
		792.50....	Philippines
		792.60....	Hong Kong
		792.75....	Hong Kong

## (d) Products of Least Developed Developing Countries.

(i) The following countries are designated least developed developing countries (LDDC's) and, subject to restrictions of subparagraph (ii), products of such countries imported into the customs territory of the United States, whether imported directly or indirectly, and which are entered under TSUS item numbers for which rates of duty appear in the column entitled "LDDC" of the schedules, are eligible for full tariff reductions without staging in accordance with Section 503(a)(2)(A) of the Trade Agreements Act of 1979 (93 Stat. 251):

Bangladesh	Malawi
Benin	Maldives
Bhutan	Mali
Botswana	Nepal
Burundi	Niger

1/ Pursuant to section 4((b)(1) of the Taiwan Relations Act (22 U.S.C. 3303(b)(1)) the reference to countries includes Taiwan.

Cape Verde	Rwanda
Central African Republic	Somalia
Chad	Sudan
Comoros	Tanzania
Gambia	Uganda
Guinea	Upper Volta
Haiti	Western Samoa
Lesotho	Yemen (Sana)

(ii) Imported articles, the products of least developed developing countries as designated in paragraph (i) above, provided for under the TSUS items for which rates of duty appear in the column entitled "LDDC" of the schedules, and which are not entitled to duty-free treatment under subdivision (c) of this headnote, are subject to those rates of duty rather than the rates of duty provided for in column numbered 1, except that articles subject to temporary modifications under any provisions of the Appendix to these schedules shall be subject to the rates of duty set forth therein. If no rate of duty is provided in the "LDDC" column for a particular item, the rate of duty provided in column numbered 1 shall apply.

## (e) Products of Canada.

(i) Products of Canada imported into the customs territory of the United States, whether imported directly or indirectly, are subject to the rates of duty set forth in column numbered 1 of the schedules. The rates of duty for a Canadian article, as defined in subdivision (e)(ii) of this headnote, apply only as shown in the said column numbered 1.

(ii) The term "Canadian article", as used in the schedules, means an article which is the product of Canada, but does not include any article produced with the use of materials imported into Canada which are products of any foreign country (except materials produced within the customs territory of the United States), if the aggregate value of such imported materials when landed at the Canadian port of entry (that is, the actual purchase price, or if not purchased, the export value, of such materials, plus, if not included therein, the cost of transporting such materials to Canada but exclusive of any landing cost and Canadian duty) was --

(A) with regard to any motor vehicle or automobile truck tractor entered on or before December 31, 1967, more than 60 percent of the appraised value of the article imported into the customs territory of the United States; and

(B) with regard to any other article (including any motor vehicle or automobile truck tractor entered after December 31, 1967), more than 50 percent of the appraised value of the article imported into the customs territory of the United States.

(f) Products of Communist Countries. Notwithstanding any of the foregoing provisions of this headnote, the rates of duty shown in column numbered 2 shall apply to products, whether imported directly or indirectly, of the following countries and areas pursuant to section 401 of the Tariff Classification Act of 1962, to section 231 or 257(e)(2) of the Trade Expansion Act of 1962, or to action taken by the President thereunder: 2/

2/ In Proclamation 4697, dated October 23, 1979, the President, acting under authority of section 404(a) of the Trade Act of 1974 (88 Stat. 1978) amended general headnote 3(f) by deleting "China (any part of which may be under Communist domination or control)" and "Tibet", effective February 1, 1980, the date on which written notices of acceptance were exchanged, following adoption on January 24, 1980 by the Congress of a concurrent resolution of approval extending nondiscriminatory treatment to the products of the People's Republic of China.



# TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1982)

## GENERAL HEADNOTES AND RULES OF INTERPRETATION

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Albania  
Bulgaria  
Cuba 1/  
Czechoslovakia  
Estonia  
German Democratic Republic and East Berlin  
Indochina (any part of Cambodia, Laos, or  
Vietnam which may be under Communist  
domination or control)  
Korea (any part of which may be under  
Communist domination or control)  
Kurile Islands  
Latvia  
Lithuania  
Outer Mongolia  
Southern Sakhalin  
Tanna Tuva  
Union of Soviet Socialist Republics and the  
area in East Prussia under the provisional  
administration of the Union of Soviet  
Socialist Republics.

(g) Products of All Other Countries. Products of all countries not previously mentioned in this headnote imported into the customs territory of the United States are subject to the rates of duty set forth in column numbered 1 of the schedules.

4. Modification or Amendment of Rates of Duty. Except as otherwise provided in the Appendix to the Tariff Schedules --

(a) a statutory rate of duty supersedes and terminates the existing rates of duty in both column numbered 1 and column numbered 2 unless otherwise specified in the amending statute;

(b) a rate of duty proclaimed pursuant to a concession granted in a trade agreement shall be reflected in column numbered 1 and, if higher than the then existing rate in column numbered 2, also in the latter column, and shall supersede but not terminate the then existing rate (or rates) in such column (or columns);

(c) a rate of duty proclaimed pursuant to section 336 of the Tariff Act of 1930 shall be reflected in both column numbered 1 and column numbered 2 and shall supersede but not terminate the then existing rates in such columns; and

(d) whenever a proclaimed rate is terminated or suspended, the rate shall revert, unless otherwise provided, to the next intervening proclaimed rate previously superseded but not terminated or, if none, to the statutory rate.

5. Intangibles. For the purposes of headnote 1 --

(a) corpses, together with their coffins and accompanying flowers,

(b) currency (metal or paper) in current circulation in any country and imported for monetary purposes,

(c) electricity,

(d) securities and similar evidences of value, and

(e) vessels which are not "yachts or pleasure boats" within the purview of subpart D, part 6, of schedule 6, are not articles subject to the provisions of these schedules.

1/ In Proclamation 3447, dated February 3, 1962, the President, acting under authority of section 620(a) of the Foreign Assistance Act of 1961 (75 Stat. 445), as amended, prohibited the importation into the United States of all goods of Cuban origin and all goods imported from or through Cuba, subject to such exceptions as the Secretary of the Treasury determines to be consistent with the effective operation of the embargo.

6. Containers or Holders for Imported Merchandise.

For the purposes of the tariff schedules, containers or holders are subject to tariff treatment as follows:

(a) Imported Empty: Containers or holders if imported empty are subject to tariff treatment as imported articles and as such are subject to duty unless they are within the purview of a provision which specifically exempts them from duty.

(b) Not Imported Empty: Containers or holders if imported containing or holding articles are subject to tariff treatment as follows:

(i) The usual or ordinary types of shipping or transportation containers or holders, if not designed for, or capable of, reuse, and containers of usual types ordinarily sold at retail with their contents, are not subject to treatment as imported articles. Their cost, however, is, under section 402 of the tariff act, a part of the value of their contents and if their contents are subject to an ad valorem rate of duty such containers or holders are, in effect, dutiable at the same rate as their contents, except that their cost is deductible from dutiable value upon submission of satisfactory proof that they are products of the United States which are being returned without having been advanced in value or improved in condition by any means while abroad.

(ii) The usual or ordinary types of shipping or transportation containers or holders, if designed for, or capable of, reuse, are subject to treatment as imported articles separate and distinct from their contents. Such holders or containers are not part of the dutiable value of their contents and are separately subject to duty upon each and every importation into the customs territory of the United States unless within the scope of a provision specifically exempting them from duty.

(iii) In the absence of context which requires otherwise, all other containers or holders are subject to the same treatment as specified in (ii) above for usual or ordinary types of shipping or transportation containers or holders designed for, or capable of, reuse.

7. Commingleing of Articles. (a) Whenever articles subject to different rates of duty are so packed together or mingled that the quantity or value of each class of articles cannot be readily ascertained by customs officers (without physical segregation of the shipment or the contents of any entire package thereof), by one or more of the following means:

(i) sampling,

(ii) verification of packing lists or other documents filed at the time of entry, or

(iii) evidence showing performance of commercial settlement tests generally accepted in the trade and filed in such time and manner as may be prescribed by regulations of the Secretary of the Treasury, the commingled articles shall be subject to the highest rate of duty applicable to any part thereof unless the consignee or his agent segregates the articles pursuant to subdivision (b) hereof.

(b) Every segregation of articles made pursuant to this headnote shall be accomplished by the consignee or his agent at the risk and expense of the consignee within 30 days (unless the Secretary authorizes in writing a longer time) after the date of personal delivery or mailing, by such employee as the Secretary of the Treasury shall designate, of written notice to the consignee that the articles are commingled and that the quantity or value of each class of articles cannot be readily ascertained by customs officers. Every such segregation shall be accomplished under



## APPENDIX B

## Statistical Tables

Table 1.--Headwear of sewn straw made from grain plants (TSUS items 702.25, 702.28, and 702.30): U.S. imports for consumption, by principal sources, 1977-81, January-June 1981, and January-June 1982

Source	1977	1978	1979	1980	1981	January-June	
						1981	1982
Quantity (dozen)							
Italy-----	14,446	16,482	22,928	44,184	20,168	17,155	7,607
China t-----	1,347	3,756	6,617	16,186	43,907	34,100	9,894
Kor Rep-----	0	0	0	0	14,721	5,558	13,343
Mexico-----	7,541	3,015	3,455	21,598	8,041	6,601	455
China M-----	563	3,604	3,048	2,597	19,764	14,074	11,675
Canada-----	1,537	1,306	1,846	2,789	688	619	311
Ecuador-----	129	214	1,359	3,320	1,164	670	1,824
Phil R-----	440	600	3,482	5,266	4,985	3,444	912
Japan-----	247	393	206	350	687	126	780
U King-----	447	573	563	248	162	162	277
All other-----	5,069	6,003	19,488	7,054	6,536	1,581	6,869
Total-----	31,766	35,946	62,992	103,592	120,823	84,090	53,946
Value (1,000 dollars)							
Italy-----	281	375	602	1,136	599	504	296
China t-----	14	23	43	108	455	354	99
Kor Rep-----	-	-	-	-	314	108	309
Mexico-----	10	21	44	303	201	179	22
China M-----	3	6	10	23	111	82	54
Canada-----	130	123	179	336	91	83	39
Ecuador-----	4	8	72	252	53	23	123
Phil R-----	5	6	15	57	45	30	23
Japan-----	9	21	13	27	29	11	25
U King-----	28	38	41	18	22	22	28
All other-----	32	70	111	69	59	31	58
Total-----	517	692	1,130	2,330	1,981	1,427	1,075
Unit value (per dozen)							
Italy-----	\$19.49	\$22.76	\$26.24	\$25.71	\$29.70	\$29.38	\$38.91
China t-----	10.67	6.24	6.55	6.68	10.37	10.37	10.03
Kor Rep-----	-	-	-	-	21.33	19.36	23.15
Mexico-----	1.29	7.06	12.61	14.02	25.01	27.13	48.40
China M-----	5.15	1.69	3.28	8.93	5.64	5.86	4.65
Canada-----	84.26	94.37	96.88	120.63	132.78	133.84	124.42
Ecuador-----	34.13	37.58	53.12	75.86	45.60	33.63	67.20
Phil R-----	10.95	9.39	4.40	10.74	9.06	8.75	24.72
Japan-----	35.89	53.38	65.32	78.19	42.53	88.67	31.49
U King-----	63.13	65.77	73.65	74.02	138.87	138.87	99.40
All other-----	6.36	11.67	5.68	9.76	9.02	19.82	8.52
Average--	16.26	19.24	17.94	22.49	16.40	16.97	19.93

1/ Less than 500.

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

Table 2.--Hats of sewn straw made from grain plants and valued not over \$15 per dozen (TSUS item 702.28): U.S. imports for consumption, by principal sources, 1977-81, January-June 1981, and January-June 1982

Source	1977	1978	1979	1980	1981	January- June	
						1981	1982
Quantity (dozen)							
China t-----	721	2,944	5,909	11,835	32,074	24,515	6,150
Phil R-----	48	420	2,611	2,326	2,473	1,533	508
China M-----	538	378	2,948	1,250	3,410	1,320	10,211
Kor Rep-----	0	0	0	0	1,200	0	2,345
Mexico-----	4,545	2,401	1,384	13,760	1,980	1,813	0
Italy-----	5,069	3,184	1,268	1,222	912	648	133
Brazil-----	0	0	0	0	971	542	0
Haiti-----	1,357	805	2,532	2,922	1,287	205	190
Hg Kong-----	2,391	3,001	1,708	2,268	600	100	480
U Volta-----	0	67	83	55	42	42	531
All other-----	896	394	1,622	246	170	50	352
Total-----	15,565	13,594	20,065	35,884	45,119	30,768	20,900
Value (1,000 dollars)							
China t-----	3	17	34	66	281	220	53
Phil R-----	1/	1	5	12	23	16	4
China M-----	2	2	10	6	18	5	46
Kor Rep-----	-	-	-	-	16	-	29
Mexico-----	3	8	8	53	14	13	-
Italy-----	66	36	14	10	11	8	2
Brazil-----	-	-	-	-	7	6	-
Haiti-----	5	3	9	13	5	1	1
Hg Kong-----	4	27	12	14	5	1	3
U Volta-----	-	1	1	1/	1	1	2
All other-----	10	4	21	3	1	1	3
Total-----	93	101	113	177	381	271	143
Unit value (per dozen)							
China t-----	\$3.50	\$5.71	\$5.69	\$5.57	\$8.75	\$8.96	\$8.58
Phil R-----	8.77	3.52	1.88	5.03	9.32	10.67	8.03
China M-----	4.35	5.03	3.22	4.80	5.33	3.78	4.52
Kor Rep-----	-	-	-	-	13.15	-	12.52
Mexico-----	0.72	3.54	5.89	3.85	7.03	7.03	-
Italy-----	12.93	11.36	11.24	8.51	12.54	12.62	13.95
Brazil-----	-	-	-	-	7.40	11.04	-
Haiti-----	3.56	4.29	3.62	4.40	3.93	5.89	4.77
Hg Kong-----	1.75	8.97	7.08	6.30	7.79	5.92	6.00
U Volta-----	-	14.93	11.14	6.93	13.81	13.81	3.83
All other-----	10.79	11.34	12.84	11.13	4.74	10.72	9.76
Average-----	5.96	7.41	5.66	4.94	8.45	8.80	6.87

1/ Less than 500.

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

Table 3.--Hats of sewn straw made from grain plants and valued over \$15 per dozen (TSUS item 702.30): U.S. imports for consumption, by principal sources, 1977-81, January-June 1981, and January-June 1982

Source	1977	1978	1979	1980	1981	January-June	
						1981	1982
Quantity (dozen)							
Italy-----	9,371	12,984	21,649	42,950	19,065	16,506	4,319
Kor Rep-----	0	0	0	0	10,174	4,055	9,117
Mexico-----	2,162	197	716	6,404	4,395	4,042	455
China t-----	0	0	26	875	4,408	4,020	650
Canada-----	1,537	1,306	1,681	2,789	688	619	311
Ecuador-----	115	58	1,339	3,114	799	444	908
Japan-----	247	393	206	350	687	126	204
U King-----	362	573	557	248	162	162	277
France-----	156	347	276	126	174	174	276
Phil R-----	25	180	153	539	377	185	404
All other----	47	175	636	743	252	68	43
Total-----	14,022	16,213	27,239	58,138	41,181	30,402	16,964
Value (1,000 dollars)							
Italy-----	215	333	587	1,125	583	495	195
Kor Rep-----	-	-	-	-	224	87	243
Mexico-----	4	12	32	222	177	163	22
China t-----	-	-	3	20	95	87	16
Canada-----	130	123	176	336	91	83	39
Ecuador-----	4	3	72	248	41	14	74
Japan-----	9	21	13	27	29	11	23
U King-----	27	38	41	18	22	22	28
France-----	9	20	24	19	15	15	26
Phil R-----	1/	4	3	12	8	4	18
All other----	2	4	23	18	15	7	3
Total-----	401	558	974	2,045	1,302	988	687
Unit value (per dozen)							
Italy-----	\$22.98	\$25.68	\$27.11	\$26.19	\$30.60	\$30.01	\$45.10
Kor Rep-----	-	-	-	-	22.02	21.33	26.65
Mexico-----	1.97	59.41	44.25	34.74	40.25	40.22	48.40
China t-----	-	-	124.19	22.86	21.54	21.60	25.18
Canada-----	84.26	94.37	104.96	120.63	132.78	133.84	124.42
Ecuador-----	33.21	44.91	53.43	79.63	51.18	32.54	81.90
Japan-----	35.89	53.38	65.32	78.19	42.53	88.67	112.80
U King-----	75.72	65.77	73.59	74.02	138.87	138.87	99.40
France-----	59.29	57.14	85.36	147.31	88.72	88.72	95.61
Phil R-----	17.04	23.07	22.63	21.35	21.52	19.80	45.71
All other----	37.83	24.78	35.89	23.81	61.23	97.58	64.53
Average--	28.58	34.42	35.76	35.18	31.62	32.50	40.52

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1/ Less than 500.

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

Table 4.--Hat bodies of sewn straw made from grain plants (TSUS item 702.25): U.S. imports for consumption, by principal sources, 1977-81, January-June 1981, and January-June 1982

Source	1977	1978	1979	1980	1981	January-June	
						1981	1982
Quantity (dozen)							
China M-----	0	3,200	100	1,045	16,237	12,737	1,440
China t-----	626	812	682	3,476	7,425	5,565	3,094
Kor Rep-----	0	0	0	0	3,347	1,503	1,380
Phil R-----	367	0	718	2,401	2,135	1,726	0
Ecuador-----	14	156	20	206	315	176	916
Mexico-----	834	417	1,355	1,434	1,666	746	0
Brazil-----	0	443	11,384	0	2,583	458	2,604
Hg Kong-----	0	100	678	562	300	0	2,000
Italy-----	6	314	11	12	191	1	3,155
Ghana-----	88	0	0	0	67	0	0
All other----	244	697	740	434	257	8	993
Total-----	2,179	6,139	15,688	9,570	34,523	22,920	16,082
Value (1,000 dollars)							
China M-----	-	4	1/	11	90	77	8
China t-----	12	7	6	22	80	47	30
Kor Rep-----	-	-	-	-	74	21	37
Phil R-----	4	-	7	33	14	10	-
Ecuador-----	1	5	1	4	12	8	48
Mexico-----	2	1	4	27	10	4	-
Brazil-----	-	1	12	-	6	1	7
Hg Kong-----	-	2	4	5	5	-	12
Italy-----	1	6	1/	1	4	1/	99
Ghana-----	1	-	-	-	1	1	3
All other----	3	8	7	3	1	1	-
Total-----	23	33	43	107	298	168	244
Unit value (per dozen)							
China M-----	-	\$1.10	\$4.80	\$11.00	\$5.55	\$6.01	\$5.29
China t-----	18.93	8.18	9.53	6.36	10.74	8.46	9.73
Kor Rep-----	-	-	-	-	22.17	14.02	19.50
Phil R-----	10.81	-	9.67	13.88	6.57	5.87	-
Ecuador-----	41.71	34.85	32.00	18.88	36.98	42.89	52.63
Mexico-----	2.64	2.64	2.75	19.02	6.18	5.03	-
Brazil-----	-	1.84	1.09	-	2.40	2.40	2.64
Hg Kong-----	-	19.88	6.36	9.15	18.18	-	6.00
Italy-----	92.33	17.67	26.27	57.83	21.71	425.00	31.50
Ghana-----	11.36	-	-	-	10.07	-	-
All other----	11.91	11.33	9.91	7.03	4.50	78.62	3.24
Average----	10.58	5.37	2.72	11.18	8.62	7.34	15.18

1/ Less than 500.

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



Table 5.--Headwear of sewn straw made from nongrain plants and paper (TSUS item 702.32): U.S. imports for consumption, by principal sources, 1977-81, January-June 1981, and January-June 1982

Source	1977	1978	1979	1980	1981	January- June	
						1981	1982
Quantity (dozen)							
Mexico-----	11,777	22,835	23,348	70,255	83,393	39,171	6,637
Kor Rep-----	0	3,480	0	2,058	16,100	6,047	1,555
Phil R-----	1,513	1,884	13,333	35,751	25,285	22,546	2,802
Canada-----	0	728	0	644	1,064	425	4
Italy-----	7,604	14,052	7,040	7,017	2,811	2,342	1,306
China t-----	6,199	11,707	5,586	2,820	1,908	462	300
Hg Kong-----	1,843	1,290	375	0	1,340	0	0
U King-----	256	120	128	100	114	74	10
China M-----	39	113	2,920	2,201	1,307	732	0
Brazil-----	0	0	0	0	1,751	0	0
All other-----	1,704	4,299	4,055	3,655	461	25	2,204
Total-----	30,935	60,508	56,785	124,501	135,534	71,824	14,818
Value (1,000 dollars)							
Mexico-----	58	77	159	1,549	2,238	1,031	118
Kor Rep-----	-	27	-	22	344	133	31
Phil R-----	14	20	64	174	119	107	14
Canada-----	-	5	-	68	99	47	1
Italy-----	192	185	175	211	91	77	40
China t-----	63	59	60	34	35	11	6
Hg Kong-----	14	10	3	-	19	-	-
U King-----	2	11	11	15	12	10	3
China M-----	3	1	20	13	9	5	-
Brazil-----	-	-	-	-	5	-	-
All other-----	5	14	19	34	9	2	4
Total-----	352	408	510	2,119	2,980	1,423	217
Unit value (per dozen)							
Mexico-----	\$4.92	\$3.36	\$6.79	\$22.05	\$26.84	\$26.31	\$17.72
Kor Rep-----	-	7.66	-	10.57	21.38	22.03	20.09
Phil R-----	9.22	10.49	4.80	4.86	4.71	4.75	5.16
Canada-----	-	7.20	-	105.04	93.05	110.89	132.25
Italy-----	25.23	13.14	24.87	30.03	32.25	33.03	30.61
China t-----	10.20	5.02	10.68	11.94	18.41	23.57	19.95
Hg Kong-----	7.80	7.91	8.28	-	14.07	-	-
U King-----	8.14	93.13	83.34	149.11	104.34	141.12	326.70
China M-----	85.33	8.72	6.77	6.08	6.62	6.23	-
Brazil-----	-	-	-	-	3.00	-	-
All other-----	2.96	3.31	4.80	9.34	19.94	70.96	1.82
Average-----	11.37	6.75	8.99	17.02	21.99	19.81	14.65

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1/ Less than 500.

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

Table 6.--Woven headwear of natural straw (TSUSA items 702.3500, 702.3720, 702.3760, 702.3785, 702.4020, 702.4040, 702.4060, 702.4500, and 702.4700): U.S. imports for consumption, by principal sources, 1977-81, January-April 1981, and January-April 1982

Source						January-April--	
	1977	1978	1979	1980	1981	1981	1982
Quantity (dozen)							
China M-----	477,781	673,208	806,225	1,488,965	1,718,883	687,726	176,533
China t-----	151,028	252,280	165,984	278,035	167,434	61,810	18,389
Mexico-----	259,190	310,869	292,975	385,932	289,308	118,006	68,450
Ecuador-----	26,315	44,775	66,331	63,334	50,440	19,548	4,720
Kor Rep-----	5,270	2,795	624	7,818	33,929	4,057	6,419
Japan-----	26,199	45,840	21,028	18,819	17,834	5,270	6,076
Hg Kong-----	18,145	23,499	19,350	125,546	43,954	8,143	7,026
Canada-----	17,026	16,264	6,607	3,630	2,657	1,435	1,044
Phil R-----	22,000	23,620	43,029	63,920	19,294	9,383	3,774
Indnsia-----	111,489	125,501	71,257	57,087	109,203	33,310	20,016
All other----	30,728	28,400	25,396	84,234	110,774	45,713	30,648
Total-----	1,145,171	1,547,051	1,518,806	2,577,320	2,563,710	994,401	336,893
Value (1,000 dollars)							
China M-----	1,799	2,548	3,626	10,243	13,755	5,526	1,415
China t-----	2,023	1,627	2,686	4,877	3,433	1,361	443
Mexico-----	683	880	1,121	3,463	3,399	1,607	596
Ecuador-----	762	1,191	2,080	1,950	1,505	728	251
Kor Rep-----	41	22	6	47	765	90	152
Japan-----	430	488	441	453	528	145	188
Hg Kong-----	100	84	123	247	459	138	97
Canada-----	195	96	125	118	359	218	178
Phil R-----	359	312	476	636	293	143	63
Indnsia-----	157	176	79	101	258	64	51
All other----	245	204	179	385	499	230	120
Total-----	6,793	7,627	10,941	22,520	25,252	10,252	3,553
Unit value (per dozen)							
China M-----	\$3.76	\$3.78	\$4.50	\$6.88	\$8.00	\$8.04	\$8.02
China t-----	13.39	6.45	16.18	17.54	20.50	22.02	24.09
Mexico-----	2.64	2.83	3.83	8.97	11.75	13.62	8.71
Ecuador-----	28.96	26.61	31.36	30.79	29.84	37.24	53.18
Kor Rep-----	7.71	7.93	9.33	6.01	22.55	22.18	23.68
Japan-----	16.43	10.64	20.98	24.09	29.60	27.51	30.94
Hg Kong-----	5.51	3.56	6.34	1.97	10.43	16.95	13.81
Canada-----	11.42	5.90	18.90	32.57	134.96	151.92	170.50
Phil R-----	16.31	13.21	11.06	9.95	15.20	15.24	16.69
Indnsia-----	1.41	1.40	1.11	1.77	2.36	1.92	2.56
All other----	7.97	7.18	7.06	4.57	4.51	5.03	3.92
Average----	5.93	4.93	7.20	8.74	9.85	10.31	10.55

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

Table 7.--Woven hat bodies of natural straw (TSUSA items 702.3500, 702.3720, 702.3760, 702.3785, 702.4020, 702.4040, and 702.4060): U.S. imports for consumption, by principal sources, 1977-81, January-April 1981, and January-April 1982

Source	1977	1978	1979	1980	1981	January-April--	
						1981	1982
Quantity (dozen)							
China M-----	476,257	672,166	791,881	1,482,465	1,710,481	608,951	175,761
China t-----	147,832	250,625	163,085	271,093	162,412	60,078	12,067
Ecuador-----	26,226	44,631	66,252	63,161	49,785	19,510	4,713
Japan-----	25,782	45,756	21,028	18,819	17,354	5,270	6,076
Hg Kong-----	17,845	22,373	18,755	125,439	43,554	7,743	7,026
Phil R-----	18,785	20,735	40,837	61,994	16,469	1,147	2,258
Canada-----	0	0	59	879	1,650	894	0
Indnsia-----	111,489	125,501	71,257	57,087	109,103	33,310	20,016
Mexico-----	69,330	109,821	141,151	71,233	27,453	9,145	3,404
Brazil-----	0	0	8,480	25,388	50,757	12,961	16,013
All other-----	26,218	24,695	14,961	44,820	33,407	19,526	14,599
Total-----	919,764	1,316,303	1,337,746	2,222,378	2,222,425	856,535	261,933
Value (1,000 dollars)							
China M-----	1,793	2,543	3,584	10,198	13,700	5,480	1,407
China t-----	1,998	1,620	2,665	4,855	3,383	1,345	442
Ecuador-----	760	1,187	2,077	1,943	1,459	727	250
Japan-----	427	486	441	453	515	145	188
Hg Kong-----	98	76	119	247	453	132	97
Phil R-----	329	292	460	623	276	134	44
Canada-----	2	-	3	25	264	154	-
Indnsia-----	157	176	79	101	257	64	51
Mexico-----	140	214	348	312	230	58	52
Brazil-----	-	-	19	48	176	45	58
All other-----	155	133	104	296	282	136	53
Total-----	5,860	6,729	9,898	19,100	20,995	8,421	2,643
Unit value (per dozen)							
China M-----	\$3.77	\$3.78	\$4.53	\$6.88	\$8.01	\$9.00	\$8.01
China t-----	13.52	6.47	16.34	17.91	20.83	22.39	36.63
Ecuador-----	29.00	26.60	31.34	30.76	29.31	37.26	53.04
Japan-----	16.57	10.62	20.98	24.09	29.66	27.51	30.94
Hg Kong-----	5.48	3.42	6.33	1.97	10.40	17.05	13.81
Phil R-----	17.53	14.10	11.26	10.05	16.78	18.75	19.56
Canada-----	-	-	43.58	28.55	160.00	172.26	-
Indnsia-----	1.41	1.40	1.11	1.77	2.36	1.92	2.56
Mexico-----	2.01	1.95	2.47	4.39	8.36	6.34	15.32
Brazil-----	-	-	2.21	1.88	3.47	3.47	3.62
All other-----	5.90	5.39	6.95	6.60	8.43	6.97	3.63
Average-----	6.37	5.11	7.40	8.59	9.45	9.83	10.09

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

Table 8.--Woven hats of natural straw (TSUS items 702.45 and 702.47): U.S. Imports for consumption, by principal sources, 1977-81, January-April 1981, and January-April 1982

Source	1977	1978	1979	1980	1981	January-April--	
						1981	1982
Quantity (dozen)							
Mexico-----	189,860	201,048	151,824	314,699	261,855	108,861	65,046
Kor Rep-----	5,270	2,335	624	208	31,871	3,800	5,315
Canada-----	17,026	16,264	6,548	2,751	1,007	541	1,044
Brazil-----	0	0	0	20,416	27,600	12,510	0
China M-----	1,524	1,042	14,344	6,500	8,402	6,775	772
China t-----	3,196	1,655	2,899	6,942	5,022	1,732	120
Ecuador-----	89	144	79	173	655	38	7
U King-----	74	70	250	384	274	274	128
Phil R-----	3,215	2,885	2,192	1,926	2,825	2,236	1,516
Japan-----	417	84	0	0	480	0	0
All other-----	4,736	5,221	2,300	943	1,294	1,099	1,012
Total-----	225,407	230,748	181,060	354,942	341,285	137,866	74,960
Value (1,000 dollars)							
Mexico-----	543	666	773	3,151	3,170	1,548	544
Kor Rep-----	41	21	6	2	715	84	138
Canada-----	193	96	122	93	95	65	178
Brazil-----	-	-	-	54	56	22	-
China M-----	5	5	42	45	55	46	7
China t-----	25	6	21	22	49	16	1
Ecuador-----	2	4	4	7	46	1	1/
U King-----	5	3	20	22	25	25	18
Phil R-----	30	20	16	13	17	9	19
Japan-----	3	2	-	-	13	-	-
All other-----	87	76	41	10	17	14	5
Total-----	933	898	1,043	3,419	4,257	1,830	910
Unit value (per dozen)							
Mexico-----	\$2.86	\$3.31	\$5.09	\$10.01	\$12.11	\$14.20	\$8.37
Kor Rep-----	7.71	8.87	9.33	9.47	22.42	21.00	34.50
Canada-----	11.32	5.90	18.68	33.86	93.91	120.15	170.50
Brazil-----	-	-	-	2.66	2.03	1.74	-
China M-----	3.43	4.48	2.92	6.96	6.50	6.57	9.51
China t-----	7.73	3.89	7.07	3.12	9.78	8.00	8.33
Ecuador-----	19.17	29.47	46.37	41.08	70.31	26.32	43.29
U King-----	70.57	47.50	79.49	57.66	91.64	90.48	139.53
Phil R-----	9.18	6.82	7.33	6.69	5.97	4.03	12.53
Japan-----	7.49	19.70	-	-	27.50	-	-
All other-----	18.39	14.60	17.64	10.66	13.17	12.74	4.94
Average-----	4.14	3.89	5.76	9.63	12.47	13.26	12.14

1/ Less than 500.

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

Table 9.--Sewn straw headwear (TSUS items 702.25, 702.28, and 702.30): U.S. imports for consumption, by GSP beneficiary countries, 1976-81, January-June 1981, and January-June 1982

Source	1976	1977	1978	1979	1980	1981	January-June--	
							1981	1982
Quantity (dozen)								
GSP countries:								
Taiwan-----	1,433	1,345	3,148	6,355	14,312	42,323	32,624	9,336
Korea-----	0	0	0	0	0	14,685	5,558	13,342
Mexico-----	4,992	1,352	2,930	2,905	21,422	7,389	6,118	430
Ecuador-----	0	0	0	0	2,294	1,076	612	1,728
Philippines--	967	440	550	3,482	5,232	4,925	3,444	905
Brazil-----	250	0	443	11,384	0	3,554	1,000	2,604
Hong Kong----	1,280	2,189	1,624	1,758	2,630	612	100	480
Honduras-----	0	0	0	0	0	23	12	0
Haiti-----	3,488	1,468	1,075	3,032	3,189	1,162	80	160
Upper Volta--	89	0	126	83	165	66	42	531
Peru-----	0	0	0	10	34	11	0	24
Bahamas-----	8	0	0	0	0	16	16	0
Guatemala----	0	0	55	40	220	249	0	0
Mali-----	0	4	8	0	0	6	6	0
Other-----	2,218	259	425	1,583	227	0	0	240
Subtotal-----	14,725	7,057	10,384	30,632	49,725	76,097	49,612	29,780
Other coun-								
tries-----	43,435	24,682	25,562	32,360	53,867	44,726	34,478	24,166
Total-----	58,160	31,739	35,946	62,992	103,592	120,823	84,090	53,946
Value								
GSP countries:								
Taiwan-----	\$12,430	\$14,372	\$18,718	\$40,162	\$85,437	\$435,897	\$335,529	\$93,702
Korea-----	-	-	-	-	-	313,361	107,579	308,941
Mexico-----	34,481	4,133	16,833	35,724	296,378	171,085	156,759	21,006
Ecuador-----	-	-	-	-	182,403	50,615	21,630	107,755
Philippines--	7,722	4,816	5,368	15,322	56,143	44,186	30,151	22,232
Brazil-----	3,400	-	813	12,461	-	13,389	7,084	6,875
Hong Kong----	7,019	3,279	11,803	12,982	18,221	7,192	592	2,880
Honduras-----	-	-	-	-	-	5,137	3,437	-
Haiti-----	9,273	5,182	4,707	10,079	14,270	4,129	280	560
Upper Volta--	1,114	-	2,317	925	3,056	1,205	580	2,033
Peru-----	-	-	-	461	2,678	971	-	2,639
Bahamas-----	300	-	-	-	-	557	557	-
Guatemala----	-	-	282	595	1,612	527	-	-
Mali-----	-	563	400	-	-	403	403	-
Other-----	16,009	3,920	2,651	20,709	2,690	-	-	634
Subtotal-----	91,748	36,265	63,892	149,420	662,888	1,048,654	664,581	569,257
Other coun-								
tries-----	737,658	480,284	627,727	980,934	1,666,784	932,605	762,646	505,619
Total-----	829,406	516,549	691,619	1,130,354	2,329,672	1,981,259	1,427,227	1,074,876
Unit value (per dozen)								
GSP countries:								
Taiwan-----	\$8.67	\$10.69	\$ 5.95	\$ 6.32	\$ 5.97	\$10.30	\$10.28	\$10.04
Korea-----	-	-	-	-	-	21.34	19.36	23.16
Mexico-----	6.91	3.06	5.75	12.30	13.84	23.15	25.62	48.85
Ecuador-----	-	-	-	-	79.51	47.04	35.34	62.36
Philippines--	7.99	10.95	9.76	4.40	10.73	8.97	8.75	24.57
Brazil-----	13.60	-	1.84	1.09	-	3.77	7.08	2.64
Hong Kong----	5.48	1.50	7.27	7.38	6.93	11.75	5.92	6.00
Honduras-----	-	-	-	-	-	223.35	286.42	-
Haiti-----	2.66	3.53	4.38	3.32	4.47	3.55	3.50	3.50
Upper Volta--	12.52	-	18.39	11.14	18.52	18.26	13.81	3.83
Peru-----	-	-	-	46.10	78.76	88.27	-	109.96
Bahamas-----	37.50	-	-	-	-	34.81	34.81	-
Guatemala----	-	-	5.13	14.88	7.33	2.12	-	-
Mali-----	-	140.75	50.00	-	-	67.17	67.17	-
Other-----	7.22	15.14	6.24	13.08	11.85	-	-	2.64
Average-----	6.23	5.14	6.15	4.88	13.33	13.78	13.40	19.12
Other coun-								
tries-----	16.98	19.46	24.56	30.31	30.94	20.85	22.12	20.92
Average-----	14.26	16.27	19.24	17.94	22.49	16.40	16.97	19.93

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



Table 10.--Sewn straw hat bodies (TSUS item 702.25): U.S. imports for consumption, by GSP beneficiary countries, 1978-81, January-June 1981, and January-June 1982

Source	1978	1979	1980	1981	January-June--	
					1981	1982
	Quantity (dozen)					
Taiwan-----	204	430	3,422	7,125	5,265	2,686
Korea-----	0	0	0	3,347	1,503	1,880
Philippines-----	0	718	2,367	2,135	1,726	0
Ecuador-----	0	0	167	307	168	869
Mexico-----	417	1,329	1,426	1,666	746	0
Brazil-----	443	11,384	0	2,583	458	2,604
Guatemala-----	55	10	159	249	0	0
All other-----	687	609	637	0	0	245
Total-----	1,806	14,480	8,178	17,412	9,866	8,284
	Value					
Taiwan-----	\$1,909	\$4,127	\$21,570	\$77,213	\$44,582	\$26,243
Korea-----	-	-	-	74,188	21,070	36,660
Philippines-----	-	6,941	32,926	14,029	10,125	-
Ecuador-----	-	-	2,527	11,284	7,184	47,696
Mexico-----	1,100	3,258	26,674	10,300	3,752	-
Brazil-----	813	12,461	-	6,200	1,100	6,875
Guatemala-----	282	343	1,012	527	-	-
All other-----	4,501	2,607	5,980	-	-	958
Total-----	8,605	29,737	90,689	193,741	87,813	118,432
	Unit value (per dozen)					
Taiwan-----	\$9.36	\$9.60	\$6.30	\$10.84	\$8.47	\$9.77
Korea-----	-	-	-	22.17	14.02	19.50
Philippines-----	-	9.67	13.91	6.57	5.87	-
Ecuador-----	-	-	15.13	36.76	42.76	54.89
Mexico-----	2.64	2.45	18.71	6.18	5.03	-
Brazil-----	1.84	1.09	-	2.40	2.40	2.64
Guatemala-----	5.13	34.30	6.36	2.12	-	-
All other-----	6.55	4.28	9.39	-	-	3.91
Total-----	4.76	2.05	1.09	11.13	8.90	14.30

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

Table 11.--Sewn straw hats valued not over \$15.00 a dozen (TSUS item 702.28): U.S. imports for consumption, by GSP beneficiary countries, 1978-81, January-June 1981, and January-June 1982

Source	1978	1979	1980	1981	January-June--	
					1981	1982
Quantity (dozen)						
Taiwan-----	2,944	5,909	10,015	31,298	23,839	6,000
Philippines-----	370	2,611	2,326	2,421	1,533	508
Korea-----	0	0	0	1,200	0	2,345
Mexico-----	2,401	949	13,760	1,980	1,813	0
Brazil-----	0	0	0	971	542	0
Hong Kong-----	1,524	1,708	2,268	600	100	480
Haiti-----	805	2,532	2,922	1,162	80	160
Upper Volta-----	67	83	55	42	42	531
All other-----	108	1,493	246	0	0	0
Total-----	8,219	15,285	31,592	39,674	27,949	10,024
Value						
Taiwan-----	\$16,809	\$33,635	\$43,868	\$277,937	\$218,001	\$51,092
Philippines-----	1,215	4,918	11,710	22,426	16,363	4,078
Korea-----	-	-	-	15,780	-	29,361
Mexico-----	8,494	6,202	52,964	13,923	12,745	-
Brazil-----	-	-	-	7,189	5,984	-
Hong Kong-----	9,815	12,097	14,279	4,672	592	2,880
Haiti-----	3,456	9,174	12,862	4,129	280	560
Upper Volta-----	1,000	925	381	580	580	2,033
All other-----	1,389	19,677	2,739	-	-	-
Total-----	42,178	86,628	138,803	346,636	254,545	90,004
Unit value (per dozen)						
Taiwan-----	\$5.71	\$5.69	\$4.28	\$8.88	\$9.14	\$8.52
Philippines-----	3.28	1.88	5.03	9.26	10.67	8.03
Korea-----	-	-	-	13.15	-	12.52
Mexico-----	3.54	6.54	3.85	7.03	7.03	-
Brazil-----	-	-	-	7.40	11.04	-
Hong Kong-----	6.44	7.08	6.30	7.79	5.92	6.00
Haiti-----	4.29	3.62	4.40	3.55	3.50	3.50
Upper Volta-----	14.93	11.14	6.93	13.81	13.81	3.83
All other-----	12.86	13.18	11.13	-	-	-
Total-----	5.13	5.67	4.39	8.74	8.79	8.98

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



Table 12.--Sewn straw hats valued over \$15.00 a dozen (TSUS item 702.30):  
U.S. imports for consumption, by GSP beneficiary countries, 1978-81,  
January-June 1981, and January-June 1982

Source	1978	1979	1980	1981	January-June--	
					1981	1982
Quantity (dozen)						
Korea-----	0	0	0	10,138	4,055	9,117
Mexico-----	112	627	6,236	3,743	3,559	430
Taiwan-----	0	16	875	3,900	3,520	650
Ecuador-----	0	0	2,127	769	444	859
Philippines-----	180	153	539	369	185	397
Honduras-----	0	0	0	23	12	0
Hong Kong-----	0	0	0	12	0	0
Peru-----	0	0	21	11	0	19
Upper Volta-----	59	0	110	24	0	0
Bahamas-----	0	0	0	16	16	0
Mali-----	8	0	0	6	6	0
All other-----	0	71	47	0	0	0
Total-----	359	867	9,955	19,011	11,797	11,472
Value						
Korea-----	-	-	-	\$223,393	\$86,509	\$242,920
Mexico-----	\$7,239	\$26,264	\$216,740	146,862	140,262	21,006
Taiwan-----	-	2,400	19,999	80,747	72,946	16,367
Ecuador-----	-	-	179,876	39,331	14,446	60,059
Philippines-----	4,153	3,463	11,507	7,731	3,663	18,154
Honduras-----	-	-	-	5,137	3,437	-
Hong Kong-----	-	-	-	2,520	-	-
Peru-----	-	-	1,788	971	-	2,315
Upper Volta-----	1,317	-	2,675	625	-	-
Bahamas-----	-	-	-	557	557	-
Mali-----	400	-	-	403	403	-
All other-----	-	928	811	-	-	-
Total-----	13,109	33,055	433,396	508,277	322,223	360,821
Unit value (per dozen)						
Korea-----	-	-	-	\$22.04	\$21.33	\$26.64
Mexico-----	\$64.63	\$41.89	\$34.76	39.24	39.41	48.85
Taiwan-----	-	150.00	22.86	20.70	20.72	25.18
Ecuador-----	-	-	84.57	51.15	32.54	69.92
Philippines-----	23.07	22.63	21.35	20.95	19.80	45.73
Honduras-----	-	-	-	223.35	286.42	-
Hong Kong-----	-	-	-	210.00	-	-
Peru-----	-	-	85.14	88.27	-	121.84
Upper Volta-----	22.32	-	24.32	26.04	-	-
Bahamas-----	-	-	-	34.81	34.81	-
Mali-----	50.00	-	-	67.17	67.17	-
All other-----	-	13.07	17.26	-	-	-
Total-----	36.52	38.13	43.54	26.74	27.31	31.45

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



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APPENDIX C

U.S. International Trade Commission's Notice of Investigation  
and List of Witnesses Appearing at the Hearing

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

(332-139)

PROBABLE ECONOMIC EFFECT OF THE CONTINUED DESIGNATION OF CERTAIN  
HEADWEAR OF STRAW AS ARTICLES ELIGIBLE FOR DUTY-FREE TREATMENT  
UNDER THE GENERALIZED SYSTEM OF PREFERENCES

AGENCY: United States International Trade Commission

ACTION: In accordance with the provisions of section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), the Commission has instituted investigation No. 332-139 for the purpose of obtaining information in order that it might advise the U.S. Trade Representative (USTR) as to the probable economic effect on the U.S. industry or industries producing like or directly competitive articles and on consumers of the continued designation of certain headwear of straw, provided for in items 702.25, 702.28, and 702.30 of the Tariff Schedules of the United States (TSUS), as eligible for duty-free treatment under the Generalized System of Preferences (GSP), set forth in Title V of the Trade Act of 1974 (19 U.S.C. 2461).

EFFECTIVE DATE: March 23, 1982

FOR FURTHER INFORMATION CONTACT: Ms. Jackie Worrell, Textiles, Leather Products, and Apparel Division, Office of Industries (202-523-0452).

SUPPLEMENTARY INFORMATION: On July 17, 1981, the Trade Policy Staff Committee (TPSC) announced that it was accepting for review during its 1981 GSP product review a petition requesting the removal of certain headwear, provided for in items 702.25, 702.28, and 702.30 of the TSUS, from the list of articles eligible for GSP treatment. The USTR has indicated, however, that information developed during the course of the TPSC's review was not sufficiently complete to allow for an adequate examination of the petitioner's request.

Therefore, on February 26, 1982, the USTR requested the Commission at the direction of the President pursuant to section 332(g) of the Tariff Act of 1930 to provide its advice, with respect to each article listed above, as to the probable economic effect on the United States industry (or industries) producing like or directly competitive articles and on consumers of the continued designation of such articles as eligible for duty-free treatment under the GSP.

In addition to this specific advice, the Commission was requested to provide, where possible, information on the following: data on U.S. production, exports, imports, employment, and consumption of such headwear for a representative period of time, disaggregated where appropriate by type or fashion; data on selling prices for imported and domestically-produced straw headwear by type; and an assessment of the extent to which unfinished straw headwear entering under TSUS item 702.25 is used by the U.S. industry to produce finished straw headwear.

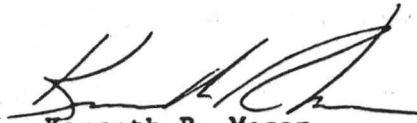
Public hearing

A public hearing in connection with the investigation will be held in the Commission Hearing Room, 701 E Street NW., Washington, D.C. 20436, beginning at 10:00 a.m., e.d.t., on July 20, 1982. All persons shall have the right to appear by counsel or in person, to present information, and to be heard. Requests to appear at the public hearing should be filed with the Secretary, United States International Trade Commission, 701 E Street NW., Washington, D.C. 20436, not later than noon, July 14, 1982.

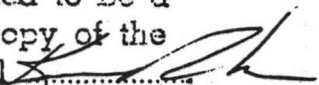
Written submissions

In lieu of or in addition to appearances at the public hearing, interested persons are invited to submit written statements concerning the investigation. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons. To be ensured of consideration by the Commission, written statements should be submitted at the earliest practicable date, but no later than July 30, 1982. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C.

By order of the Commission.

  
Kenneth R. Mason  
Secretary

Issued: March 24, 1982

Certified to be a  
true copy of the  
Original   
Secretary

## TENTATIVE CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's public hearing in the probable economic effect of the continued designation of certain headwear of straw as articles eligible for duty-free treatment under the Generalized System of Preferences, Investigation No. 332-139. Sessions were held in connection with the investigation in the Hearing Room of the U. S. International Trade Commission, 701 E Street, N.W., Washington, D.C., beginning at 10:00 a.m., e.d.t., on July 20, 1982.

Domestic:

Headwear Institute of America, New York, N.Y.  
and Beatty-Page Inc., Brooklyn, N.Y.

Homer O. Page, President

United Hatters, Cap and Millinery Workers,  
International Union, AFL-CIO, New York, N.Y.

Gerald R. Coleman, Secretary-Treasurer

Langenberg Hat Company, Marthasville, Missouri

Roy Langenberg, President

Economic Consulting Services, Inc., Washington, D.C.

Mark W. Love, Vice President

Marci Dobal, Research Economist

Importers:

Daniels, Houlihan & Palmeter--Counsel  
Washington, D.C.  
on behalf of

Young An Hat Company, Seoul, Korea

Martin J. Lewin--OF COUNSEL





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INTERNATIONAL TRADE COMMISSION  
WASHINGTON, D.C. 20436

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