

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

Report to the President  
on Investigation  
Nos. TA-503(a)-16  
and 332-260

USITC PUBLICATION 2138

November 1988



**UNITED STATES INTERNATIONAL TRADE COMMISSION**

**COMMISSIONERS**

**Anne E. Brunsdale, Acting Chairman**

**Alfred E. Eckes**

**Seeley G. Lodwick**

**David B. Rohr**

**Ronald A. Cass**

**Don E. Newquist**

*This report was prepared by*

---

Office of Industries

Vern Simpson, Acting Director

---

**Address all communications to  
Kenneth R. Mason, Secretary to the Commission  
United States International Trade Commission  
Washington, DC 20436**

C O N T E N T S

	<u>Page</u>
Introduction.....	1
Presentation of probable effect advice.....	3
Probable effect digest locator and overview.....	9
Commodity digests..... by HS number	
Appendixes:	
A. United States Trade Representative request of August 29, 1988, for probable effect advice.....	A-1
B. U.S. International Trade Commission notice of investigation and hearing.....	B-1
C. List of witnesses appearing at the Commission hearing.....	C-1
D. Types of trade shifts resulting from modification of GSP eligibility.....	D-1

**Note.--This report is a declassified  
version of the Confidential probable  
effects advice report submitted to  
the President on November 16, 1988**





## INTRODUCTION

On August 29, 1988, in accordance with sections 503(a) and 131(a) of the Trade Act of 1974 and section 332 of the Tariff Act of 1930, and pursuant to the authority of the President delegated to the United States Trade Representative (USTR) by Executive Order 11846, as amended by Executive Order 11947, the USTR requested advice related to the U.S. Generalized System of Preferences (GSP) as follows: 1/

- (1) pursuant to sections 503(a) and 131(a) of the Trade Act, to advise the President, with respect to each article listed in Part A of the Annex to the USTR request, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties under the U.S. Generalized System of Preferences (GSP). In providing its advice, the USTR requested the Commission to assume that benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the "competitive need" limitations specified in section 504(c) of the Act.
- (2) Pursuant to section 332(g) of the Tariff Act and at the direction of the President--
  - (A) to advise the President, with respect to each article listed in Part B of the Annex to the USTR request, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the removal of articles in Part B from eligibility for duty-free treatment under the GSP;
  - (B) in accordance with section 504(c)(3)(A)(i) of the Trade Act, to advise the President on whether any industry in the United States is likely to be adversely affected by waiving the competitive need limits for countries specified with respect to the articles listed in Part C of the Annex to the USTR request and for the Philippines for certain alcohols; and,
  - (C) to advise the President, with respect to whether products like or directly competitive with those described in Part A of the Annex to the USTR request were being produced in the United States on January 3, 1985, for purposes of section 504(d) of the Trade Act.

---

1/ The USTR request, including listings of concerned articles, is contained in appendix A.

In response to the USTR request, the Commission on September 15, 1988, instituted investigations Nos. TA-503(a)-16 and 332-260 for the purpose of obtaining, to the extent practicable, information for use in connection with the preparation of advice requested by the USTR. Commission notices of investigation and hearing are contained in appendix B. 1/ A public hearing in connection with the investigation was held in the Commission hearing room, 500 E Street SW., Washington, DC 20436, on October 11, 1988. All interested parties were afforded an opportunity to appear by counsel or in person, to produce evidence, and to be heard. 2/

1/ The following Federal Register notices were issued by the Commission and the USTR, concerning investigation Nos. TA-503(a)-16 and 332-260:

<u>Date</u>	<u>Notice</u>	<u>Subject</u>
July 20, 1988	53 F.R. 27433	USTR notice of annual GSP review
Sept. 23, 1988	53 F.R. 37063	Initial notice of ITC investigation and hearing

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

## PRESENTATION OF PROBABLE EFFECT ADVICE

In response to the USTR request for probable effect advice, the Commission determined that an appropriate format for such an analysis would be commodity digests, each digest dealing with the effect of tariff modifications on a specific TSUS or HS item. In a limited number of cases, several closely related TSUS items or HS items were grouped together in a single digest to facilitate preparation of meaningful digest advice.

To provide a factual basis for the Commission's advice, each digest contains the following sections:

- I. Introduction
- II. U.S. market profile
- III. GSP import situation, 1987
- IV. Competitiveness profiles, GSP suppliers
- V. Position of interested parties
- VI. Summary of probable economic effects
- ... U.S. import/export tables

I. Introduction.--This section provides basic information on the item including description and uses, rate of duty, type of GSP modification proposed, competitive-need country exclusions, competitive-need limit waivers, and an indication of whether there was U.S. production of the item on Jan. 3, 1985.

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

III. GSP import situation, 1987.--This section provides 1987 U.S. import data, including the world total and certain GSP country specific data. Individual GSP country data is provided for the top four GSP suppliers in 1987 as well as for any additional GSP countries proposed for "waiver."

IV. Competitiveness profiles.--This section provides background information on GSP supplier countries that are (1) the most significant sources, (2) likely to emerge as significant suppliers as a result of the GSP modification, and (3) affected by changes in eligibility as a result of the modification. Information is provided on the level and significance of the country as a supplier, the elasticities of supply and demand for

imports from the country, 1/ and the price and quality of imports compared with U.S. and other foreign products.

V. Position of interested parties.--Brief summaries of written submissions and testimony from interested parties are provided.

VI. Summary of probable economic effects.--This section provides advice on the short-to-near term (1-5 years, 1989-93) impact of the proposed GSP-eligibility modifications in three areas: (1) U.S. imports, (2) U.S. industry, and (3) U.S. consumers. 2/ The probable effect advice, to a degree, integrates and summarizes the data provided in sections I-V of the digests with particular emphasis on the price sensitivity of import supply and demand. Thus, for example, if the price elasticity of demand in the United States and the price elasticity of supply in the exporting beneficiary country are both relatively high, elimination of even a moderate-level tariff suggests the possibility of large import increases from the beneficiary country. 3/

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

In considering the different types of GSP-eligibility changes that have occurred and the likely impact, removal of GSP status for an item was considered a duty increase, and GSP item additions and competitive-need limit waivers were considered as duty decreases. The digests contain a coded summary of the probable economic effect advice. The coding scheme is shown below:

1/ Commissioner Eckes notes that the elasticity levels ("low, medium, and high") are only estimates, and are not based on empirical research on the various products under consideration.

2/ App. D provides a brief textual and graphic presentation of the types of trade shifts that can result from modification of GSP eligibility for the case where the domestic product and imports from all countries are perfect substitutes. For the products in this report it is not possible to measure such trade shifts precisely.

3/ Price elasticity is a measure of the changes in quantity that are brought about as a result of changes in price. The guidelines used for both supply and demand are as follows: The elasticity is low when the percentage change in quantity is less than the percentage change in price; moderate when it is between 1 and 2 times the percentage change in price; and, high when it is greater than 2 times the percentage change in price.

FOR "ADDITION" AND "WAIVER" DIGESTS:

## Level of total U.S. imports:

- Code A: Little or no increase (0 to 5 percent).
- Code B: Modest increase (6 to 15 percent).
- Code C: Significant increase (over 15 percent).

## U.S. industry and employment:

- Code A: Little or negligible adverse impact.
- Code B: Significant adverse impact (significant proportion of workers unemployed; declines in output; declines in profit levels; firms depart, but adverse impact not industrywide).
- Code C: Substantial adverse impact (substantial unemployment; widespread idling of productive facilities; substantial declines in profit levels; adverse impact on the industry as a whole).
- Code N: None (This code should be used sparingly but may apply particularly in waiver advice where the waiver will not cause any impact because import levels are too low for it to come into effect. In addition, it could apply when there is no U.S. industry.)

U.S. consumer: 1/

- Code A: The bulk of duty savings (greater than 75 percent) is expected to be absorbed by the foreign suppliers.
- Code B: Duty savings are expected to benefit both the foreign suppliers and the domestic consumer (neither receiving more than 75 percent of the savings).
- Code C: The bulk of duty savings (greater than 75 percent) is expected to benefit the U.S. consumer.
- Code N: None (This code should be used sparingly but may apply particularly in waiver advice where the waiver will not cause any impact because import levels are too low for it to come into effect.)

FOR "REMOVAL" DIGESTS:

## Level of total U.S. imports:

- Code X: Little or no decrease (0 to 5 percent).
- Code Y: Modest decrease (6 to 15 percent).
- Code Z: Significant decrease (over 15 percent).

---

1/ The "U.S. consumer" may be a firm or person receiving an intermediate good for further processing or the end user in the case of a final good.

## U.S. industry and employment:

- Code X: Little or negligible beneficial impact.
- Code Y: Significant beneficial impact (significant number of additional workers employed; increases in output; increases in profit levels; new firms; but beneficial impact not industrywide).
- Code Z: Substantial beneficial impact (substantial increase in employment; widespread increased production; substantial increases in profit levels; beneficial impact on the industry as a whole).
- Code N: None (Use sparingly, however, it is appropriate when there is no U.S. industry.)

## U.S. consumer:

- Code X: The bulk of the duty increase (greater than 75 percent) is expected to be absorbed by the foreign suppliers.
- Code Y: The duty increase is expected to increase costs to both the foreign suppliers and the domestic consumer (neither absorbing more than 75 percent of the cost).
- Code Z: The bulk of the duty increase (greater than 75 percent) is expected to be passed on to the U.S. consumer.
- Code N: None (use sparingly.)

In using the probable effect advice, several important factors should be taken into consideration. The HS trade data used in the investigation were developed by the Commission by converting official TSUSA import statistics and Schedule B export statistics to the HS format using Commission-developed concordances between the current TSUSA/Schedule B systems and the HS. As a general observation, data that are developed under one system and subsequently translated and presented in another, should be viewed with some caution. Such caution is recommended in this investigation due to fundamental differences in structure and classification concepts between the HS and the current TSUSA/Schedule B. Whereas it is believed that the Commission has solved the great majority of the technical problems in converting trade data from one format to another, basic differences between the two systems make precise conversion of data impossible in many instances.

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

- No code = Response based on complete or almost complete information/data adequate for a high degree of confidence.

- \* = Based on partial information/data adequate for estimation with a moderately high degree of confidence (e.g., \*5, \*X).
- \*\* = Based on limited information/data adequate for estimation with a moderate degree of confidence (e.g., \*\*5).
- 1/ = Not available.

It should also be emphasized that the probable effects estimates are not forecasts of what will actually happen to U.S. imports in the future. Instead, they are estimates of how a change in GSP eligibility will affect these imports. For example, a digest might estimate that GSP eligibility will cause U.S. imports to increase modestly by 6 percent to 15 percent, whereas it might be reasonable to suppose that the recent decline in the dollar on exchange markets will cause actual imports in the digest to decline. This does not mean that the estimate in the digest is inaccurate. Even if actual imports decline dramatically, they should still be at a somewhat higher level with GSP eligibility than without. It is this latter difference only that the digests are concerned with. Although a number of factors such as exchange-rate changes, relative inflation rates, and relative rates of economic growth could have much greater effects on imports than changes in GSP eligibility, these other factors are beyond the scope of the USTR request.





## Probable Effect Digest Locator and Overview

Note.--Digests are listed in the order that they appear in this report. If two HS items are combined into a single digest, the order is based on the first HS number. This listing provides information on HS items covered by digests, including a brief description, the type of proposed GSP eligibility change, probable effect codes, existence of U.S. production on January 3, 1985, and the assigned Commission trade analyst.



HS items requiring probable effect advice and listing of digests

HS item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 U.S. pro- rate of duction, duty or Jan. 3, 1985?	Analyst
1519.30.40 1/	Fatty alcohols	Addition 2/	Gov't of the Philippines		5.0%	CH Randall
2804.69.10	Silicon metal	Removal	Ferroalloys Assoc. (DC)		5.3%	MM Cannon
2905.17.00 1/	Fatty alcohols	Addition 2/	Gov't of the Philippines		5.0%	CH Randall
2907.11.00	Phenol and its salts	Addition	Gov't of Mexico; Fenocuinia S.A. de C.V. (Mex.)		7.2%	CH Matusik
2916.39.15	Ibuprofen	Removal	Ethyl Corp. (VA)		6.8%	CH Nesbitt
2917.19.15	Fumaric acid	Addition	Gov't of Mexico		20.0%	CH Matusik
2917.19.2510 3/	Maleic and malic acid	Addition	Gov't of Mexico		16.9%	CH Michels
2918.19.50(pt) 1/	Maleic and malic acid	Addition	Gov't of Mexico		16.9%	CH Michels
2933.90.4/	Hexamethylenetetramine	Removal	Wright Chemical Corp. (NC)		6.3%	CH Michels
3817.10.00	Branched alkylbenzenes	Addition	Shrieve Chemical Products, Inc. (TX)		15.1%	CH Matusik
7019.10.40	Glass fiber roving	Addition	PPG Industries, Inc. (PA)		6.0%	IX Butler
7307.93.30	Carbon steel butt weld pipe fittings	Removal	U.S. Butt-Weld Fitting Com. (DC)		6.2%	MM Boszormenyi
9025.11.20	Liquid filled clinical thermometers	Removal	Florida Medical Industries Inc. (FL)		17.0%	CM Moller
9503.90.50	Inflatable toy balls, balloons, and punchballs	Waiver	American Import Inc. (CA)		6.8%	CM Langer
9503.90.60 4/	Miscellaneous toys, parts, and accessories	Waiver	Mattel Inc. (CA); Kenner Parker Toys, Inc. (OH)		6.8%	CM Langer
9503.90.70 4/	Miscellaneous toys, parts, and accessories	Waiver	Mattel Inc. (CA); Kenner Parker Toys, Inc. (OH)		6.8%	CM Langer
9607.20.00 5/	Parts of slide fasteners	Addition	Gov't of Colombia		21.0%	CM Rodrigues

1/ HS items 1519.30.40 and 2905.17.00 are combined in a single digest.  
 2/ Advice is also requested on waiving the competitive need limit for the Philippines for these items.  
 3/ HS items 2917.19.2510 and 2918.19.50(pt.) are combined in a single digest.  
 4/ HS items 9503.90.60 and 9503.90.70 are combined in a single digest.  
 5/ This digest includes HS items 9607.20.0040 and 9607.20.0080.

*[Faint, illegible text, possibly bleed-through from the reverse side of the page]*

*R. 10*

**COMMODITY DIGESTS--HS BASIS**



Comment: Four of the six U.S. producers synthesize these alcohols from ethylene or other petrochemical feedstocks. Two U.S. producers, operating several plants, use natural fats and oils as starting materials. These are chemical commodities for which price and quality are more important than loyalty to suppliers, technical service, or other factors. U.S. producers are regarded as generally competitive on price and quality. Asian producers are regarded as having an actual or potential competitive advantage in price and/or quality because of favorable access to raw materials, e.g., coconut oil, and having newer, more technologically advanced industrial facilities.

III. GSP import situation, 1987

<u>Item</u>	<u>Imports</u>	<u>Percent of total imports</u>	<u>Percent of GSP imports</u>	<u>Percent of U.S. consumption</u>
	<u>Quantity</u>			
	<u>1,000</u>			
	<u>pounds</u>			
Total.....	61,566	100	1/	5
Imports from GSP countries,				
total.....	30,859	50	100	2
Philippines.....	30,837	50	100	2
Mexico.....	21	2/	2/	2/
	<u>Value</u>			
	<u>1,000</u>			
	<u>dollars</u>			
Total.....	25,675	100	1/	5
Imports from GSP countries,				
total.....	11,235	44	100	2
Philippines.....	11,211	44	100	2
Mexico.....	24	2/	2/	2/

1/ Not applicable.

2/ Less than 0.5 percent.

Comment: The Philippines is the principal GSP supplier of these products. Imports from the Philippines increased sharply in 1986-87. Malaysia reportedly is installing a large plant expected to be online within 1 to 2 years, partially owned, and to be operated, by a major European multinational firm that is also active in the United States.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for the Philippines for all digest products

---

Ranking as a U.S. import supplier, 1987..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes  No

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

Can production in the country be easily expanded or

contracted in the short term?..... Yes  No

Does the country have significant export markets

besides the United States?..... Yes  No

Could exports from the country be readily

redistributed among its foreign export markets?..... Yes  No

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

Price level compared with:

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

Other foreign products..... Above  Equivalent  Below

Quality compared with:

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

Other foreign products..... Above  Equivalent  Below

---

Comment: Philippine suppliers have priced their products erratically in the past, at least in part to increase market share. Recent (1987-88) pricing by Philippine producers has been in line with world prices.

V. Position of interested parties

Petitioner.—The Government of the Republic of the Philippines claims that the Philippine fatty alcohol industry, which is export oriented, has a freight cost disadvantage in the United States compared with European producers and that addition of these products to GSP eligibility would mitigate that disadvantage.

Opposition.—Ethyl Corp., an ethylene-based U.S. producer, opposes addition of these items on the grounds that the Philippine fatty alcohol industry is modern and fully competitive in the world marketplace and that the Philippines are at, or very near, the competitive-need threshold in their fatty alcohol exports to the United States. Ethyl also expresses concern about worldwide overcapacity and high costs and low operating rates in petrochemically based operations.

Sherex Chemical Co., Inc., a U.S. producer planning to expand its capacity, opposes addition on the grounds that Philippine producers already have a competitive advantage in the United States owing principally to their low labor costs.



[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Digest Title: Fatty Alcohols  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Philippines.....	0	0	118,420	20,102,906	30,837,398
West Germany.....	9,432,996	6,028,030	9,685,303	15,773,685	27,133,708
Netherlands.....	26,455	3,600	12,200	0	1,105,563
Belgium & Luxem..	0	88,184	0	43,598	1,055,280
France.....	2,691,268	733,022	689,169	432,543	463,318
United Kingdom...	766,478	510,379	260,024	439,508	413,427
Denmark.....	371,089	365,528	322,774	414,026	363,093
Japan.....	210,583	261,144	147,790	303,809	161,838
Mexico.....	0	2,520	0	0	21,363
Canada.....	0	0	0	0	6,739
Norway.....	0	0	0	0	4,079
Switzerland.....	0	11	0	0	33
East Germany.....	0	0	79,365	0	0
Italy.....	59	0	0	0	0
India.....	0	0	1	0	0
<b>Total.....</b>	<b>13,498,928</b>	<b>7,992,418</b>	<b>11,315,046</b>	<b>37,510,075</b>	<b>61,565,839</b>
GSP Total....	0	2,520	118,421	20,102,906	30,858,761
GSP-4.....	0	2,520	118,421	20,102,906	30,858,761
Percent					
Philippines.....	.0	.0	1.0	53.6	50.1
West Germany.....	69.9	75.4	85.6	42.1	44.1
Netherlands.....	.2	1/	.1	.0	1.8
Belgium & Luxem..	.0	1.1	.0	.1	1.7
France.....	19.9	9.2	6.1	1.2	.8
United Kingdom...	5.7	6.4	2.3	1.2	.7
Denmark.....	2.7	4.6	2.9	1.1	.6
Japan.....	1.6	3.3	1.3	.8	.3
Mexico.....	.0	1/	.0	.0	1/
Canada.....	.0	.0	.0	.0	1/
Norway.....	.0	.0	.0	.0	1/
Switzerland.....	.0	1/	.0	.0	1/
East Germany.....	.0	.0	.7	.0	.0
Italy.....	1/	.0	.0	.0	.0
India.....	.0	.0	1/	.0	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	.0	1/	1.0	53.6	50.1
GSP-4.....	.0	1/	1.0	53.6	50.1

1/ Less than 0.1 percent.

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

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

Digest Title: Fatty Alcohols  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
West Germany.....	4,838	3,565	5,061	7,132	12,370
Philippines.....	0	0	254	7,324	11,211
Belgium & Luxem..	0	61	0	49	442
United Kingdom...	365	250	140	304	368
France.....	1,187	476	448	281	350
Netherlands.....	14	11	11	0	310
Japan.....	181	264	139	483	305
Denmark.....	262	260	222	327	281
Mexico.....	0	1	0	0	24
Norway.....	0	0	0	0	8
Canada.....	0	0	0	0	4
Switzerland.....	0	1	0	0	2
East Germany.....	0	0	48	0	0
India.....	0	0	2	0	0
<b>Total.....</b>	<b>6,847</b>	<b>4,889</b>	<b>6,324</b>	<b>15,900</b>	<b>25,674</b>
<b>GSP Total....</b>	<b>0</b>	<b>1</b>	<b>256</b>	<b>7,324</b>	<b>11,235</b>
<b>GSP-4.....</b>	<b>0</b>	<b>1</b>	<b>256</b>	<b>7,324</b>	<b>11,235</b>
Percent					
West Germany.....	70.7	72.9	80.0	44.9	48.2
Philippines.....	.0	.0	4.0	46.1	43.7
Belgium & Luxem..	.0	1.3	.0	.3	1.7
United Kingdom...	5.3	5.1	2.2	1.9	1.4
France.....	17.3	9.7	7.1	1.8	1.4
Netherlands.....	.2	.2	.2	.0	1.2
Japan.....	2.6	5.4	2.2	3.0	1.2
Denmark.....	3.8	5.3	3.5	2.1	1.1
Mexico.....	.0	1/	.0	.0	.1
Norway.....	.0	.0	.0	.0	1/
Canada.....	.0	.0	.0	.0	1/
Switzerland.....	.0	1/	.0	.0	1/
East Germany.....	.0	.0	.8	.0	.0
India.....	.0	.0	1/	.0	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>.0</b>	<b>1/</b>	<b>4.1</b>	<b>46.1</b>	<b>43.8</b>
<b>GSP-4.....</b>	<b>.0</b>	<b>1/</b>	<b>4.1</b>	<b>46.1</b>	<b>43.8</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Digest Title: Fatty Alcohols  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Netherlands.....	0	605,838	0	631	578,713
West Germany.....	385,652	0	0	2,401	291,993
Canada.....	142,718	173,478	131,359	63,543	236,775
Mexico.....	135,366	58,526	59,441	106,271	94,554
Brazil.....	530	11,469	25,379	44,848	25,771
Belgium & Luxem..	47,250	11,813	35,582	0	25,065
United Kingdom...	293	24,502	11,813	4,611	16,034
Venezuela.....	13,013	9,971	10,834	19,237	5,712
Peru.....	4,858	0	5,898	6,519	4,443
Korea.....	3,586	5,895	7,761	3,509	2,390
Pakistan.....	770	770	1,540	770	1,583
Italy.....	0	1,330	13,700	0	1,330
Ecuador.....	3,831	1,406	2,135	280	1,173
Uruguay.....	0	0	0	994	980
Jamaica.....	1,750	1,750	1,120	3,632	847
All other.....	20,979	24,979	19,906	69,402	1,687
<b>Total.....</b>	<b>760,596</b>	<b>931,727</b>	<b>326,468</b>	<b>326,648</b>	<b>1,289,050</b>
<b>GSP Total....</b>	<b>179,415</b>	<b>109,691</b>	<b>132,439</b>	<b>201,299</b>	<b>139,140</b>
<b>GSP-4.....</b>	<b>174,112</b>	<b>101,904</b>	<b>118,674</b>	<b>194,430</b>	<b>136,750</b>
Percent					
Netherlands.....	.0	65.0	.0	.2	44.9
West Germany.....	50.7	.0	.0	.7	22.7
Canada.....	18.8	18.6	40.2	19.5	18.4
Mexico.....	17.8	6.3	18.2	32.5	7.3
Brazil.....	.1	1.2	7.8	13.7	2.0
Belgium & Luxem..	6.2	1.3	10.9	.0	1.9
United Kingdom...	1/	2.6	3.6	1.4	1.2
Venezuela.....	1.7	1.1	3.3	5.9	.4
Peru.....	.6	.0	1.8	2.0	.3
Korea.....	.5	.6	2.4	1.1	.2
Pakistan.....	.1	.1	.5	.2	.1
Italy.....	.0	.1	4.2	.0	.1
Ecuador.....	.5	.2	.7	.1	.1
Uruguay.....	.0	.0	.0	.3	.1
Jamaica.....	.2	.2	.3	1.1	.1
All other.....	2.8	2.7	6.1	21.2	.1
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>23.6</b>	<b>11.8</b>	<b>40.6</b>	<b>61.6</b>	<b>10.8</b>
<b>GSP-4.....</b>	<b>22.9</b>	<b>10.9</b>	<b>36.4</b>	<b>59.5</b>	<b>10.6</b>

1/ Less than 0.1 percent.

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

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

Digest Title: Fatty Alcohols  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Canada.....	114	150	114	42	142
Netherlands.....	0	17	0	1	140
Mexico.....	108	52	39	73	58
West Germany.....	66	0	0	2	50
Brazil.....	1	12	23	42	27
Belgium & Luxem..	38	10	31	0	16
United Kingdom...	1/	20	10	3	12
Venezuela.....	10	9	9	16	6
Peru.....	4	0	4	3	3
Korea.....	4	6	6	4	2
Pakistan.....	1	1	2	1	2
Jamaica.....	1	2	1	2	1
Uruguay.....	0	0	0	1	1
Italy.....	0	1	1	0	1
Guatemala.....	2	1	0	0	1
All other.....	14	24	20	48	2
<b>Total.....</b>	<b>364</b>	<b>304</b>	<b>260</b>	<b>237</b>	<b>463</b>
<b>GSP Total....</b>	<b>141</b>	<b>100</b>	<b>101</b>	<b>155</b>	<b>102</b>
<b>GSP-4.....</b>	<b>136</b>	<b>93</b>	<b>89</b>	<b>148</b>	<b>100</b>
Percent					
Canada.....	31.4	49.4	43.8	17.8	30.8
Netherlands.....	.0	5.7	.0	.2	30.2
Mexico.....	29.6	17.0	14.8	30.9	12.5
West Germany.....	18.0	.0	.0	.8	10.8
Brazil.....	.2	4.0	8.7	17.6	5.8
Belgium & Luxem..	10.5	3.2	12.1	.0	3.4
United Kingdom...	1/	6.7	4.0	1.2	2.6
Venezuela.....	2.8	2.9	3.5	6.7	1.3
Peru.....	1.1	.0	1.6	1.3	.6
Korea.....	1.1	2.0	2.5	1.6	.5
Pakistan.....	.2	.2	.6	.3	.3
Jamaica.....	.4	.6	.3	.9	.3
Uruguay.....	.0	.0	.0	.2	.2
Italy.....	.0	.3	.2	.0	.2
Guatemala.....	.6	.2	.0	.0	.1
All other.....	4.0	7.8	7.8	20.4	.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>38.7</b>	<b>33.1</b>	<b>38.6</b>	<b>65.3</b>	<b>22.1</b>
<b>GSP-4.....</b>	<b>37.4</b>	<b>30.6</b>	<b>34.2</b>	<b>62.6</b>	<b>21.6</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

<u>HTS item number</u>	<u>TSUSA item number (and allocation)</u>	<u>TSUSA col.1 rates of duty (AVE)</u>				
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
1519.30.40	490.73 (60%)	5%	5%	5%	5%	5%
	490.75 (95%)	5%	5%	5%	5%	5%
2905.17.00	490.73 (40%)	5%	5%	5%	5%	5%
	490.75 ( 5%)	5%	5%	5%	5%	5%



DIGEST NO. 2804.69.10

SILICON METAL

Silicon Metal

I. Introduction

Col. 1 rate of duty: 5.3%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP: X  
 Country graduation:       
 Competitive-need-limit waiver:       
 Noneligible GSP countries: Brazil  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: Brazil  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Silicon metal is a basic material used in the manufacture of semiconductors and a wide variety of silicone chemicals. It is also used as an alloying agent by the metallurgical industry in the production of aluminum, copper, and nickel to improve their castability and to increase strength. Virtually all silicon metal is consumed by the aluminum and chemical industries.

II. U.S. market profile

Profile of U.S. industry and market, 1983-87

Item	1983	1984	1985	1986	1987	Percentage change over period 1/
Producers (number).....	10	9	8	7	7	-9
Employment (thousand employees).....	*2	*2	*2	*2	*2	0
Shipments (1,000 dollars).....	113,475	171,814	157,231	148,797	*170,000	11
Exports (1,000 dollars) 2/.....	**2,575	**4,320	**2,185	**5,213	**9,775	40
Imports (1,000 dollars).....	19,352	19,444	43,131	31,490	32,857	14
Consumption (1,000 dollars).....	**130,252	**186,938	**198,177	**175,074	**193,082	10
Import-to-consumption ratio (percent)....	**15	**10	**22	**18	**17	3
Capacity utilization (percent).....	**69	**77	**68	**70	**78	3

1/ This figure represents the average annual compound rate of change over 1983-87.

2/ Estimated by the staff of the U.S. International Trade Commission.

Comment: Silicon metal is produced by seven companies, two of which consume their respective production internally. The two captive producers account for about [ \*\*\* ] of domestic production. U.S. shipments increased by 50 percent between 1983 and 1987 and imports increased by 70 percent during the same period. The relative strength of the U.S. industry has increased over the period because of an increase in demand for silicon metal in the chemical and aluminum industries. Domestic products are priced generally higher than imported material, reflecting in part, the premium consumers are willing to pay for shorter delivery time and technical services.

III. GSP import situation, 1987

Item	Imports <u>1,000</u> <u>pounds</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	66,644	100	1/	19
Imports from GSP countries, total.....	33,972	51	100	10
Argentina.....	12,470	19	37	4
Yugoslavia.....	11,882	18	35	3
Brazil 2/.....	9,614	14	28	3
Singapore 3/.....	7	4/	4/	4/
<u>1,000</u> <u>dollars</u>				
Total.....	32,857	100	1/	17
Imports from GSP countries, total.....	16,032	49	100	8
Argentina.....	5,880	18	37	3
Yugoslavia.....	5,621	17	35	3
Brazil 2/.....	4,527	14	28	2
Singapore 3/.....	2	4/	4/	4/

1/ Not applicable.

2/ Imports from Brazil under HS item No. 2804.69.10 are not GSP eligible.

3/ Singapore will lose GSP eligibility in January 1989.

4/ Less than 0.5 percent.

Note.—The countries shown in the table include the top 4 GSP suppliers in 1987.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Argentina for all digest products

---

Ranking as a U.S. import supplier, 1987..... 2

Price elasticity:

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

Price level compared with:

- U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X
- Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

- U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_
- Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

---

Comment: Domestic products are priced generally higher than imported material, reflecting in part, the premium consumers are willing to pay for shorter delivery time and technical services.

Competitiveness indicators for Yugoslavia for all digest products

---

Ranking as a U.S. import supplier, 1987..... 3

Price elasticity:

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

Price level compared with:

- U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X
- Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

- U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_
- Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_
-

Comment: Domestic products are priced generally higher than imported material, reflecting in part, the premium consumers are willing to pay for shorter delivery time and technical services.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Brazil 1/ for all digest products

---

Ranking as a U.S. import supplier, 1987..... 4

Price elasticity:

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

Price level compared with:

- U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X
- Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

- U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_
- Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

---

Comment: Domestic products are priced generally higher than imported material, reflecting in part, the premium consumers are willing to pay for shorter delivery time and technical services.

---

1/ Imports from Brazil under HS item No. 2804.69.10 are not GSP eligible.

V. Position of interested parties

Petitioner.—The Ferroalloy Association, representing all U.S. commercial producers requests, that silicon metal be removed from duty-free treatment under the GSP.

The Ferroalloy Association's request is based on the contentions that (1) the continuing GSP treatment for this product threatens to undermine the efforts of the remaining U.S. producers to compete for U.S. or foreign-market share; (2) the two principal GSP countries, Argentina and Yugoslavia, are competitive producers and will maintain significant U.S. market shares even without the benefit of U.S. GSP treatment; and (3) silicon metal is import sensitive. In support of their petition the Ferroalloy Association also makes the following points concerning foreign countries: (1) the EC has excluded silicon metal from its list of GSP-eligible products with the exception of Yugoslavia; (2) Canada imposes duties on silicon metal both from Argentina and Yugoslavia; and (3) the United States Trade Representative has identified both Argentina and Yugoslavia as failing to grant adequate protection for intellectual property rights in chemical compounds.

Opposition.—The Electrometalurgica Andina, S.A.I.C. (Andina) of Argentina opposes the removal of HS item No. 2804.69.10 from duty-free treatment under the Generalized System of Preferences (GSP).

Andina's opposition is based on the contention that: (1) the Petitioner has not been damaged by Argentine imports, since domestic demand, prices, and U.S. exports of silicon metal have increased over the past two years and the domestic price and import price are now the same; (2) U.S. imports and the U.S. import-to-consumption ratio have declined since 1985; (3) any decrease in Argentina's market share would most likely be taken up by non-GSP imports; and (4) Argentine silicon metal because of its high calcium content is marketed only to the secondary aluminum industry. The U.S. industry, Andina argues, markets to the primary aluminum and chemical industries. Therefore there is little direct competition between the Argentine and the U.S. product. In support of their position Andina also makes the following points with respect to Argentina's GSP eligibility: (1) the silicon metal industry is not yet competitive because it is in its infancy; (2) the country needs continued GSP eligibility, in order to develop an economically depressed region; and (3) Argentina's ability to service its external debt, primarily to U.S.-based institutions, depends on the development of its industry and such non-traditional exports as silicon metal.

Counsel, Freeman, Wasserman and Schneider, representing an American company (unnamed), which uses silicon metal opposes the removal of HS item No. 2804.69.10 from duty-free treatment under the GSP. Counsel's opposition is based on the contention that (1) between 1982-87, production, domestic shipments, end-of-the-year-stocks, and exports have increased; (2) published prices of silicon metal rose throughout 1987 and during the first 6 months of 1988; (3) the probable annual growth rate for silicon metal demand is estimated at 3.3 percent for the chemical industry, a major user of the product; (4) GSP imports are decreasing; and (5) the retention of GSP eligibility for silicon metal is consistent with the purposes of the GSP program.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]



Digest Title: Silicon Metal  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Canada.....	15,727,335	10,151,155	12,054,134	12,024,363	19,671,954
Argentina.....	2,028,278	2,362,268	3,040,408	6,384,597	12,469,658
Yugoslavia.....	2,436,877	331,125	1,768,896	2,871,602	11,881,722
Brazil.....	11,098,425	5,279,990	26,564,181	25,239,638	9,613,943
Rep So Africa....	2,899,753	3,456,785	7,864,382	3,531,768	5,476,405
Sweden.....	0	0	2,221,428	1,097,230	3,587,215
China.....	1,352,195	6,686,220	330,690	0	2,421,939
France.....	2,040,583	7,911,865	7,800,875	4,563,470	1,024,407
Norway.....	1,192,879	1,310,855	2,161,608	95,900	360,176
Japan.....	0	0	63	3	110,230
West Germany.....	70,106	570	188	22,746	17,826
Singapore.....	0	0	0	0	6,873
Switzerland.....	0	0	1,477,082	0	1,476
Venezuela.....	0	0	39,715	0	0
All other.....	745	3,144,312	18,042,851	6,651,081	0
<b>Total.....</b>	<b>38,847,176</b>	<b>40,635,145</b>	<b>83,366,501</b>	<b>62,482,398</b>	<b>66,643,824</b>
<b>GSP Total....</b>	<b>15,563,580</b>	<b>7,973,383</b>	<b>31,413,200</b>	<b>34,495,837</b>	<b>33,972,196</b>
<b>GSP-4.....</b>	<b>15,563,580</b>	<b>7,973,383</b>	<b>31,413,200</b>	<b>34,495,837</b>	<b>33,965,323</b>
Percent					
Canada.....	40.5	25.0	14.5	19.2	29.5
Argentina.....	5.2	5.8	3.6	10.2	18.7
Yugoslavia.....	6.3	.8	2.1	4.6	17.8
Brazil.....	28.6	13.0	31.9	40.4	14.4
Rep So Africa....	7.5	8.5	9.4	5.7	8.2
Sweden.....	.0	.0	2.7	1.8	5.4
China.....	3.5	16.5	.4	.0	3.6
France.....	5.3	19.5	9.4	7.3	1.5
Norway.....	3.1	3.2	2.6	.2	.5
Japan.....	.0	.0	1/	1/	.2
West Germany.....	.2	1/	1/	1/	1/
Singapore.....	.0	.0	.0	.0	1/
Switzerland.....	.0	.0	1.8	.0	1/
Venezuela.....	.0	.0	1/	.0	.0
All other.....	1/	7.7	21.6	10.6	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>40.1</b>	<b>19.6</b>	<b>37.7</b>	<b>55.2</b>	<b>51.0</b>
<b>GSP-4.....</b>	<b>40.1</b>	<b>19.6</b>	<b>37.7</b>	<b>55.2</b>	<b>51.0</b>

1/ Less than 0.1 percent.

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

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

Digest Title: Silicon Metal  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Canada.....	8,698	6,196	7,231	6,795	10,632
Argentina.....	908	1,322	1,482	3,005	5,880
Yugoslavia.....	886	113	780	1,488	5,621
Brazil.....	5,302	2,792	13,071	12,200	4,527
Rep So Africa....	1,445	1,840	4,128	1,756	2,469
Sweden.....	0	0	1,099	519	1,830
China.....	558	494	157	0	1,103
France.....	1,066	4,354	4,061	2,321	510
Norway.....	444	693	1,100	28	208
Japan.....	0	0	6	2	48
Switzerland.....	0	0	747	0	21
West Germany.....	39	1	5	26	5
Singapore.....	0	0	0	0	2
Venezuela.....	0	0	21	0	0
All other.....	4	1,639	9,241	3,351	0
<b>Total.....</b>	<b>19,352</b>	<b>19,444</b>	<b>43,131</b>	<b>31,490</b>	<b>32,857</b>
<b>GSP Total....</b>	<b>7,097</b>	<b>4,227</b>	<b>15,355</b>	<b>16,693</b>	<b>16,032</b>
<b>GSP-4.....</b>	<b>7,097</b>	<b>4,227</b>	<b>15,355</b>	<b>16,693</b>	<b>16,029</b>
Percent					
Canada.....	44.9	31.9	16.8	21.6	32.4
Argentina.....	4.7	6.8	3.4	9.5	17.9
Yugoslavia.....	4.6	.6	1.8	4.7	17.1
Brazil.....	27.4	14.4	30.3	38.7	13.8
Rep So Africa....	7.5	9.5	9.6	5.6	7.5
Sweden.....	.0	.0	2.5	1.6	5.6
China.....	2.9	2.5	.4	.0	3.4
France.....	5.5	22.4	9.4	7.4	1.6
Norway.....	2.3	3.6	2.6	.1	.6
Japan.....	.0	.0	1/	1/	.1
Switzerland.....	.0	.0	1.7	.0	.1
West Germany.....	.2	1/	1/	.1	1/
Singapore.....	.0	.0	.0	.0	1/
Venezuela.....	.0	.0	1/	.0	.0
All other.....	1/	8.4	21.4	10.6	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>36.7</b>	<b>21.7</b>	<b>35.6</b>	<b>53.0</b>	<b>48.8</b>
<b>GSP-4.....</b>	<b>36.7</b>	<b>21.7</b>	<b>35.6</b>	<b>53.0</b>	<b>48.8</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Digest Title: Silicon Metal <sup>1/</sup>  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Source	1983	1984	1985	1986	1987
<b>Quantity (pounds)</b>					
Japan.....	2,552,567	3,747,894	1,188,715	4,082,096	12,434,384
Mexico.....	1,896,996	3,224,557	1,238,266	857,264	1,790,316
Dominican Rep....	6,549	24,604	55,138	148,075	1,389,709
Malaysia.....	141,372	305,467	233,913	605,634	983,897
Canada.....	586,589	1,021,860	817,744	2,115,282	550,139
Venezuela.....	121,340	266,107	9,079	385,952	310,097
Ghana.....	51,975	0	148,753	148,378	207,900
Korea.....	18,615	65,245	158,733	64,415	130,854
United Kingdom...	32,568	119,169	2,014	1,959,517	103,907
Taiwan.....	113,498	28,254	13,644	38,209	73,451
Spain.....	9,200	594	0	0	71,181
France.....	11,183	16,397	8,609	39,570	40,696
Colombia.....	74,513	94,708	22,704	0	32,134
Guatemala.....	0	0	1,980	47,926	23,621
West Germany.....	7,724	5,580	13,914	27,582	19,037
All other.....	184,296	131,196	63,479	216,015	44,127
<b>Total.....</b>	<b>5,808,985</b>	<b>9,051,632</b>	<b>3,976,685</b>	<b>10,735,915</b>	<b>18,205,450</b>
<b>GSP Total....</b>	<b>2,446,778</b>	<b>4,021,677</b>	<b>1,925,849</b>	<b>2,367,083</b>	<b>4,960,866</b>
<b>GSP-4.....</b>	<b>2,313,274</b>	<b>3,923,137</b>	<b>1,753,282</b>	<b>2,264,195</b>	<b>4,755,572</b>
<b>Percent</b>					
Japan.....	43.9	41.4	29.9	38.0	68.3
Mexico.....	32.7	35.6	31.1	8.0	9.8
Dominican Rep....	.1	.3	1.4	1.4	7.6
Malaysia.....	2.4	3.4	5.9	5.6	5.4
Canada.....	10.1	11.3	20.6	19.7	3.0
Venezuela.....	2.1	2.9	.2	3.6	1.7
Ghana.....	.9	.0	3.7	1.4	1.1
Korea.....	.3	.7	4.0	.6	.7
United Kingdom...	.6	1.3	.1	18.3	.6
Taiwan.....	2.0	.3	.3	.4	.4
Spain.....	.2	2/	.0	.0	.4
France.....	.2	.2	.2	.4	.2
Colombia.....	1.3	1.0	.6	.0	.2
Guatemala.....	.0	.0	2/	.4	.1
West Germany.....	.1	.1	.3	.3	.1
All other.....	3.2	1.4	1.6	2.0	.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>42.1</b>	<b>44.4</b>	<b>48.4</b>	<b>22.0</b>	<b>27.2</b>
<b>GSP-4.....</b>	<b>39.8</b>	<b>43.3</b>	<b>44.1</b>	<b>21.1</b>	<b>26.1</b>

1/ Table includes items that are not part of this digest.

2/ Less than 0.1 percent.

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

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

Digest Title: Silicon Metal <sup>1/</sup>  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Japan.....	14,606	30,942	32,553	35,146	58,469
Malaysia.....	14,089	32,050	21,623	19,212	31,116
Korea.....	1,060	2,601	56	1,241	6,216
France.....	1,697	1,665	1,596	3,165	2,665
Mexico.....	1,340	2,320	986	1,265	2,271
Taiwan.....	2,120	3,087	1,559	1,888	1,710
Canada.....	1,627	3,510	1,380	1,989	1,695
West Germany.....	1,199	1,311	1,718	1,084	1,542
United Kingdom...	2,649	4,878	492	1,412	1,382
Denmark.....	24	32	22	0	759
Dominican Rep....	5	16	47	62	474
India.....	8	80	620	55	143
Sweden.....	0	4	17	197	137
Ghana.....	31	0	97	83	120
Switzerland.....	5	8	12	38	108
All other.....	9,012	7,694	1,089	470	543
<b>Total.....</b>	<b>49,471</b>	<b>90,199</b>	<b>63,866</b>	<b>67,308</b>	<b>109,349</b>
<b>GSP Total....</b>	<b>19,065</b>	<b>40,833</b>	<b>25,155</b>	<b>24,185</b>	<b>42,367</b>
<b>GSP-4.....</b>	<b>15,743</b>	<b>34,758</b>	<b>23,521</b>	<b>21,054</b>	<b>34,433</b>
Percent					
Japan.....	29.5	34.3	51.0	52.2	53.5
Malaysia.....	28.5	35.5	33.9	28.5	28.5
Korea.....	2.1	2.9	.1	1.8	5.7
France.....	3.4	1.8	2.5	4.7	2.4
Mexico.....	2.7	2.6	1.5	1.9	2.1
Taiwan.....	4.3	3.4	2.4	2.8	1.6
Canada.....	3.3	3.9	2.2	3.0	1.6
West Germany.....	2.4	1.5	2.7	1.6	1.4
United Kingdom...	5.4	5.4	.8	2.1	1.3
Denmark.....	2/	2/	2/	.0	.7
Dominican Rep....	2/	2/	.1	.1	.4
India.....	2/	.1	1.0	.1	.1
Sweden.....	.0	2/	2/	.3	.1
Ghana.....	.1	.0	.2	.1	.1
Switzerland.....	2/	2/	2/	.1	.1
All other.....	18.2	8.5	1.7	.7	.5
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>38.5</b>	<b>45.3</b>	<b>39.4</b>	<b>35.9</b>	<b>38.7</b>
<b>GSP-4.....</b>	<b>31.8</b>	<b>38.5</b>	<b>36.8</b>	<b>31.3</b>	<b>31.5</b>

1/ Table includes items that are not part of this digest.  
2/ Less than \$500 or less than 0.1 percent.

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

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

HIS/TSUSA CONCORDANCE AND TARIFF HISTORY

<u>HIS item number</u>	<u>TSUSA item number (and allocation)</u>	<u>TSUSA col.1 rates of duty (AVE)</u>				
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
2804.69.10	632.4200 (100%)	5.3	5.3	5.3	5.3	5.3



DIGEST NO. 2907.11.00

PHENOL AND ITS SALTS

Phenol and its Salts

I. Introduction

Col. 1 rate of duty: 7.2%

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:     

Country graduation:     

Competitive-need-limit waiver:     

Noneligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Phenol (also called hydroxybenzene) is produced principally by the catalytic oxidation of the chemical cumene. Another chemical, acetone, is produced as a by-product. Smaller amounts of phenol are also obtained from the distillation of petroleum and coal tars. Phenol is used primarily in the production of phenolic and epoxy resins.

II. U.S. market profile

Profile of U.S. industry and market, 1983-87

Item	1983	1984	1985	1986	1987	Percentage change over period 1/
Producers (number).....	15	13	12	12	12	-5
Employment (thousand employees).....	2/	2/	2/	2/	2/	2/
Shipments (1,000 dollars).....	685,791	866,743	795,399	591,765	908,341	7
Exports (1,000 dollars).....	28,370	34,276	39,344	41,673	51,604	16
Imports (1,000 dollars).....	5,231	7,969	13,121	2,080	2,137	-12
Consumption (1,000 dollars).....	662,652	840,436	769,176	552,172	858,874	7
Import-to-consumption ratio (percent)..	1	1	2	3/	3/	-15
Capacity utilization (percent).....	81	91	86	94	92	3

1/ This figure represents the average annual compound rate of change over 1983-87.

2/ Not available.

3/ Less than 0.5 percent.

Comment: Phenol, like most basic petrochemicals that are produced in annual quantities of 1 billion pounds or more, is a highly price-sensitive product. Almost all domestic and foreign producers manufacture this chemical using the same process (i.e., cumene peroxidation), hence there are no differences in product quality regardless of the source. Competition in the domestic market for this chemical is based primarily on price and the reliability of service. Most domestic producers have sited their plants to optimize such advantages as feedstock



availability and proximity to their customers. There were 12 domestic producers of phenol in 1987. Four of the 12 producers were back-integrated to feedstock (cumene) production, and all but 1 of the 12 producers were also manufacturers of downstream products from phenol. The U.S. phenol producers are the largest consumers of domestically produced phenol themselves, accounting for approximately 56 percent of the total domestic production of 3.1 billion pounds in 1987.

At present, there is a worldwide shortage of phenol and its salts and domestic and foreign producers are operating their plants at about \*90 percent capacity utilization rates. Prices for domestically produced phenol are very competitive in both the U.S. and foreign markets. Industry sources point out that phenol consumption correlates strongly with GNP growth and consumer spending since most phenol derivatives go into the housing and construction industries, hence a decline in consumer spending will cause a downturn in operating profits for phenol producers.

III. GSP import situation, 1987

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>Quantity</u>			
	<u>1,000</u>			
	<u>pounds</u>			
Total.....	7,860	100	1/	2/
Imports from GSP countries,				
total.....	4,245	54	100	2/
Mexico.....	4,245	54	100	2/
	<u>Value</u>			
	<u>1,000</u>			
	<u>dollars</u>			
Total.....	2,137	100	1/	2/
Imports from GSP countries,				
total.....	1,177	55	100	2/
Mexico.....	1,177	55	100	2/

1/ Not applicable.

2/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1987..... 1 \_\_\_\_

Price elasticity:

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

Price level compared with:

- U.S. products..... Above \_\_\_\_ Equivalent  Below \_\_\_\_
- Other foreign products..... Above \_\_\_\_ Equivalent  Below \_\_\_\_

Quality compared with:

- U.S. products..... Above \_\_\_\_ Equivalent  Below \_\_\_\_
- Other foreign products..... Above \_\_\_\_ Equivalent  Below \_\_\_\_

V. Position of interested parties

Petitioner.— The petitioner is the Government of Mexico on behalf of the Mexican company Fenoquimia, S.A., with headquarters in Mexico City, Mexico. According to industry sources, Fenoquimia is jointly held by Industrias Resistol and Celanese Mexicana. As stated in the petition filed with the Commission by the counsel for Fenoquimia, Brownstein, Zeidman, and Schomer, phenol is currently eligible for duty-free treatment under the Tariff Schedules of the United States (TSUS), and continuation of the GSP under the Harmonized Tariff Schedule will enable the Mexican company to remain competitive with other sources for U.S. imports for this chemical from developed countries.

Support.—Mr. Donald W. Hansen, president of Delta Resins and Refractions, Inc., located in Milwaukee, Wisconsin, wrote a letter to Senator Donald W. Riegle, Jr., in support of granting GSP eligibility to HTS item 2907.11.00. This letter was forwarded to the Commission and was entered into the public record for this investigation. Mr. Hansen supports the proposed GSP addition because phenol is in short supply from U.S. producers, and his company sources their purchases of phenol from Mexico which, under the TSUS, is currently eligible for GSP duty-free entry of phenol. Mr. Hansen stated that extension of GSP to the HTS would have no adverse effects on U.S. producers of this chemical.

Opposition.—In a written petition to the Commission, Aristech Chemical Corp., with headquarters in Pittsburgh, PA, stated its opposition to the addition of HS 2907.11.00 to the list of GSP-eligible items. Aristech maintains that Mexico is already internationally competitive in phenol and granting GSP eligibility for Mexican phenol imports would adversely impact the U.S. industry. The company also contends that Mexico does not adequately protect intellectual property rights, and that Mexico maintains certain trade barriers.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Digest Title: Phenol and Its Salts  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Mexico.....	4,229,052	2,695,569	5,901,684	3,938,844	4,245,221
Spain.....	13,999,780	19,292,430	13,498,409	5,021,728	3,252,313
Canada.....	3,307	3,694,881	1,558,955	4,117	350,113
Switzerland.....	0	0	0	0	6,240
Japan.....	0	3,142	0	7,540	3,050
West Germany.....	471	305	0	9,170	1,466
Belgium & Luxem..	0	0	0	0	1,047
United Kingdom...	17,813	21,187	19,163	0	105
Brazil.....	4,082,611	0	12,016,594	0	0
Finland.....	0	0	5,950,998	0	0
Denmark.....	0	0	0	19	0
Netherlands.....	8,639	10,367	4,241	1,717,279	0
France.....	52	0	2,094	6,787	0
Italy.....	1,752	0	5,662,146	0	0
Romania.....	0	3,896,808	11,740,496	0	0
All other.....	0	523	0	6,283	0
<b>Total.....</b>	<b>22,343,477</b>	<b>29,615,212</b>	<b>56,354,780</b>	<b>10,711,767</b>	<b>7,859,555</b>
GSP Total....	8,311,663	2,696,092	17,918,278	3,938,844	4,245,221
GSP-4.....	8,311,663	2,695,569	17,918,278	3,938,844	4,245,221
Percent					
Mexico.....	18.9	9.1	10.5	36.8	54.0
Spain.....	62.7	65.1	24.0	46.9	41.4
Canada.....	1/	12.5	2.8	1/	4.5
Switzerland.....	.0	.0	.0	.0	.1
Japan.....	.0	1/	.0	.1	1/
West Germany.....	1/	1/	.0	.1	1/
Belgium & Luxem..	.0	.0	.0	.0	1/
United Kingdom...	.1	.1	1/	.0	1/
Brazil.....	18.3	.0	21.3	.0	.0
Finland.....	.0	.0	10.6	.0	.0
Denmark.....	.0	.0	.0	1/	.0
Netherlands.....	1/	1/	1/	16.0	.0
France.....	1/	.0	1/	.1	.0
Italy.....	1/	.0	10.0	.0	.0
Romania.....	.0	13.2	20.8	.0	.0
All other.....	.0	1/	.0	.1	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	37.2	9.1	31.8	36.8	54.0
GSP-4.....	37.2	9.1	31.8	36.8	54.0

1/ Less than 0.1 percent.

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

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

Digest Title: Phenol and Its Salts  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Mexico.....	966	684	1,420	692	1,177
Spain.....	3,328	4,966	3,091	874	728
Canada.....	16	1,282	379	35	216
Japan.....	0	8	0	12	6
West Germany.....	1	4	0	8	4
Switzerland.....	0	0	0	0	3
Belgium & Luxem..	0	0	0	0	2
United Kingdom...	21	23	24	0	1
Brazil.....	883	0	2,882	0	0
Finland.....	0	0	1,375	0	0
Denmark.....	0	0	0	1	0
Netherlands.....	14	17	9	402	0
France.....	1/	0	1	47	0
Italy.....	3	0	1,247	0	0
Romania.....	0	984	2,693	0	0
All other.....	0	1	0	8	0
<b>Total.....</b>	<b>5,231</b>	<b>7,969</b>	<b>13,121</b>	<b>2,080</b>	<b>2,137</b>
<b>GSP Total....</b>	<b>1,849</b>	<b>685</b>	<b>4,302</b>	<b>692</b>	<b>1,177</b>
<b>GSP-4.....</b>	<b>1,849</b>	<b>684</b>	<b>4,302</b>	<b>692</b>	<b>1,177</b>
Percent					
Mexico.....	18.5	8.6	10.8	33.3	55.1
Spain.....	63.6	62.3	23.6	42.0	34.1
Canada.....	.3	16.1	2.9	1.7	10.1
Japan.....	.0	.1	.0	.6	.3
West Germany.....	1/	1/	.0	.4	.2
Switzerland.....	.0	.0	.0	.0	.1
Belgium & Luxem..	.0	.0	.0	.0	.1
United Kingdom...	.4	.3	.2	.0	.1
Brazil.....	16.9	.0	22.0	.0	.0
Finland.....	.0	.0	10.5	.0	.0
Denmark.....	.0	.0	.0	.1	.0
Netherlands.....	.3	.2	.1	19.3	.0
France.....	1/	.0	1/	2.3	.0
Italy.....	.1	.0	9.5	.0	.0
Romania.....	.0	12.3	20.5	.0	.0
All other.....	.0	1/	.0	.4	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>35.3</b>	<b>8.6</b>	<b>32.8</b>	<b>33.3</b>	<b>55.1</b>
<b>GSP-4.....</b>	<b>35.3</b>	<b>8.6</b>	<b>32.8</b>	<b>33.3</b>	<b>55.1</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Digest Title: Phenol and Its Salts  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Netherlands.....	7,105,835	0	41,451,689	16,033,030	71,017,068
Canada.....	46,643,768	55,559,049	28,711,861	38,820,098	24,706,839
Japan.....	36,043,966	31,972,854	41,887,663	67,064,502	24,065,817
Brazil.....	1,146,279	3,046,360	2,365,424	12,503,034	14,113,599
Venezuela.....	3,037,401	141,587	3,626,840	7,466,670	10,236,716
Argentina.....	1,168,354	4,605,778	2,977,821	8,952,321	8,729,266
Colombia.....	3,469,532	7,281,897	3,367,064	4,389,810	6,835,602
Malaysia.....	0	0	0	1,794,733	4,440,890
Rep So Africa....	1,158,572	2,813,474	3,303,900	3,086,360	3,187,325
Taiwan.....	1,089,597	0	739,583	8,536,175	3,160,909
United Kingdom...	0	1,938,350	2,612,477	713,820	2,412,475
China.....	2,204,150	1,205,207	224,155	507,714	2,371,698
Belgium & Luxem..	2,563,546	1,651,050	3,314,349	3,495,590	2,258,232
Israel.....	0	0	0	0	2,212,281
Singapore.....	0	24,417	1,462,637	4,506,072	2,025,447
All other.....	804,780	1,732,679	4,854,676	10,375,281	4,855,020
<b>Total.....</b>	<b>106,435,780</b>	<b>111,972,702</b>	<b>140,900,139</b>	<b>188,245,210</b>	<b>186,629,184</b>
<b>GSP Total....</b>	<b>10,602,820</b>	<b>16,768,127</b>	<b>14,880,283</b>	<b>50,243,717</b>	<b>54,724,661</b>
<b>GSP-4.....</b>	<b>9,029,531</b>	<b>16,559,808</b>	<b>12,676,674</b>	<b>37,127,304</b>	<b>49,360,632</b>
Percent					
Netherlands.....	6.7	.0	29.4	8.5	38.1
Canada.....	43.8	49.6	20.4	20.6	13.2
Japan.....	33.9	28.6	29.7	35.6	12.9
Brazil.....	1.1	2.7	1.7	6.6	7.6
Venezuela.....	2.9	.1	2.6	4.0	5.5
Argentina.....	1.1	4.1	2.1	4.8	4.7
Colombia.....	3.3	6.5	2.4	2.3	3.7
Malaysia.....	.0	.0	.0	1.0	2.4
Rep So Africa....	1.1	2.5	2.3	1.6	1.7
Taiwan.....	1.0	.0	.5	4.5	1.7
United Kingdom...	.0	1.7	1.9	.4	1.3
China.....	2.1	1.1	.2	.3	1.3
Belgium & Luxem..	2.4	1.5	2.4	1.9	1.2
Israel.....	.0	.0	.0	.0	1.2
Singapore.....	.0	1/	1.0	2.4	1.1
All other.....	.8	1.5	3.4	5.5	2.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>10.0</b>	<b>15.0</b>	<b>10.6</b>	<b>26.7</b>	<b>29.3</b>
<b>GSP-4.....</b>	<b>8.5</b>	<b>14.8</b>	<b>9.0</b>	<b>19.7</b>	<b>26.4</b>

1/ Less than 0.1 percent.

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

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

Digest Title: Phenol and Its Salts  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Netherlands.....	1,793	0	11,156	1,732	18,343
Canada.....	12,048	16,145	7,853	8,089	6,670
Japan.....	8,051	8,641	9,958	14,848	5,782
Brazil.....	662	1,113	856	3,378	4,652
Venezuela.....	738	111	1,124	1,930	3,184
Argentina.....	408	1,412	859	1,633	3,065
Colombia.....	883	2,059	1,026	1,073	2,061
Taiwan.....	330	0	170	1,722	1,150
Malaysia.....	0	0	0	329	1,084
China.....	1,611	542	111	144	1,024
Belgium & Luxem..	1,139	739	1,524	1,789	781
Rep So Africa....	335	991	926	822	689
Singapore.....	0	35	405	778	607
United Kingdom...	0	1,361	1,743	514	487
Israel.....	0	0	0	0	439
All other.....	372	1,126	1,633	2,892	1,585
<b>Total.....</b>	<b>28,370</b>	<b>34,276</b>	<b>39,344</b>	<b>41,673</b>	<b>51,604</b>
<b>GSP Total....</b>	<b>3,334</b>	<b>5,834</b>	<b>4,614</b>	<b>11,392</b>	<b>17,444</b>
<b>GSP-4.....</b>	<b>2,800</b>	<b>5,632</b>	<b>4,037</b>	<b>8,871</b>	<b>15,627</b>
Percent					
Netherlands.....	6.3	.0	28.4	4.2	35.5
Canada.....	42.5	47.1	20.0	19.4	12.9
Japan.....	28.4	25.2	25.3	35.6	11.2
Brazil.....	2.3	3.2	2.2	8.1	9.0
Venezuela.....	2.6	.3	2.9	4.6	6.2
Argentina.....	1.4	4.1	2.2	3.9	5.9
Colombia.....	3.1	6.0	2.6	2.6	4.0
Taiwan.....	1.2	.0	.4	4.1	2.2
Malaysia.....	.0	.0	.0	.8	2.1
China.....	5.7	1.6	.3	.3	2.0
Belgium & Luxem..	4.0	2.2	3.9	4.3	1.5
Rep So Africa....	1.2	2.9	2.4	2.0	1.3
Singapore.....	.0	.1	1.0	1.9	1.2
United Kingdom...	.0	4.0	4.4	1.2	.9
Israel.....	.0	.0	.0	.0	.9
All other.....	1.3	3.3	4.1	6.9	3.1
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>11.8</b>	<b>17.0</b>	<b>11.7</b>	<b>27.3</b>	<b>33.8</b>
<b>GSP-4.....</b>	<b>9.9</b>	<b>16.4</b>	<b>10.3</b>	<b>21.3</b>	<b>30.3</b>

1/ Less than \$500 or less than 0.1 percent.

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

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



HS item No.  
2907.11.00

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

<u>HTS item number</u>	<u>TSUSA item number (and allocation)</u>	<u>TSUSA col.1 rates of duty (AVE)</u>				
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
2907.11.00	402.20.00 (95%)	18.3%	17.2%	18.2%	18.8%	17.4%



DIGEST NO. 2916.39.15

IBUPROFEN

Ibuprofen

I. Introduction

Col. 1 rate of duty: 6.8%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP: X  
 Country graduation:       
 Competitive-need-limit waiver:       
 Noneligible GSP countries: Bahamas  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Ibuprofen is a non-steroidal anti-inflammatory agent (NSAIA) that is used in the symptomatic treatment of acute and chronic rheumatoid arthritis and osteoarthritis, as well as for treatment of anti-inflammatory and analgesic effects in the symptomatic treatment of muscular inflammation. Ibuprofen's pharmacological actions are similar to other NSAIA's such as aspirin and indomethacin. Although ibuprofen can be used by patients who have low or no gastrointestinal tolerance of other NSAIA's, it should not be used by patients who are allergic to aspirin.

II. U.S. market profile

Profile of U.S. industry and market, 1983-87

Item	1983	1984	1985	1986	1987	Percentage change over period 1/
Producers (number).....	[***]	1	1	2	1	[***]
Employment (thousand employees).....	[***]	[***]	[***]	[***]	[***]	[***]
Production (1,000 dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Exports (1,000 dollars).....	9,081	11,442	12,340	10,640	12,476	8
Imports (1,000 dollars).....	21,545	13,274	33,946	43,940	55,072	26
Consumption (1,000 dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Imports-to-consumption ratio (percent)...	[***]	[***]	[***]	[***]	[***]	[***]
Capacity utilization (percent).....	[***]	[***]	[***]	[***]	[***]	[***]

1/ This figure represents the average annual compound rate of change over 1983-87.

2/ [ \*\*\* ].

3/ [ \*\*\* ].

Comment: [ \*\*\*

]. The decline in the domestic price of ibuprofen was attributed to over-capacity. 1/

1/ Schnell Publishing, Chemical Marketing Reporter, Mar. 7, 1988, p.21.

According to recent articles in trade journals, domestic ibuprofen production capacity will increase by about 2500 tons per year in 1991, [ \*\*\* ], as a result of a Boots Company PLC (United Kingdom) and Hoechst Celanese (United States) joint venture. The plant is expected to be built in Texas. Each company will own 50 percent of the venture. Hoechst Celanese expects that the use of new technology in producing an ibuprofen intermediate will result in more efficient production of ibuprofen, making the company the "low-cost producer" of ibuprofen. 1/ Ethyl Corp., the sole domestic manufacturer of ibuprofen, 2/ began expanding its capacity in October 1986 to over 2700 tons per year. 3/ World production capacity for ibuprofen was said to be 8800 tons per year, whereas world capacity utilization is estimated to be 50-67 percent. World capacity is expected to increase soon as a result of a joint venture between Nippon Petrochemicals and Mitsubishi that is intended to produce an ibuprofen precursor, but might produce ibuprofen as well. 4/

III. GSP import situation, 1987

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>Quantity</u>			
	<u>1,000</u>			
	<u>pounds</u>			
Total.....	6,036	100	1/	[***]
Imports from GSP countries,				
total.....	41	1	100	[***]
Turkey.....	41	2/	100	[***]
India.....	2/	2/	2/	[***]
	<u>Value</u>			
	<u>1,000</u>			
	<u>dollars</u>			
Total.....	55,072	100	1/	[***]
Imports from GSP countries,				
total.....	92	2/	100	[***]
Turkey.....	91	2/	99	[***]
India.....	1	2/	1	[***]

1/ Not applicable.

2/ Less than 500 or 0.5 percent.

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

1/ Chemical Marketing Reporter, Apr. 25, 1988, p. 5.

2/ [

\*\*\*

1.

3/ McGraw-Hill Inc., Chemical Week, July 22, 1987, p.20.

4/ Chemical Marketing Reporter, Jan. 19, 1987, p. 3-19.

Comment: The majority of U.S. imports of ibuprofen in 1987 (76 percent, by value) were supplied by the United Kingdom. Ibuprofen was developed and patented by a British firm, Boots Company PLC, which then licensed production and marketing in the United States for a number of years. The value of U.S. imports of ibuprofen from India were first recorded in the official statistics of the U.S. Department of Commerce in 1987 and amounted to \$1,050. During January-June 1988, these imports from India were valued at \$180,000. According to the petitioner, U.S. imports of this product from India began after receiving approval by the Food and Drug Administration (FDA) allowing use of these imports by domestic firms. During 1984-86, the only recorded GSP imports were imported in 1986 from Taiwan.

The U.S. patent on ibuprofen expired in May 1985 and by the end of that year, several generic prescription products entered the market. The significant increase in imports during 1984-85 was probably the result of companies gearing up to produce generic products as well as increased imports by domestic licensees of Boots to meet the expected surge in products. In September 1986, the period of market exclusivity granted to Upjohn and Boots to market OTC ibuprofen expired and several new over-the-counter (OTC) products entered the market.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Turkey for all digest products

Ranking as a U.S. import supplier, 1987..... 6

Price elasticity:

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

Price level compared with:

- U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X
- Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below X

Quality compared with:

- U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_
- Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Comment: The quality of imported ibuprofen for medicinal purposes should generally match that of the domestic product because of the regulations imposed on medicinal products by both the FDA and the United States Pharmacopeia (USP). Importers and domestic consumers would probably

be willing to purchase higher priced domestic product as well as the lower priced imported product primarily in order to maintain security of [ \*\*\* ].

Competitiveness indicators for India for all digest products

Ranking as a U.S. import supplier, 1987..... 11

Price elasticity:

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

Price level compared with:

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

Quality compared with:

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

Comment: The quality of imported ibuprofen for medicinal purposes should generally match that of the domestic product because of the regulations imposed on medicinal products by both the FDA and the USP. Importers and domestic consumers would probably be willing to purchase higher priced domestic product as well as the lower priced imported product primarily in order to maintain security of [ \*\*\* ].

V. Position of interested parties

Petitioner.—The petitioner is requesting this review because of the perceived "significant adverse economic impact" on the domestic industry that is said to be the result of low-priced imports of ibuprofen, particularly from India. According to the petitioner, an Indian producer and exporter of ibuprofen has been quoting prices for ibuprofen in the United States for the past 9 to 12 months that are at levels significantly below the U.S. market pricing structure, causing other suppliers to sell imported ibuprofen at lower prices in an effort to maintain market share and to discourage such imports from India. In addition, the petitioner states that Indian producers are fully competitive worldwide, use the latest technology and processes, and are subsidized by the Indian Government. The petitioner also states that the current production capacity for ibuprofen in India exceeds that needed to supply domestic consumption by more than three times and is primarily oriented for export.

Opposition.—Flavine International and Cheminor Drugs have filed a post-hearing brief in opposition to the petition by Ethyl to remove ibuprofen from eligibility under the GSP. The main reasons for this action, as cited in the brief, are—

- 1) The U.S. market for bulk ibuprofen has been experiencing strong growth and is expected to continue to do so;
- 2) The U.S. ibuprofen market has been, and currently still is, dominated by Ethyl and Boots;
- 3) Cheminor's sales in the U.S. market have been at the expense of developed country suppliers;
- 4) The long-term decline in prices in the U.S. market for ibuprofen is the result of factors other than GSP imports; and
- 5) Cheminor needs GSP eligibility to compete against established suppliers from developed countries.

[Probable economic effects advice deleted]



[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Digest Title: Ibuprofen  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
United Kingdom...	419,603	1,812,478	3,770,450	3,843,348	4,760,492
Italy.....	6,959	6,998	208,323	612,921	1,065,620
Japan.....	21,684	1,322	221,343	445,656	78,904
Spain.....	11,109	77	106	18,847	63,921
Turkey.....	220	0	0	0	41,336
West Germany.....	301,285	55	0	44,579	9,726
Finland.....	4	0	2,315	18,434	7,293
Sweden.....	2,508	0	0	0	4,409
Switzerland.....	44,114	8,742	1,322	0	4,409
India.....	0	0	0	0	97
Belgium & Luxem..	1	0	0	0	55
Canada.....	55,897	375	0	0	0
Mexico.....	16,931	0	0	0	0
Bahamas.....	88,300	0	0	0	0
Dominican Rep....	33,109	0	0	0	0
All other.....	311,812	7,738	33,054	62,320	0
<b>Total.....</b>	<b>1,313,536</b>	<b>1,837,785</b>	<b>4,236,913</b>	<b>5,046,105</b>	<b>6,036,262</b>
GSP Total....	216,424	0	0	22,046	41,433
GSP-4.....	196,776	0	0	0	41,433
Percent					
United Kingdom...	31.9	98.6	89.0	76.2	78.9
Italy.....	.5	.4	4.9	12.1	17.7
Japan.....	1.7	.1	5.2	8.8	1.3
Spain.....	.8	1/	1/	.4	1.1
Turkey.....	1/	.0	.0	.0	.7
West Germany.....	22.9	1/	.0	.9	.2
Finland.....	1/	.0	.1	.4	.1
Sweden.....	.2	.0	.0	.0	.1
Switzerland.....	3.4	.5	1/	.0	.1
India.....	.0	.0	.0	.0	1/
Belgium & Luxem..	1/	.0	.0	.0	1/
Canada.....	4.3	1/	.0	.0	.0
Mexico.....	1.3	.0	.0	.0	.0
Bahamas.....	6.7	.0	.0	.0	.0
Dominican Rep....	2.5	.0	.0	.0	.0
All other.....	23.7	.4	.8	1.2	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	16.5	.0	.0	.4	.7
GSP-4.....	15.0	.0	.0	.0	.7

1/ Less than 0.1 percent.

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

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

Digest Title: Ibuprofen  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
United Kingdom...	2,668	12,890	28,642	31,523	41,832
Italy.....	142	127	2,422	6,200	11,187
Japan.....	51	18	2,736	4,646	943
Spain.....	70	1	2	195	679
West Germany.....	878	1	0	809	172
Turkey.....	1/	0	0	0	91
Finland.....	1	0	27	195	75
Switzerland.....	270	171	3	0	48
Sweden.....	43	0	0	0	42
Belgium & Luxem..	1	0	0	0	2
India.....	1/	0	0	0	1
Canada.....	1,738	8	0	0	0
Mexico.....	47	0	0	0	0
Bahamas.....	10,094	0	0	0	0
Dominican Rep....	113	0	0	0	0
All other.....	5,430	59	114	371	0
<b>Total.....</b>	<b>21,545</b>	<b>13,274</b>	<b>33,946</b>	<b>43,940</b>	<b>55,072</b>
GSP Total.....	10,417	0	0	48	92
GSP-4.....	10,374	0	0	0	92
Percent					
United Kingdom...	12.4	97.1	84.4	71.7	76.0
Italy.....	.7	1.0	7.1	14.1	20.3
Japan.....	.2	.1	8.1	10.6	1.7
Spain.....	.3	1/	1/	.4	1.2
West Germany.....	4.1	1/	.0	1.8	.3
Turkey.....	1/	.0	.0	.0	.2
Finland.....	1/	.0	.1	.4	.1
Switzerland.....	1.3	1.3	1/	.0	.1
Sweden.....	.2	.0	.0	.0	.1
Belgium & Luxem..	1/	.0	.0	.0	1/
India.....	1/	.0	.0	.0	1/
Canada.....	8.1	.1	.0	.0	.0
Mexico.....	.2	.0	.0	.0	.0
Bahamas.....	46.9	.0	.0	.0	.0
Dominican Rep....	.5	.0	.0	.0	.0
All other.....	25.2	.4	.3	.8	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total.....	48.4	.0	.0	.1	.2
GSP-4.....	48.1	.0	.0	.0	.2

1/ Less than \$500 or less than 0.1 percent.

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

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

Digest Title: Ibuprofen  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Ireland.....	302,087	252,737	88,918	117,177	313,790
West Germany.....	2,001	79,503	132,056	60,537	155,611
United Kingdom...	8,144	13,351	261,825	181,686	151,971
Canada.....	50,782	79,256	211,304	116,708	151,709
Thailand.....	35,347	39,683	40,534	6,000	100,635
Philippines.....	47,600	54,758	966	3,555	81,942
Israel.....	539	482	556	728	73,446
France.....	596	4,453	35,849	257,817	70,740
Mexico.....	10,196	21,258	44,737	46,787	52,416
Korea.....	376	4,304	11,350	41,795	48,707
Pakistan.....	594	9,475	31,317	37,604	41,783
Sri Lanka.....	0	0	0	20,864	34,514
Jordan.....	0	0	18,715	27,778	26,822
Malaysia.....	3	0	0	61,184	17,704
Australia.....	33,909	22,593	12,901	23,508	17,339
All other.....	151,246	143,619	206,486	269,905	101,852
<b>Total.....</b>	<b>643,420</b>	<b>725,472</b>	<b>1,097,514</b>	<b>1,273,433</b>	<b>1,440,981</b>
<b>GSP Total....</b>	<b>161,198</b>	<b>188,571</b>	<b>250,523</b>	<b>379,688</b>	<b>559,304</b>
<b>GSP-4.....</b>	<b>153,659</b>	<b>181,635</b>	<b>170,752</b>	<b>283,620</b>	<b>500,987</b>
Percent					
Ireland.....	47.0	34.8	8.1	9.2	21.8
West Germany.....	.3	11.0	12.0	4.7	10.8
United Kingdom...	1.3	1.8	23.9	14.3	10.5
Canada.....	7.9	10.9	19.3	9.2	10.5
Thailand.....	5.5	5.5	3.7	.5	7.0
Philippines.....	7.4	7.5	.1	.3	5.7
Israel.....	.1	.1	.1	.1	5.1
France.....	.1	.6	3.3	20.2	4.9
Mexico.....	1.6	2.9	4.1	3.7	3.6
Korea.....	.1	.6	1.0	3.3	3.4
Pakistan.....	.1	1.3	2.9	3.0	2.9
Sri Lanka.....	.0	.0	.0	1.6	2.4
Jordan.....	.0	.0	1.7	2.2	1.9
Malaysia.....	1/	.0	.0	4.8	1.2
Australia.....	5.3	3.1	1.2	1.8	1.2
All other.....	23.5	19.8	18.8	21.2	7.1
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>25.1</b>	<b>26.0</b>	<b>22.8</b>	<b>29.8</b>	<b>38.8</b>
<b>GSP-4.....</b>	<b>23.9</b>	<b>25.0</b>	<b>15.6</b>	<b>22.3</b>	<b>34.8</b>

1/ Less than 0.1 percent.

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

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

Digest Title: Ibuprofen  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Ireland.....	1,254	1,370	526	646	3,297
Spain.....	692	1,734	1,183	46	2,419
United Kingdom...	66	313	475	705	984
Bahamas.....	0	1	0	4,385	983
Canada.....	560	906	470	702	839
Australia.....	548	517	454	468	397
West Germany.....	123	218	364	452	396
Japan.....	328	401	176	214	371
Mexico.....	47	88	186	194	336
Israel.....	70	82	106	106	319
France.....	59	280	2,088	469	241
Korea.....	14	65	68	149	233
Pakistan.....	88	130	196	241	230
Thailand.....	85	79	81	25	225
Philippines.....	140	200	37	47	198
All other.....	5,007	5,059	5,930	1,792	1,007
<b>Total.....</b>	<b>9,081</b>	<b>11,442</b>	<b>12,340</b>	<b>10,640</b>	<b>12,476</b>
<b>GSP Total....</b>	<b>1,077</b>	<b>1,131</b>	<b>1,200</b>	<b>6,278</b>	<b>3,165</b>
<b>GSP-4.....</b>	<b>1,040</b>	<b>1,052</b>	<b>989</b>	<b>5,927</b>	<b>2,871</b>
Percent					
Ireland.....	13.8	12.0	4.3	6.1	26.4
Spain.....	7.6	15.2	9.6	.4	19.4
United Kingdom...	.7	2.7	3.9	6.6	7.9
Bahamas.....	.0	1/	.0	41.2	7.9
Canada.....	6.2	7.9	3.8	6.6	6.7
Australia.....	6.0	4.5	3.7	4.4	3.2
West Germany.....	1.4	1.9	3.0	4.2	3.2
Japan.....	3.6	3.5	1.4	2.0	3.0
Mexico.....	.5	.8	1.5	1.8	2.7
Israel.....	.8	.7	.9	1.0	2.6
France.....	.6	2.5	16.9	4.4	1.9
Korea.....	.2	.6	.6	1.4	1.9
Pakistan.....	1.0	1.1	1.6	2.3	1.8
Thailand.....	.9	.7	.7	.2	1.8
Philippines.....	1.5	1.7	.3	.4	1.6
All other.....	55.1	44.2	48.1	16.8	8.1
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>11.9</b>	<b>9.9</b>	<b>9.7</b>	<b>59.0</b>	<b>25.4</b>
<b>GSP-4.....</b>	<b>11.5</b>	<b>9.2</b>	<b>8.0</b>	<b>55.7</b>	<b>23.0</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS item number	TSUSA item number (and allocation)	TSUSA col.1 rates of duty (AVE)				
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
2916.39.15	412.22.00 (100%)	<u>1/</u>	9.3%	8.5%	7.6%	6.8%
	412.22.20 (20%)	10.1%	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>

1/ Not applicable.





DIGEST NO. 2917.19.15

FUMARIC ACID

Fumaric Acid

I. Introduction

Col. 1 rate of duty: 20%

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:     

Country graduation:     

Competitive-need-limit waiver:     

Noneligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Fumaric acid is currently manufactured by the acid-catalysed isomerization of maleic acid. Maleic acid is obtained from maleic anhydride, which in the United States, is produced by the oxidation of n-butane. The principal uses of fumaric acid are for paper-size resins, as a food acidulant, and as a component of unsaturated polyester resins.

II. U.S. market profile

Profile of U.S. industry and market, 1983-87

Item	1983	1984	1985	1986	1987	Percentage change over period 1/
Producers (number).....	5	5	5	5	4	-5
Employment (thousand employees)...	[***]	[***]	[***]	[***]	[***]	[***]
Shipments (1,000 dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Exports (1,000 dollars).....	1,301	1,470	825	672	1,548	4
Imports (1,000 dollars).....	34	60	9	563	900	40
Consumption (thousands dollars)...	[***]	[***]	[***]	[***]	[***]	[***]
Import-to-consumption ratio (percent).....	[***]	[***]	[***]	[***]	[***]	[***]
Capacity utilization (percent)....	[***]	[***]	[***]	[***]	[***]	[***]

1/ This figure represents the average annual compound rate of change over 1983-87.

2/ [ \*\*\* ].

3/ [ \*\*\* ].

4/ [ \*\*\* ].

Comment: In 1987, only Pfizer Inc. and Mobay Synthetics Corp., a subsidiary of Bayer U.S.A. Inc. produced fumaric acid. The remaining two producers, Kalama Chemical Inc. and Monsanto Company have their plants temporarily shutdown. The decisions by Kalama and Monsanto to halt production of fumaric acid were based on the low capacity utilization rates experienced by this industry during 1983-86, mainly because of the mature domestic market for fumaric acid. With the exception of some specialty applications for food-grade material, fumaric acid competes with other chemicals, including its precursor maleic acid, in almost all of its major end uses. The major food use of fumaric acid as an acidulant (i.e., a material which is used to adjust the acid-base ratio in foods and beverages) has shown little growth since 1973 when the World Health Organization expressed concern over the safety of using fumaric acid in products destined for human consumption. Overall then, the growth in consumption of fumaric acid has been low during 1983-87, and is not expected to improve significantly in the near future.

Fumaric acid is manufactured from maleic acid that is produced from maleic anhydride. Maleic anhydride can be produced from either benzene or n-butane, and most plants worldwide are capable of using either feedstock switching from one feed to another based on the market price for these chemicals. All U.S. maleic anhydride producers use n-butane as a feedstock. Generally, raw materials represent about 50 percent of the cost of production of fumaric acid. Besides cost, one important factor favoring the use of n-butane by U.S. producers is the stringent benzene emissions standards imposed by Federal regulations that are monitored and enforced by the U.S. Environmental Protection Agency.

Two of the four U.S. companies owning fumaric acid plants are back-integrated to production of maleic anhydride, namely, Bayer U.S.A. Inc. and Monsanto Company. [

\*\*\*

]. None of the four domestic producers of fumaric acid are producers of n-butane or benzene. Foreign producers are back integrated to feedstocks for fumaric acid which gives them a slight advantage compared with U.S. producers. This feedstock advantage is generally offset by transportation and distribution costs incurred by the importer of this chemical.

III. GSP import situation, 1987

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>Quantity</u> <u>1,000</u> <u>pounds</u>			
Total.....	2,332	100	1/	[***]
Imports from GSP countries, total.....	97	4	100	[***]
Israel.....	97	4	100	[***]
	<u>Value</u> <u>1,000</u> <u>dollars</u>			
Total.....	900	100	1/	[***]
Imports from GSP countries, total.....	77	9	100	[***]
Israel.....	77	9	100	[***]

1/ Not applicable.

2/ [ \*\*\* ].

Comment: Although imports of fumaric acid from Israel were eligible for duty-free entry under the GSP in 1987, all imports from Israel entered duty free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985 in this period.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Israel for all digest products 1/

Ranking as a U.S. import supplier, 1987..... 2

Price elasticity:

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

Price level compared with:

- U.S. products..... Above X Equivalent \_\_\_ Below \_\_\_  
Other foreign products..... Above X Equivalent \_\_\_ Below \_\_\_

Quality compared with:

- U.S. products..... Above X Equivalent \_\_\_ Below \_\_\_  
Other foreign products..... Above X Equivalent \_\_\_ Below \_\_\_

1/ Imports of fumaric acid from Israel are eligible for duty-free treatment under the GSP, and under the provisions of the United States-Israel Free Trade Area Implementation Act of 1986.

V. Position of interested parties

Petitioner.—The Government of Mexico on behalf of the Mexican company, Universal de Industrias, with headquarters in Mexico City, is the petitioner for addition of fumaric acid to the list of products eligible for duty-free entry into the United States under the GSP. The company states that the principal sources for U.S. imports of this chemical are developed nations, and that Mexican imports need duty-free eligibility to be competitive with imports from these developed countries.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Digest Title: Fumaric Acid  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Italy.....	99,208	0	0	1,101,744	2,072,333
Austria.....	0	0	0	317,464	119,049
Israel.....	0	0	11,008	0	97,198
Canada.....	0	35,000	0	0	40,000
Japan.....	0	26	849	2,866	3,858
Brazil.....	1,102	116,844	0	0	0
Rep So Africa....	0	0	0	6,000	0
<b>Total.....</b>	<b>100,310</b>	<b>151,870</b>	<b>11,857</b>	<b>1,428,074</b>	<b>2,332,438</b>
GSP Total....	1,102	116,844	11,008	0	97,198
GSP-4.....	1,102	116,844	11,008	0	97,198
Percent					
Italy.....	98.9	.0	.0	77.1	88.8
Austria.....	.0	.0	.0	22.2	5.1
Israel.....	.0	.0	92.8	.0	4.2
Canada.....	.0	23.0	.0	.0	1.7
Japan.....	.0	1/	7.2	.2	.2
Brazil.....	1.1	76.9	.0	.0	.0
Rep So Africa....	.0	.0	.0	.4	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	1.1	76.9	92.8	.0	4.2
GSP-4.....	1.1	76.9	92.8	.0	4.2

1/ Less than 0.1 percent.

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

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



Digest Title: Fumaric Acid  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Italy.....	34	0	0	440	765
Israel.....	0	0	7	0	77
Austria.....	0	0	0	112	41
Japan.....	0	1/	2	7	10
Canada.....	0	7	0	0	7
Brazil.....	1	52	0	0	0
Rep So Africa....	0	0	0	4	0
<b>Total.....</b>	<b>34</b>	<b>60</b>	<b>9</b>	<b>563</b>	<b>900</b>
GSP Total....	1	52	7	0	77
GSP-4.....	1	52	7	0	77
Percent					
Italy.....	98.0	.0	.0	78.3	85.0
Israel.....	.0	.0	80.1	.0	8.5
Austria.....	.0	.0	.0	19.8	4.5
Japan.....	.0	1/	19.9	1.2	1.1
Canada.....	.0	11.5	.0	.0	.8
Brazil.....	2.0	87.8	.0	.0	.0
Rep So Africa....	.0	.0	.0	.6	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	2.0	87.8	80.1	.0	8.5
GSP-4.....	2.0	87.8	80.1	.0	8.5

1/ Less than \$500 or less than 0.1 percent.

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

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

Digest Title: Fumaric Acid  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Canada.....	585,449	1,184,413	938,500	835,952	1,698,000
Japan.....	0	304,438	0	0	220,460
Venezuela.....	62,950	69,614	62,618	10,000	98,076
Jamaica.....	101,255	133,848	55,221	100,000	95,000
Australia.....	88,184	68,575	6,614	61,782	88,184
United Kingdom...	96,569	112,888	79,185	39,683	77,490
Panama.....	37,750	21,360	0	32,118	68,000
Belgium & Luxem..	8,000	36,329	70,268	21,538	52,909
Taiwan.....	0	0	0	0	28,060
Dominican Rep....	16,050	19,538	0	30,621	19,621
Thailand.....	0	0	0	0	17,775
Costa Rica.....	14,291	4,342	4,500	16,915	17,500
Chile.....	30,000	37,170	8,000	13,000	15,000
Mexico.....	0	0	79,792	0	12,837
Trin & Tobago....	1,980	2,000	3,000	5,000	10,000
All other.....	653,298	43,129	107,587	18,899	30,547
<b>Total.....</b>	<b>1,695,776</b>	<b>2,037,644</b>	<b>1,415,285</b>	<b>1,185,508</b>	<b>2,549,459</b>
GSP Total....	915,974	331,001	266,913	226,553	412,416
GSP-4.....	915,974	331,001	266,913	225,519	382,323
Percent					
Canada.....	34.5	58.1	66.3	70.5	66.6
Japan.....	.0	14.9	.0	.0	8.6
Venezuela.....	3.7	3.4	4.4	.8	3.8
Jamaica.....	6.0	6.6	3.9	8.4	3.7
Australia.....	5.2	3.4	.5	5.2	3.5
United Kingdom...	5.7	5.5	5.6	3.3	3.0
Panama.....	2.2	1.0	.0	2.7	2.7
Belgium & Luxem..	.5	1.8	5.0	1.8	2.1
Taiwan.....	.0	.0	.0	.0	1.1
Dominican Rep....	.9	1.0	.0	2.6	.8
Thailand.....	.0	.0	.0	.0	.7
Costa Rica.....	.8	.2	.3	1.4	.7
Chile.....	1.8	1.8	.6	1.1	.6
Mexico.....	.0	.0	5.6	.0	.5
Trin & Tobago....	.1	.1	.2	.4	.4
All other.....	38.5	2.1	7.6	1.6	1.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	54.0	16.2	18.9	19.1	16.2
GSP-4.....	54.0	16.2	18.9	19.0	15.0

1/ Less than 0.1 percent.

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

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

Digest Title: Fumaric Acid  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Canada.....	417	657	512	427	880
Taiwan.....	0	0	0	0	182
Japan.....	0	246	0	0	106
Jamaica.....	121	111	44	70	71
Venezuela.....	63	55	38	7	61
Australia.....	49	40	4	48	46
United Kingdom...	68	103	40	19	38
Panama.....	36	27	0	19	37
Belgium & Luxem..	5	128	39	26	27
Costa Rica.....	19	6	5	18	15
Dominican Rep....	13	29	0	11	13
Guatemala.....	55	28	18	1	11
Chile.....	21	25	6	9	10
Thailand.....	0	0	0	0	10
Mexico.....	0	0	44	0	10
All other.....	434	14	77	17	29
<b>Total.....</b>	<b>1,301</b>	<b>1,470</b>	<b>825</b>	<b>672</b>	<b>1,548</b>
GSP Total....	761	296	188	153	450
GSP-4.....	761	296	188	152	266
Percent					
Canada.....	32.1	44.7	62.0	63.5	56.9
Taiwan.....	.0	.0	.0	.0	11.8
Japan.....	.0	16.7	.0	.0	6.8
Jamaica.....	9.3	7.5	5.3	10.4	4.6
Venezuela.....	4.9	3.8	4.6	1.1	4.0
Australia.....	3.8	2.7	.4	7.2	3.0
United Kingdom...	5.2	7.0	4.8	2.8	2.5
Panama.....	2.8	1.9	.0	2.8	2.4
Belgium & Luxem..	.4	8.7	4.8	3.8	1.7
Costa Rica.....	1.5	.4	.6	2.7	.9
Dominican Rep....	1.0	2.0	.0	1.6	.8
Guatemala.....	4.2	1.9	2.1	.2	.7
Chile.....	1.6	1.7	.7	1.3	.7
Thailand.....	.0	.0	.0	.0	.6
Mexico.....	.0	.0	5.3	.0	.6
All other.....	33.4	1.0	9.3	2.6	1.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	58.5	20.2	22.8	22.7	29.1
GSP-4.....	58.5	20.2	22.8	22.5	17.2

1/ Less than \$500 or less than 0.1 percent.

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

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

HS item No.  
2917.19.15

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

<u>HTS item number</u>	<u>TSUSA item number (and allocation)</u>	<u>TSUSA col.1 rates of duty (AVE)</u>				
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
2917.19.15	406.84.00 (100%)	27.5%	26.1%	24.1%	22.1%	20.0%

DIGEST NO. 2917.19.25.10

MALEIC AND MALIC ACID

Maleic and Malic Acid

I. Introduction

Col. 1 rate of duty: 3.7¢/kg + 16.8% 2/ (1987 AVE 16.9%)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:     

Country graduation:     

Competitive-need-limit waiver:     

Noneligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Maleic and malic acid are chemicals produced from maleic anhydride, an intermediate chemical with end uses in medicine and organic synthesis. Malic acid is used also as an acidulant in food.

II. U.S. market profile

Profile of U.S. industry and market, 1983-87

Item	1983	1984	1985	1986	1987	Percentages change over period 1/
Producers (number).....	3	3	4	2	2	-7
Employment (thousand employees).....	***	***	***	***	***	***
Shipments (1,000 dollars).....	***	***	***	***	***	***
Exports (1,000 dollars).....	666	884	1,142	1,370	1,426	21
Imports (1,000 dollars).....	566	942	1,102	1,342	1,576	29
Consumption (1,000 dollars).....	***	***	***	***	***	***
Import-to-consumption ratio (percent).....	***	***	***	***	***	***
Capacity utilization (percent).....	***	***	***	***	***	***

1/ This figure represents the average annual compound rate of change over 1983-87.

2/ [ \*\*\* ].

3/ [ \*\*\* ].

Comment: All U.S. producers produce these acids from maleic anhydride. The products, because they are used as an intermediate, are sold as a pure product. All producers offer these chemicals with the same levels of quality, service, and price. The chemicals are generally

1/ This Digest also includes information for malic acid provided for in the basket HS provision item 2918.19.50.

2/ This duty rate on malic acid is 4% ad valorem.

produced for single or one-time buyers rather than end users purchasing on a continuing-need basis. The U.S. producers have a competitive advantage generally in terms of delivery times and location to buyers.

III. GSP import situation, 1987

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	1,576	100	1/	***
Imports from GSP countries, total.....	126	8	100	***
Brazil.....	107	7	85	***
Mexico.....	8	1	6	***
Israel.....	4	1/	3	***
Bahamas.....	3	1/	2	***

1/ Not applicable.  
2/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1987..... 4

Price elasticity:

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

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

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

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

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

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

Price level compared with:

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

Other foreign products..... Above  Equivalent  Below

Quality compared with:

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

Other foreign products..... Above  Equivalent  Below

Competitiveness indicators for Mexico for all digest products

---

Ranking as a U.S. import supplier, 1987..... 9

Price elasticity:

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

Price level compared with:

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

Quality compared with:

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

Competitiveness indicators for Israel for all digest products

---

Ranking as a U.S. import supplier, 1987..... 14

Price elasticity:

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

Price level compared with:

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

Quality compared with:

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



V. Position of interested parties

Petitioner.—The petitioner is the Government of Mexico, on behalf of the company, Universal de Industrials S.A. de C.V. of Mexico. The petitioner stated that Mexico must compete with developed countries, that have more advanced technology, as well as with other countries which are already receiving duty-free treatment for these products, such as Israel and Bahamas. The petitioner further stated that if GSP treatment were granted, it would aid in creating more employment, increase production, and foreign exchange.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Digest Title: Maleic and Malic Acids  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Canada.....	30,578	33,747	248,572	274,341	363,511
Brazil.....	125,655	315,718	544,061	365,209	199,732
Japan.....	110,645	95,334	102,361	177,758	198,688
West Germany.....	93,003	109,798	143,340	130,378	118,728
United Kingdom...	43,263	60,947	67,285	44,092	25,101
France.....	16,145	26,851	31,980	31,570	12,382
Italy.....	6,502	5,891	11,163	8,292	7,510
Belgium & Luxem..	4,320	293	21,008	1,949	6,152
Netherlands.....	22,194	21,376	37,439	22,270	5,025
Israel.....	75	1,371	7,308	9,822	4,966
Austria.....	8,010	7,411	2,935	2,381	4,100
Switzerland.....	1,247	469	1,056	2,448	2,587
Mexico.....	110	41,747	1	30	1,168
Taiwan.....	4,317	7,738	8,061	7,106	901
Greece.....	0	0	0	0	772
All other.....	2,584	7,329	15,974	6,482	2,268
<b>Total.....</b>	<b>468,648</b>	<b>736,020</b>	<b>1,242,544</b>	<b>1,084,128</b>	<b>953,591</b>
<b>GSP Total....</b>	<b>130,647</b>	<b>368,755</b>	<b>573,757</b>	<b>386,553</b>	<b>208,178</b>
<b>GSP-4.....</b>	<b>126,314</b>	<b>359,393</b>	<b>552,653</b>	<b>378,721</b>	<b>206,403</b>
Percent					
Canada.....	6.5	4.6	20.0	25.3	38.1
Brazil.....	26.8	42.9	43.8	33.7	20.9
Japan.....	23.6	13.0	8.2	16.4	20.8
West Germany.....	19.8	14.9	11.5	12.0	12.5
United Kingdom...	9.2	8.3	5.4	4.1	2.6
France.....	3.4	3.6	2.6	2.9	1.3
Italy.....	1.4	.8	.9	.8	.8
Belgium & Luxem..	.9	1/	1.7	.2	.6
Netherlands.....	4.7	2.9	3.0	2.1	.5
Israel.....	1/	.2	.6	.9	.5
Austria.....	1.7	1.0	.2	.2	.4
Switzerland.....	.3	.1	.1	.2	.3
Mexico.....	1/	5.7	1/	1/	.1
Taiwan.....	.9	1.1	.6	.7	.1
Greece.....	.0	.0	.0	.0	.1
All other.....	.6	1.0	1.3	.6	.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>27.9</b>	<b>50.1</b>	<b>46.2</b>	<b>35.7</b>	<b>21.8</b>
<b>GSP-4.....</b>	<b>27.0</b>	<b>48.8</b>	<b>44.5</b>	<b>34.9</b>	<b>21.6</b>

1/ Less than 0.1 percent.

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

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

Digest Title: Maleic and Malic Acids  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Japan.....	180	258	376	688	983
West Germany.....	166	173	219	187	208
Canada.....	32	24	119	101	116
Brazil.....	73	221	163	178	107
United Kingdom...	42	41	43	48	43
Italy.....	9	12	41	33	31
France.....	20	32	35	37	30
Netherlands.....	15	14	35	19	11
Mexico.....	2	15	1	1	8
Switzerland.....	3	2	4	13	7
Sweden.....	3	75	21	1/	7
Belgium & Luxem..	5	8	13	3	7
Austria.....	6	6	4	2	4
Israel.....	1/	1	4	6	4
Bahamas.....	1	1	6	3	3
All other.....	8	58	18	21	7
<b>Total.....</b>	<b>566</b>	<b>942</b>	<b>1,102</b>	<b>1,342</b>	<b>1,576</b>
GSP Total....	82	285	190	205	126
GSP-4.....	77	239	176	194	123
Percent					
Japan.....	31.8	27.4	34.1	51.3	62.3
West Germany.....	29.4	18.3	19.9	13.9	13.2
Canada.....	5.7	2.5	10.8	7.5	7.4
Brazil.....	12.8	23.4	14.8	13.3	6.8
United Kingdom...	7.5	4.4	3.9	3.6	2.8
Italy.....	1.6	1.3	3.8	2.4	1.9
France.....	3.6	3.4	3.2	2.8	1.9
Netherlands.....	2.7	1.5	3.2	1.4	.7
Mexico.....	.3	1.5	1/	.1	.5
Switzerland.....	.4	.3	.3	.9	.5
Sweden.....	.5	7.9	1.9	1/	.5
Belgium & Luxem..	.9	.9	1.2	.2	.4
Austria.....	1.1	.6	.4	.2	.3
Israel.....	1/	.2	.4	.5	.2
Bahamas.....	.2	.2	.6	.2	.2
All other.....	1.4	6.2	1.6	1.6	.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	14.6	30.3	17.2	15.3	8.0
GSP-4.....	13.5	25.4	16.0	14.5	7.8

1/ Less than \$500 or less than 0.1 percent.

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

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

Digest Title: Maleic and Malic Acids  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Taiwan.....	367,428	202,507	872,875	1,229,114	1,318,716
China.....	17,166	249,343	493,436	520,719	1,049,349
Korea.....	245,139	428,237	535,711	645,587	771,019
Belgium & Luxem..	48,594	37,441	74,844	242,159	247,709
Canada.....	300,545	330,886	257,747	188,760	163,401
Philippines.....	126,041	132,141	103,459	134,832	122,570
Netherlands.....	61,294	108,488	91,892	94,815	101,411
Japan.....	68,210	77,916	82,175	78,963	95,847
Malaysia.....	45,319	98,847	88,880	77,094	54,446
Pakistan.....	25,677	46,727	44,373	77,423	50,607
West Germany.....	12,782	20,893	21,671	19,026	35,196
Hong Kong.....	3,419	1,619	6,033	943	34,663
United Kingdom...	10,931	22,246	25,053	28,938	32,299
India.....	794	3,101	105,441	125,173	26,916
Australia.....	21,845	15,160	13,176	18,574	26,686
All other.....	171,201	306,093	334,135	237,274	135,223
<b>Total.....</b>	<b>1,526,385</b>	<b>2,081,645</b>	<b>3,150,901</b>	<b>3,719,394</b>	<b>4,266,058</b>
<b>GSP Total....</b>	<b>974,578</b>	<b>1,424,786</b>	<b>2,554,498</b>	<b>2,989,122</b>	<b>3,512,459</b>
<b>GSP-4.....</b>	<b>352,962</b>	<b>783,109</b>	<b>1,133,149</b>	<b>1,110,582</b>	<b>1,386,223</b>
Percent					
Taiwan.....	24.1	9.7	27.7	33.0	30.9
China.....	1.1	12.0	15.7	14.0	24.6
Korea.....	16.1	20.6	17.0	17.4	18.1
Belgium & Luxem..	3.2	1.8	2.4	6.5	5.8
Canada.....	19.7	15.9	8.2	5.1	3.8
Philippines.....	8.3	6.3	3.3	3.6	2.9
Netherlands.....	4.0	5.2	2.9	2.5	2.4
Japan.....	4.5	3.7	2.6	2.1	2.2
Malaysia.....	3.0	4.7	2.8	2.1	1.3
Pakistan.....	1.7	2.2	1.4	2.1	1.2
West Germany.....	.8	1.0	.7	.5	.8
Hong Kong.....	.2	.1	.2	1/	.8
United Kingdom...	.7	1.1	.8	.8	.8
India.....	.1	.1	3.3	3.4	.6
Australia.....	1.4	.7	.4	.5	.6
All other.....	11.2	14.7	10.6	6.4	3.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>63.8</b>	<b>68.4</b>	<b>81.1</b>	<b>80.4</b>	<b>82.3</b>
<b>GSP-4.....</b>	<b>23.1</b>	<b>37.6</b>	<b>36.0</b>	<b>29.9</b>	<b>32.5</b>

1/ Less than 0.1 percent.

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

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

Digest Title: Maleic and Malic Acids  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Taiwan.....	98	58	233	323	318
China.....	5	66	123	113	212
Korea.....	66	116	141	165	185
Canada.....	142	144	109	138	129
Netherlands.....	60	102	87	108	102
Belgium & Luxem..	50	37	66	113	100
Japan.....	69	72	84	79	90
West Germany.....	10	25	17	21	46
United Kingdom...	9	19	21	30	31
Philippines.....	34	37	28	34	30
Mexico.....	10	17	28	48	24
France.....	15	33	13	17	21
Argentina.....	4	3	7	13	20
Australia.....	13	10	10	12	17
Malaysia.....	13	29	23	19	13
All other.....	68	116	152	135	88
<b>Total.....</b>	<b>666</b>	<b>884</b>	<b>1,142</b>	<b>1,370</b>	<b>1,426</b>
<b>GSP Total....</b>	<b>289</b>	<b>430</b>	<b>716</b>	<b>826</b>	<b>865</b>
<b>GSP-4.....</b>	<b>122</b>	<b>250</b>	<b>336</b>	<b>333</b>	<b>351</b>
Percent					
Taiwan.....	14.8	6.6	20.4	23.6	22.3
China.....	.7	7.5	10.8	8.3	14.9
Korea.....	9.9	13.1	12.3	12.0	13.0
Canada.....	21.3	16.2	9.6	10.1	9.0
Netherlands.....	9.0	11.6	7.6	7.9	7.2
Belgium & Luxem..	7.5	4.2	5.8	8.3	7.0
Japan.....	10.4	8.1	7.4	5.7	6.3
West Germany.....	1.5	2.8	1.5	1.5	3.2
United Kingdom...	1.4	2.1	1.8	2.2	2.2
Philippines.....	5.1	4.2	2.4	2.5	2.1
Mexico.....	1.5	2.0	2.5	3.5	1.7
France.....	2.2	3.7	1.1	1.3	1.5
Argentina.....	.6	.3	.6	.9	1.4
Australia.....	1.9	1.2	.9	.9	1.2
Malaysia.....	2.0	3.2	2.0	1.4	.9
All other.....	10.2	13.1	13.3	9.8	6.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>43.4</b>	<b>48.7</b>	<b>62.7</b>	<b>60.3</b>	<b>60.6</b>
<b>GSP-4.....</b>	<b>18.3</b>	<b>28.3</b>	<b>29.4</b>	<b>24.3</b>	<b>24.6</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

HS item No.  
2917.19.25.10

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

<u>HTS item number</u>	<u>TSUSA item number (and allocation)</u>	<u>TSUSA col.1 rates of duty (AVE)</u>				
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
2917.19.25.10	407.05 (5%)	18.2%	18.3%	18.1%	18.1%	17.9%
29.18.19.50	407.05 (5%)	18.2%	18.3%	18.1%	18.1%	17.9%

2020/11/14  
10:00

### Mathematical Induction

1. Base Case:  $n=1$

2. Inductive Step

Assume true for  $n=k$

Prove for  $n=k+1$

Conclusion

Q.E.D.



DIGEST NO. 2933.90.47

HEXAMETHYLENETETRAMINE

Hexamethylenetetramine

I. Introduction

Col. 1 rate of duty: 6.3%  
 Type of action proposed (check one):  
 Addition of GSP:   
 Removal from GSP:   
 Country graduation:   
 Competitive-need-limit waiver:   
 Noneligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes  No .

Description and uses: Hexamethylenetetramine is principally used as a catalyst in the manufacture of phenol-formaldehyde resins, as a rubber vulcanization accelerator in the manufacture of pharmaceuticals, and as a shrink-proofing agent in textiles. It is produced from ammonia and formaldehyde or ammonia and methanol.

II. U.S. market profile

Profile of U.S. industry and market, 1983-87

Item	1983	1984	1985	1986	1987	Percentage change over period 1/
Producers (number).....	6	8	7	6	6	0
Employment (thousand employees).....	*50	*50	*60	*40	*35	-6.8
Shipments (1,000 dollars).....	15,616	18,074	16,438	17,310	*16,000	*1.0
Exports (1,000 dollars).....	764	800	868	1,009	999	7.0
Imports (1,000 dollars).....	900	567	337	782	2,434	28.2
Consumption (1,000 dollars).....	15,752	17,841	15,907	17,083	*17,435	*2.6
Import-to-consumption ratio (percent).....	6	3	2	5	*14	*23.5
Capacity utilization (percent).....	*70	*70	*70	*70	*70	0

1/ This figure represents the average annual compound rate of change over 1983-87.

Comment: Most U.S. producers use hexamethylenetetramine internally in the production of phenol-formaldehyde resins. Generally, all produce the same quality of product, whether internally consumed or sold on the merchant market. The market for hexamethylenetetramine is relatively mature, and as a result, competitive problems have resulted in instances where a supplier can provide lower priced products to purchasers. The U.S. producers generally have the competitive advantage for hexamethylenetetramine, because most domestic users of this product produce hexamethylenetetramine captively. The Mexican product competes chiefly on the

basis of price, and has the competitive advantage for sales to other users of this chemical who must buy hexamethylenetetramine on the merchant market.

III. GSP import situation, 1987

<u>Item</u>	<u>Imports</u>	<u>Percent of total imports</u>	<u>Percent of GSP imports</u>	<u>Percent of U.S. consumption</u>
	<u>Quantity</u>			
	<u>1,000</u>			
	<u>pounds</u>			
Total.....	5,952	100	1/	15
Imports from GSP countries,				
total.....	3,408	57	100	8
Mexico.....	3,377	57	99	8
Brazil.....	28	2/	1	2/
Taiwan.....	3	2/	2/	2/
	<u>Value</u>			
	<u>1,000</u>			
	<u>dollars</u>			
Total.....	2,434	100	1/	15
Imports from GSP countries,				
total.....	870	36	100	5
Mexico.....	847	35	97	5
Brazil.....	20	1	2	1
Taiwan.....	3	2/	2/	2/

1/ Not applicable.

2/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

---

Ranking as a U.S. import supplier, 1987..... 2

Price elasticity:

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

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

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

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

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

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

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below X

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

---

Comment: Mexican Government policies and practices enable the producer to purchase their raw materials at reduced cost, enabling Mexican imports to be sold at prices well below those of the U.S. product.

Competitiveness indicators for Brazil for all digest products

---

Ranking as a U.S. import supplier, 1987..... 6

Price elasticity:

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

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

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

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

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

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

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

---

V. Position of interested parties

Petitioner.—The petitioner is Wright Chemical Corp. of Wilmington, NC, a producer of merchant hexamethylenetetramine. The petitioner stated that Mexico has developed its chemical industry to the point that it no longer needs GSP treatment. The petitioner further stated that Mexican Government policies and practices enable the producer to purchase their raw materials at reduced cost, enabling Mexican imports to be sold at prices well below those of the U.S. product.

Opposition.—Submissions were made to the Commission by Nemisis, S.A. de C.V. of Mexico, and Industrias Resistol, S.A. of Mexico. Nemisis stated that the petitioner, Wright Chemical, has mischaracterized the U.S. market and that Nemisis requires GSP eligibility to compete effectively in the U.S. market. They further stated that Mexican producers have additional Mexican customs fees when shipping from Mexico to the United States, in addition to the usual shipping costs. Resistol stated that continued GSP treatment for hexamethylenetetramine from Mexico is necessary to remain competitive and such treatment will not harm U.S. producers.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Digest Title: Hexamethylenetetramine  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Mexico.....	44,092	212,371	359,244	555,396	3,376,663
France.....	0	0	187,390	401,766	1,311,944
Canada.....	1,901,280	990,180	284,450	379,795	1,024,349
Japan.....	0	0	0	108,026	150,293
Belgium & Luxem..	0	14,771	0	0	57,540
Brazil.....	226,000	0	0	0	28,000
Taiwan.....	192,905	278,908	112,500	38,364	2,722
United Kingdom...	44,910	0	0	0	0
West Germany.....	0	5,261	14,994	3,306	0
Italy.....	0	10,000	0	0	0
China.....	187,390	0	0	0	0
<b>Total.....</b>	<b>2,596,577</b>	<b>1,511,491</b>	<b>958,578</b>	<b>1,486,653</b>	<b>5,951,511</b>
<b>GSP Total....</b>	<b>650,387</b>	<b>491,279</b>	<b>471,744</b>	<b>593,760</b>	<b>3,407,385</b>
<b>GSP-4.....</b>	<b>457,482</b>	<b>212,371</b>	<b>359,244</b>	<b>555,396</b>	<b>3,404,663</b>
Percent					
Mexico.....	1.7	14.1	37.5	37.4	56.7
France.....	.0	.0	19.5	27.0	22.0
Canada.....	73.2	65.5	29.7	25.5	17.2
Japan.....	.0	.0	.0	7.3	2.5
Belgium & Luxem..	.0	1.0	.0	.0	1.0
Brazil.....	8.7	.0	.0	.0	.5
Taiwan.....	7.4	18.5	11.7	2.6	1/
United Kingdom...	1.7	.0	.0	.0	.0
West Germany.....	.0	.3	1.6	.2	.0
Italy.....	.0	.7	.0	.0	.0
China.....	7.2	.0	.0	.0	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>25.0</b>	<b>32.5</b>	<b>49.2</b>	<b>39.9</b>	<b>57.3</b>
<b>GSP-4.....</b>	<b>17.6</b>	<b>14.1</b>	<b>37.5</b>	<b>37.4</b>	<b>57.2</b>

1/ Less than 0.1 percent.

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

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

Digest Title: Hexamethylenetetramine  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
France.....	0	0	58	416	1,093
Mexico.....	18	74	98	161	847
Canada.....	699	380	126	153	399
Japan.....	0	0	0	40	49
Belgium & Luxem..	0	18	0	0	23
Brazil.....	70	0	0	0	20
Taiwan.....	63	84	30	11	3
United Kingdom...	9	0	0	0	0
West Germany.....	0	9	26	1	0
Italy.....	0	2	0	0	0
China.....	41	0	0	0	0
<b>Total.....</b>	<b>900</b>	<b>567</b>	<b>337</b>	<b>782</b>	<b>2,434</b>
GSP Total....	192	158	127	172	870
GSP-4.....	129	74	98	161	867
Percent					
France.....	.0	.0	17.2	53.1	44.9
Mexico.....	2.0	13.0	28.9	20.6	34.8
Canada.....	77.7	67.0	37.3	19.6	16.4
Japan.....	.0	.0	.0	5.1	2.0
Belgium & Luxem..	.0	3.1	.0	.0	.9
Brazil.....	7.8	.0	.0	.0	.8
Taiwan.....	7.0	14.9	8.9	1.4	.1
United Kingdom...	1.0	.0	.0	.0	.0
West Germany.....	.0	1.6	7.7	.2	.0
Italy.....	.0	.4	.0	.0	.0
China.....	4.5	.0	.0	.0	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	21.3	27.9	37.8	22.0	35.7
GSP-4.....	14.3	13.0	28.9	20.6	35.6

1/ Less than \$500 or less than 0.1 percent.

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

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



Digest Title: Hexamethylenetetramine  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Netherlands.....	446,717	374,224	238,715	292,899	294,784
Canada.....	117,792	184,556	186,255	189,464	212,975
Japan.....	256,726	204,218	258,269	190,132	203,338
Belgium & Luxem..	181,131	88,406	135,481	140,799	152,371
Brazil.....	17,916	21,984	23,305	41,611	54,185
Australia.....	8,934	23,063	14,576	20,140	23,485
United Kingdom...	9,648	10,599	10,029	11,988	21,824
Mexico.....	9,527	16,721	9,495	21,727	17,482
Hungary.....	3,000	6,165	9,856	0	14,000
Italy.....	2,502	2,427	399	22,654	13,809
Venezuela.....	850	3,950	3,260	9,283	13,237
Singapore.....	2,060	5,796	6,515	10,094	13,146
Korea.....	935	1,143	1,073	6,470	12,190
Rep So Africa....	9,116	2,134	2,759	3,948	10,129
Taiwan.....	2,219	2,943	2,262	3,993	9,719
All other.....	47,506	51,944	56,662	74,365	71,272
<b>Total.....</b>	<b>1,116,579</b>	<b>1,000,273</b>	<b>958,911</b>	<b>1,039,567</b>	<b>1,137,946</b>
GSP Total....	59,149	76,968	73,974	134,344	169,270
GSP-4.....	45,793	62,918	61,899	111,768	132,938
Percent					
Netherlands.....	40.0	37.4	24.9	28.2	25.9
Canada.....	10.5	18.5	19.4	18.2	18.7
Japan.....	23.0	20.4	26.9	18.3	17.9
Belgium & Luxem..	16.2	8.8	14.1	13.5	13.4
Brazil.....	1.6	2.2	2.4	4.0	4.8
Australia.....	.8	2.3	1.5	1.9	2.1
United Kingdom...	.9	1.1	1.0	1.2	1.9
Mexico.....	.9	1.7	1.0	2.1	1.5
Hungary.....	.3	.6	1.0	.0	1.2
Italy.....	.2	.2	1/	2.2	1.2
Venezuela.....	.1	.4	.3	.9	1.2
Singapore.....	.2	.6	.7	1.0	1.2
Korea.....	.1	.1	.1	.6	1.1
Rep So Africa....	.8	.2	.3	.4	.9
Taiwan.....	.2	.3	.2	.4	.9
All other.....	4.3	5.2	5.9	7.2	6.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	5.3	7.7	7.7	12.9	14.9
GSP-4.....	4.1	6.3	6.5	10.8	11.7

1/ Less than 0.1 percent.

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

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

Digest Title: Hexamethylenetetramine  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Japan.....	164	156	195	260	209
Belgium & Luxem..	129	89	112	143	183
Netherlands.....	156	171	185	175	156
Canada.....	111	135	122	119	137
Brazil.....	32	30	36	58	66
West Germany.....	46	69	75	38	33
United Kingdom...	13	15	13	14	26
Mexico.....	16	26	16	28	23
Italy.....	5	6	2	34	22
Singapore.....	3	13	8	12	14
Australia.....	8	20	10	16	14
Venezuela.....	1	7	6	12	12
Rep So Africa....	11	3	4	7	11
Argentina.....	6	9	9	16	11
France.....	1	4	2	4	11
All other.....	62	49	74	73	70
<b>Total.....</b>	<b>764</b>	<b>800</b>	<b>868</b>	<b>1,009</b>	<b>999</b>
<b>GSP Total....</b>	<b>83</b>	<b>108</b>	<b>102</b>	<b>177</b>	<b>180</b>
<b>GSP-4.....</b>	<b>70</b>	<b>86</b>	<b>89</b>	<b>150</b>	<b>147</b>
Percent					
Japan.....	21.4	19.5	22.5	25.7	20.9
Belgium & Luxem..	16.9	11.1	12.9	14.2	18.3
Netherlands.....	20.4	21.3	21.3	17.3	15.6
Canada.....	14.5	16.9	14.0	11.8	13.7
Brazil.....	4.2	3.7	4.1	5.8	6.6
West Germany.....	6.0	8.6	8.6	3.8	3.3
United Kingdom...	1.8	1.9	1.5	1.4	2.6
Mexico.....	2.1	3.3	1.8	2.8	2.3
Italy.....	.6	.7	.2	3.4	2.2
Singapore.....	.3	1.6	.9	1.2	1.4
Australia.....	1.1	2.5	1.2	1.5	1.4
Venezuela.....	.2	.8	.7	1.2	1.2
Rep So Africa....	1.4	.4	.5	.7	1.1
Argentina.....	.8	1.1	1.1	1.6	1.1
France.....	.1	.5	.2	.4	1.1
All other.....	8.2	6.1	8.5	7.3	7.1
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>10.9</b>	<b>13.5</b>	<b>11.8</b>	<b>17.5</b>	<b>18.1</b>
<b>GSP-4.....</b>	<b>9.2</b>	<b>10.7</b>	<b>10.2</b>	<b>14.8</b>	<b>14.7</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

<u>HTS item number</u>	<u>TSUSA item number (and allocation)</u>	<u>TSUSA col.1 rates of duty (AVE)</u>				
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
2933.90.47	425.18 (100%)	7.6%	7.3%	7%	6.6%	6.3%



DIGEST NO. 3817.10.00

BRANCHED ALKYL BENZENES

Branched Alkylbenzenes

I. Introduction

Col. 1 rate of duty: 1.1¢/kg + 17.3% (1987 AVE 15.1%)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:     

Country graduation:     

Competitive-need-limit waiver:

Noneligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Mixed alkylbenzenes including branched alkylbenzenes (BAB) and heavy branched alkylbenzenes (HBAB) are chemicals produced from the reaction of acyclic hydrocarbons with benzene in the presence of a third chemical called a catalyst, which accelerates the chemical conversion. Mixed alkylbenzenes are used principally as intermediate chemicals in the production of industrial and agricultural emulsifiers and surfactants, while HBAB is used directly as a lubricant for certain specialty applications.

II. U.S. market profile

Profile of U.S. industry and market, 1983-87

Item	1983	1984	1985	1986	1987	Percentage change over period 1/
Producers (number).....	2	2	2	2	1	-50
Employment (thousand employees)...	[***]	[***]	[***]	[***]	[***]	[***]
Shipments (1,000 dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Exports (1,000 dollars).....	3,679	3,761	3,559	3,918	5,032	8
Imports (1,000 dollars).....	8,983	8,327	17,629	6,627	3,784	-12
Consumption (1,000 dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Import-to-consumption ratio (percent).....	[***]	[***]	[***]	[***]	[***]	[***]
Capacity utilization (percent)....	[***]	[***]	[***]	[***]	[***]	[***]

1/ This figure represents the average annual compound rate of change over 1983-87.

2/ [ \*\*\* ].

3/ [ \*\*\* ].

Comment: During 1983-87, the domestic market for mixed alkylbenzenes, especially BAB significantly declined because of a shift in the detergents market toward linear alkylbenzenes (LAB), which are more biodegradable than detergents produced from BAB. A similar trend in other developed countries also reduced the export market for BAB. The largest remaining markets for

BAB were principally in developing countries and a small market in the United States for industrial and agricultural-end uses. As a consequence of this diminishing world market, Chevron, the world's largest producer of BAB during 1983-86, permanently closed its plant in California leaving Monsanto Co. of St. Louis, Missouri, as the only domestic producer of these products. Monsanto's plant is located in Carson, CA, and currently employs about [\*\*\*] full-time production and maintenance workers at the site. Monsanto's Carson plant produces only BAB (with HBAB as a byproduct) using a process called the monochloro-paraffin-aluminum chloride (AlCl<sub>3</sub>) process. Since the byproduct, HBAB, is not suitable for use in specialized lubricating oil applications because of the process used by Monsanto, Monsanto cannot service the HBAB market, and is not competitive with imports of HBAB produced by a different process. The BAB produced at the Monsanto plant is, however, of similar quality to all imported BAB, but somewhat higher priced mostly because domestic capacity utilization rates are low ([\*\*\*]) compared with foreign producers ([\*\*\*]) giving the foreign producers the added advantage of economies of scale.

III. GSP import situation, 1987

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>Quantity</u> <u>1,000</u> <u>pounds</u>			
Total.....	8,257	100	1/	[***]
Imports from GSP countries,				
total.....	6,336	77	100	[***]
Argentina.....	3,028	37	48	[***]
Brazil.....	1,761	21	28	[***]
Israel.....	657	8	10	[***]
Korea.....	611	7	10	[***]
	<u>Value</u> <u>1,000</u> <u>dollars</u>			
Total.....	3,784	100	1/	[***]
Imports from GSP countries,				
total.....	1,360	36	100	[***]
Argentina.....	437	12	32	[***]
Brazil.....	379	10	28	[***]
Venezuela.....	291	8	21	[***]
Israel.....	65	2	5	[***]

1/ Not applicable.

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

Comment: According to industry sources, the only sources for BAB and HBAB classified under HTS item 3817.10.00 in 1987 were France, Japan, Korea, and Venezuela. Products imported under HTS item 3817.10.00 in 1987 from all other sources were mixed alkylbenzenes other than BAB and HBAB.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Argentina for all digest products

---

Ranking as a U.S. import supplier, 1987..... 3

Price elasticity:

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

Price level compared with:

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

Quality compared with:

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

Competitiveness indicators for Brazil for all digest products

---

Ranking as a U.S. import supplier, 1987..... 4

Price elasticity:

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

Price level compared with:

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

Quality compared with:

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



IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Venezuela for all digest products

Ranking as a U.S. import supplier, 1987..... 6\_\_\_

Price elasticity:

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

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

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

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

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

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

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below X

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Comment: Imports of mixed alkylbenzenes from Venezuela in 1987 under HTS 3817.10.00 consisted entirely of BAB and HBAB. Capacity utilization rates for the only Venezuelan producer were around [ \*\*\* ] percent giving this producer the advantages of economies of scale compared with the only U.S. producer. Hence, prices of the foreign product were lower than the equivalent domestic material.

V. Position of interested parties

Petitioner.—The petitioner, Shrieve Chemical Products, Inc., located in The Woodlands, TX, is an importer and distributor of BAB and a manufacturer of specialty insulating and lubricating oils produced from imported HBAB. In a written statement prepared by St. Maxens and Co., on behalf of Shrieve, the petitioner requests that GSP eligibility be given to HTS item 3817.10.00 under which BAB and HBAB would be classified. The petitioner maintains that domestically produced HBAB is unsuitable for use in specialty lubricating oils because of the process used by Monsanto Co., the only domestic producer. The petitioner also pointed out that imports of BAB and HBAB classified under TSUS item 407.19 are currently eligible for duty-free treatment under the GSP, and that continuation of GSP eligibility under the new mixed alkylbenzenes HTS subheading will not cause any significant changes in trade patterns for BAB and HBAB.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Digest Title: Branched Alkylbenzenes  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Argentina.....	466,473	777,048	2,287,808	2,419,112	3,028,246
Brazil.....	770	5,362,287	22,267,643	5,974,860	1,760,888
Israel.....	4,208	43,964	3,484,368	258,931	656,807
Korea.....	0	1,182,237	0	1,878,236	610,835
Netherlands.....	9,844	24,869	68,611	902,863	528,645
West Germany.....	381,927	595,172	424,873	720,478	425,122
United Kingdom...	130,188	124,396	86,362	183,732	289,311
France.....	575,285	867,118	344,420	949,109	272,359
Mexico.....	63,235	48,722,875	62,489,277	3,129,322	165,503
Switzerland.....	148,090	144,242	87,810	117,300	141,691
Canada.....	131,465	568,042	427,265	72,546	120,077
Japan.....	61,899	49,238	58,746	172,209	92,581
Venezuela.....	49,936,466	0	0	4,569,754	68,832
Ireland.....	7,229	6,717	8,173	57	27,202
Barbados.....	0	188	0	0	22,178
All other.....	376,035	541,919	43,130,037	21,143,953	47,040
<b>Total.....</b>	<b>52,293,114</b>	<b>59,010,312</b>	<b>135,165,393</b>	<b>42,492,462</b>	<b>8,257,317</b>
<b>GSP Total....</b>	<b>50,829,575</b>	<b>56,603,621</b>	<b>97,993,504</b>	<b>19,112,663</b>	<b>6,336,426</b>
<b>GSP-4.....</b>	<b>50,823,056</b>	<b>55,420,987</b>	<b>97,992,897</b>	<b>17,230,866</b>	<b>5,725,530</b>
Percent					
Argentina.....	.9	1.3	1.7	5.7	36.7
Brazil.....	1/	9.1	16.5	14.1	21.3
Israel.....	1/	.1	2.6	.6	8.0
Korea.....	.0	2.0	.0	4.4	7.4
Netherlands.....	1/	1/	.1	2.1	6.4
West Germany.....	.7	1.0	.3	1.7	5.1
United Kingdom...	.2	.2	.1	.4	3.5
France.....	1.1	1.5	.3	2.2	3.3
Mexico.....	.1	82.6	46.2	7.4	2.0
Switzerland.....	.3	.2	.1	.3	1.7
Canada.....	.3	1.0	.3	.2	1.5
Japan.....	.1	.1	1/	.4	1.1
Venezuela.....	95.5	.0	.0	10.8	.8
Ireland.....	1/	1/	1/	1/	.3
Barbados.....	.0	1/	.0	.0	.3
All other.....	.7	.9	31.9	49.8	.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>97.2</b>	<b>95.9</b>	<b>72.5</b>	<b>45.0</b>	<b>76.7</b>
<b>GSP-4.....</b>	<b>97.2</b>	<b>93.9</b>	<b>72.5</b>	<b>40.6</b>	<b>69.3</b>

1/ Less than 0.1 percent.

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

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

Digest Title: Branched Alkylbenzenes  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
West Germany.....	402	562	527	590	732
Switzerland.....	165	185	172	309	532
Argentina.....	61	101	291	266	437
Brazil.....	2	681	3,060	757	379
United Kingdom...	208	169	168	319	348
Venezuela.....	7,138	0	0	322	291
Italy.....	7	27	156	312	208
Japan.....	517	79	99	130	167
Netherlands.....	16	26	59	223	152
Ireland.....	14	12	12	1	91
France.....	210	273	146	319	79
Canada.....	34	229	251	34	78
Israel.....	7	8	426	35	65
Mexico.....	49	5,732	6,939	349	59
Korea.....	0	146	0	266	56
All other.....	151	95	5,324	2,395	110
<b>Total.....</b>	<b>8,983</b>	<b>8,327</b>	<b>17,629</b>	<b>6,627</b>	<b>3,784</b>
<b>GSP Total....</b>	<b>7,315</b>	<b>6,733</b>	<b>11,681</b>	<b>2,120</b>	<b>1,360</b>
<b>GSP-4.....</b>	<b>7,305</b>	<b>6,586</b>	<b>11,680</b>	<b>1,851</b>	<b>1,305</b>
Percent					
West Germany.....	4.5	6.7	3.0	8.9	19.3
Switzerland.....	1.8	2.2	1.0	4.7	14.1
Argentina.....	.7	1.2	1.6	4.0	11.6
Brazil.....	1/	8.2	17.4	11.4	10.0
United Kingdom...	2.3	2.0	1.0	4.8	9.2
Venezuela.....	79.5	.0	.0	4.9	7.7
Italy.....	.1	.3	.9	4.7	5.5
Japan.....	5.8	1.0	.6	2.0	4.4
Netherlands.....	.2	.3	.3	3.4	4.0
Ireland.....	.2	.1	.1	1/	2.4
France.....	2.3	3.3	.8	4.8	2.1
Canada.....	.4	2.7	1.4	.5	2.0
Israel.....	.1	.1	2.4	.5	1.7
Mexico.....	.6	68.8	39.4	5.3	1.6
Korea.....	.0	1.8	.0	4.0	1.5
All other.....	1.7	1.1	30.2	36.1	2.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>81.4</b>	<b>80.9</b>	<b>66.3</b>	<b>32.0</b>	<b>35.9</b>
<b>GSP-4.....</b>	<b>81.3</b>	<b>79.1</b>	<b>66.3</b>	<b>27.9</b>	<b>34.5</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Digest Title: Branched Alkylbenzenes  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Canada.....	730,683	778,472	938,301	1,021,833	1,930,794
Japan.....	235,767	321,688	477,283	692,390	658,525
Netherlands.....	451,676	426,380	456,022	408,794	462,420
Mexico.....	162,673	220,194	257,989	353,384	287,535
Belgium & Luxem..	59,742	35,028	78,082	96,519	271,995
Singapore.....	165,049	127,918	141,895	138,750	222,649
Australia.....	72,027	76,682	132,914	152,579	220,130
Korea.....	148,731	127,911	94,822	151,978	175,981
United Arab Em...	68,174	58,973	68,846	70,237	164,420
France.....	24,296	23,223	17,316	46,594	124,434
Venezuela.....	111,174	196,136	153,053	175,302	117,203
Taiwan.....	53,213	68,005	38,913	59,634	116,006
United Kingdom...	176,855	203,385	204,499	68,519	100,051
Brazil.....	218,824	279,295	19,326	82,893	93,667
Italy.....	144,297	161,504	65,736	114,720	87,733
All other.....	1,289,647	1,311,751	1,377,288	1,179,121	1,458,556
<b>Total.....</b>	<b>4,112,828</b>	<b>4,416,545</b>	<b>4,522,285</b>	<b>4,813,247</b>	<b>6,492,099</b>
GSP Total....	1,685,683	1,953,409	1,593,542	1,796,989	2,080,369
GSP-4.....	1,281,088	1,572,622	1,283,252	1,411,511	1,524,639
Percent					
Canada.....	17.8	17.6	20.7	21.2	29.7
Japan.....	5.7	7.3	10.6	14.4	10.1
Netherlands.....	11.0	9.7	10.1	8.5	7.1
Mexico.....	4.0	5.0	5.7	7.3	4.4
Belgium & Luxem..	1.5	.8	1.7	2.0	4.2
Singapore.....	4.0	2.9	3.1	2.9	3.4
Australia.....	1.8	1.7	2.9	3.2	3.4
Korea.....	3.6	2.9	2.1	3.2	2.7
United Arab Em...	1.7	1.3	1.5	1.5	2.5
France.....	.6	.5	.4	1.0	1.9
Venezuela.....	2.7	4.4	3.4	3.6	1.8
Taiwan.....	1.3	1.5	.9	1.2	1.8
United Kingdom...	4.3	4.6	4.5	1.4	1.5
Brazil.....	5.3	6.3	.4	1.7	1.4
Italy.....	3.5	3.7	1.5	2.4	1.4
All other.....	31.4	29.7	30.5	24.5	22.5
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	41.0	44.2	35.2	37.3	32.0
GSP-4.....	31.1	35.6	28.4	29.3	23.5

1/ Less than 0.1 percent.

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

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

Digest Title: Branched Alkylbenzenes  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Canada.....	704	731	779	883	1,433
Japan.....	183	240	256	327	380
Netherlands.....	292	282	245	234	347
Mexico.....	168	189	195	213	279
United Kingdom...	215	193	145	130	177
West Germany.....	91	99	107	165	163
Australia.....	94	106	91	99	151
Belgium & Luxem..	67	45	43	90	147
Venezuela.....	89	173	155	170	131
France.....	45	40	45	93	129
Singapore.....	154	146	116	110	126
Korea.....	49	50	54	72	121
Brazil.....	106	87	29	100	87
Italy.....	50	61	51	52	87
Taiwan.....	64	66	46	61	80
All other.....	1,308	1,255	1,202	1,118	1,193
<b>Total.....</b>	<b>3,679</b>	<b>3,761</b>	<b>3,559</b>	<b>3,918</b>	<b>5,032</b>
GSP Total....	1,384	1,521	1,335	1,450	1,632
GSP-4.....	1,061	1,193	1,077	1,158	1,258
Percent					
Canada.....	19.1	19.4	21.9	22.6	28.5
Japan.....	5.0	6.4	7.2	8.4	7.6
Netherlands.....	7.9	7.5	6.9	6.0	6.9
Mexico.....	4.6	5.0	5.5	5.4	5.5
United Kingdom...	5.8	5.1	4.1	3.3	3.5
West Germany.....	2.5	2.6	3.0	4.2	3.2
Australia.....	2.6	2.8	2.5	2.5	3.0
Belgium & Luxem..	1.8	1.2	1.2	2.3	2.9
Venezuela.....	2.4	4.6	4.4	4.3	2.6
France.....	1.2	1.1	1.3	2.4	2.6
Singapore.....	4.2	3.9	3.3	2.8	2.5
Korea.....	1.3	1.3	1.5	1.8	2.4
Brazil.....	2.9	2.3	.8	2.6	1.7
Italy.....	1.4	1.6	1.4	1.3	1.7
Taiwan.....	1.7	1.8	1.3	1.6	1.6
All other.....	35.6	33.4	33.8	28.5	23.7
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	37.6	40.4	37.5	37.0	32.4
GSP-4.....	28.8	31.7	30.3	29.5	25.0

1/ Less than \$500 or less than 0.1 percent.

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

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

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

<u>HTS item number</u>	<u>TSUSA item number (and allocation)</u>	<u>TSUSA col.1 rates of duty (AVE)</u>				
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
3817.10.00	407.16.10 (5%)	18.1%	20.1%	20.8%	<u>1/</u>	<u>1/</u>
	407.19.10 (5%) <u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	18.3%	15.1%

1/ TSUS item 407.19 was created on May 16, 1986.



DIGEST NO. 7019.10.40

GLASS FIBER ROVINGS

Glass Fiber Rovings

I. Introduction

Col. 1 rate of duty: 6%  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Noneligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Glass fiber rovings are continuous glass fibers that have been drawn and twisted loosely, but not spun into a yarn. Although glass fibers are brittle, they possess high tensile strength, generally withstand temperatures of up to 1000 degrees F. without material damage, and insulate against heat and electricity. They are used primarily for reinforcing plastics products. They are also used for construction, industrial, and marine purposes.

II. U.S. market profile

Profile of U.S. industry and market, 1983-87

Item	1983	1984	1985	1986	1987	Percentage change over period 1/
Producers (number).....	7	7	8	8	7	0
Employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
Shipments (1,000 dollars).....	*300,000	*350,000	*350,000	*350,000	*400,000	*8
Exports (1,000 dollars).....	3,652	4,958	6,467	8,460	12,079	35
Imports (1,000 dollars).....	5,692	6,300	9,521	7,146	8,993	12
Consumption (1,000 dollars).....	*302,040	*351,342	*353,054	*348,686	*343,072	*3
Import-to-consumption ratio (percent)...	*2	*2	*3	*2	*3	*11
Capacity utilization (percent).....	*70	*80	*80	*90	*95	*8

1/ This figure represents the average annual compound rate of change over 1983-87.

2/ Not available.

Comment: Demand for these products in recent years has increased to exceed current domestic production capacity. As a result, the major producers are now importing the product as well as manufacturing it. However, domestic capacity may increase significantly over the next few years, if new plants which are currently being proposed come on line. These imports tend to come from either the developed suppliers, such as Japan and the United Kingdom, or from developing suppliers with which the domestic producers have some sort of relationship, such as partial ownership or capital investments. Recently, the leading U.S. producers purchased the three leading rovings manufacturers in the United Kingdom. Production costs are roughly equivalent in the developed countries, but the imported product has added transportation costs and other costs associated with importing. The developing suppliers do have a labor-cost advantage, but their capacity limits the amount that the United States can import.

III. GSP import situation, 1987

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>Quantity</u> <u>pounds</u>			
Total.....	12,282,000	100	1/	3
Imports from GSP countries,				
total.....	20,187	1/	100	1/
Taiwan.....	20,063	1/	100	1/
Yugoslavia.....	124	1/	1/	1/
Venezuela.....	0	0	0	0
Mexico.....	0	0	0	0
	<u>Value</u> <u>dollars</u>			
Total.....	8,993,000	100	-	3
Imports from GSP countries,				
total.....	15,152	1/	100	1/
Taiwan.....	15,000	1/	99	1/
Yugoslavia.....	152	1/	1	1/
Venezuela.....	0	0	0	0
Mexico.....	0	0	0	0

1/ Less than 1 percent.

Note.—In 1986, Venezuela exported to the United States over 80,000 pounds, valued at \$52,000, representing about 1 percent of total imports, and ranking it 5th among supplying countries. Similarly, in 1986, Mexico exported to the United States over 4,000 pounds valued at \$21,000, ranking it 7th among supplying countries.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Taiwan for all digest products

---

Ranking as a U.S. import supplier, 1987..... 8

Price elasticity:

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

Price level compared with:

- U.S. products..... Above \_\_\_ Equivalent  Below \_\_\_
- Other foreign products..... Above \_\_\_ Equivalent  Below \_\_\_

Quality compared with:

- U.S. products..... Above \_\_\_ Equivalent  Below \_\_\_
- Other foreign products..... Above \_\_\_ Equivalent  Below \_\_\_
- 

Competitiveness indicators for Yugoslavia for all digest products

---

Ranking as a U.S. import supplier, 1987..... 11

Price elasticity:

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

Price level compared with:

- U.S. products..... Above \_\_\_ Equivalent  Below \_\_\_
- Other foreign products..... Above \_\_\_ Equivalent  Below \_\_\_

Quality compared with:

- U.S. products..... Above \_\_\_ Equivalent  Below \_\_\_
- Other foreign products..... Above \_\_\_ Equivalent  Below \_\_\_
-

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Venezuela for all digest products

---

Ranking as a U.S. import supplier, 1987..... 11

Price elasticity:

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

Price level compared with:

- U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_
- Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

- U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_
- Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_
-

V. Position of interested parties

Petitioner.—PPG Industries. Petitioner believes that granting GSP status would be entirely consistent with the stated goals of the program. They argue that U.S. producers are currently operating at 100-percent capacity, and are supplementing their own production with imports. In 1987, imports from currently GSP-eligible countries accounted for much less than 1 percent of total digest imports. Petitioner's interest stems from its recent capital investment in Venezuela. They estimate that the granting of GSP status would allow Venezuela to increase its exports to the United States if granted eligibility, without adversely affecting the U.S. industry. Petitioner argues that this would benefit Venezuela by increasing private-sector activity and by diversifying its economy into more non-oil production.

[Probable economic effects advice deleted]

Digest Title: Glass Fiber Rovings  
 U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (in pounds)					
Japan.....	7,590,171	7,997,856	11,871,826	8,653,312	7,510,529
United Kingdom...	1,443,191	1,312,755	1,289,491	994,971	3,441,760
Canada.....	76,465	56,269	286,029	60,214	488,333
Belgium & Luxem..	0	108,158	91,253	0	297,196
Norway.....	0	0	0	0	218,552
Netherlands.....	19,713	2,769	527,664	0	210,027
Italy.....	29,922	150,049	55,118	42,949	91,869
Taiwan.....	0	0	496,085	239,958	20,063
France.....	640,849	209,870	43,372	507	3,598
Yugoslavia.....	0	33,714	0	0	124
Mexico.....	0	0	0	4,467	0
Venezuela.....	0	0	0	80,871	0
Brazil.....	0	0	2,937	0	0
Sweden.....	0	60	0	0	0
Finland.....	0	298	0	0	0
All other.....	41,623	15,208	19,411	39,779	0
<b>Total.....</b>	<b>9,841,934</b>	<b>9,887,004</b>	<b>14,683,186</b>	<b>10,117,028</b>	<b>12,282,051</b>
GSP Total....	0	33,714	516,478	344,779	20,187
GSP-4.....	0	33,714	2,937	103,342	124
Percent					
Japan.....	77.1	80.9	80.9	85.5	61.2
United Kingdom...	14.7	13.3	8.8	9.8	28.0
Canada.....	.8	.6	1.9	.6	4.0
Belgium & Luxem..	.0	1.1	.6	.0	2.4
Norway.....	.0	.0	.0	.0	1.8
Netherlands.....	.2	1/	3.6	.0	1.7
Italy.....	.3	1.5	.4	.4	.7
Taiwan.....	.0	.0	3.4	2.4	.2
France.....	6.5	2.1	.3	1/	1/
Yugoslavia.....	.0	.3	.0	.0	1/
Mexico.....	.0	.0	.0	1/	.0
Venezuela.....	.0	.0	.0	.8	.0
Brazil.....	.0	.0	1/	.0	.0
Sweden.....	.0	1/	.0	.0	.0
Finland.....	.0	1/	.0	.0	.0
All other.....	.4	.2	.1	.4	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	.0	.3	3.5	3.4	.2
GSP-4.....	.0	.3	1/	1.0	1/

1/ Less than 0.1 percent.

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

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



Digest Title: Glass Fiber Rovings  
 U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Japan.....	4,066	4,542	7,170	5,594	5,137
United Kingdom...	1,025	1,239	1,365	1,218	2,830
Canada.....	65	35	265	54	431
Belgium & Luxem..	0	64	63	0	257
Netherlands.....	10	2	295	0	136
Norway.....	0	0	0	0	126
Italy.....	21	92	48	28	58
Taiwan.....	0	0	261	129	15
France.....	456	287	43	3	3
Yugoslavia.....	0	18	0	0	1/
Mexico.....	0	0	0	21	0
Venezuela.....	0	0	0	52	0
Brazil.....	0	0	2	0	0
All other.....	49	21	11	47	0
<b>Total.....</b>	<b>5,692</b>	<b>6,300</b>	<b>9,521</b>	<b>7,146</b>	<b>8,993</b>
GSP Total....	0	18	272	221	15
GSP-4.....	0	18	2	82	1/
Percent					
Japan.....	71.4	72.1	75.3	78.3	57.1
United Kingdom...	18.0	19.7	14.3	17.1	31.5
Canada.....	1.1	.6	2.8	.8	4.8
Belgium & Luxem..	.0	1.0	.7	.0	2.9
Netherlands.....	.2	1/	3.1	.0	1.5
Norway.....	.0	.0	.0	.0	1.4
Italy.....	.4	1.5	.5	.4	.6
Taiwan.....	.0	.0	2.7	1.8	.2
France.....	8.0	4.6	.5	1/	1/
Yugoslavia.....	.0	.3	.0	.0	1/
Mexico.....	.0	.0	.0	.3	.0
Venezuela.....	.0	.0	.0	.7	.0
Brazil.....	.0	.0	1/	.0	.0
All other.....	.9	.3	.1	.7	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	.0	.3	2.9	3.1	.2
GSP-4.....	.0	.3	1/	1.1	1/

1/ Less than \$500 or less than 0.1 percent.

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

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

Digest Title: Glass Fiber Rovings  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Source	1983	1984	1985	1986	1987
<b>Quantity (in pounds)</b>					
Canada.....	638,864	787,320	933,682	2,154,505	3,751,677
Belgium & Luxem..	51,104	163,368	681,540	2,107,810	3,455,523
United Kingdom...	86,559	48,253	19,573	47,574	1,959,271
Italy.....	26,228	1,407	115,357	312,384	990,627
Korea.....	29,898	231,106	421,263	887,291	891,111
Australia.....	472,777	755,714	426,138	452,214	582,840
Taiwan.....	130,164	359,240	255,417	445,420	547,576
Saudi Arabia.....	463,531	111,210	106,168	556,957	464,712
Switzerland.....	201,616	312,375	354,321	769,754	354,742
Singapore.....	102,343	314,267	228,562	339,923	274,034
Venezuela.....	70,176	418,972	587,386	78,237	227,629
Rep So Africa....	83,561	139,288	86,925	124,964	219,595
Netherlands.....	881,589	391,807	32,726	245,843	205,301
France.....	42,364	24,513	18,300	216,905	139,893
West Germany.....	22,241	41,831	38,718	97,223	138,053
All other.....	1,461,127	1,852,814	1,749,307	937,745	953,241
<b>Total.....</b>	<b>4,764,142</b>	<b>5,953,485</b>	<b>6,055,383</b>	<b>9,774,749</b>	<b>15,155,825</b>
<b>GSP Total....</b>	<b>841,130</b>	<b>2,140,784</b>	<b>2,369,843</b>	<b>2,354,769</b>	<b>2,684,971</b>
<b>GSP-4.....</b>	<b>568,351</b>	<b>1,236,171</b>	<b>1,442,845</b>	<b>653,328</b>	<b>965,728</b>
<b>Percent</b>					
Canada.....	13.4	13.2	15.4	22.0	24.8
Belgium & Luxem..	1.1	2.7	11.3	21.6	22.8
United Kingdom...	1.8	.8	.3	.5	12.9
Italy.....	.6	1/	1.9	3.2	6.5
Korea.....	.6	3.9	7.0	9.1	5.9
Australia.....	9.9	12.7	7.0	4.6	3.8
Taiwan.....	2.7	6.0	4.2	4.6	3.6
Saudi Arabia.....	9.7	1.9	1.8	5.7	3.1
Switzerland.....	4.2	5.2	5.9	7.9	2.3
Singapore.....	2.1	5.3	3.8	3.5	1.8
Venezuela.....	1.5	7.0	9.7	.8	1.5
Rep So Africa....	1.8	2.3	1.4	1.3	1.4
Netherlands.....	18.5	6.6	.5	2.5	1.4
France.....	.9	.4	.3	2.2	.9
West Germany.....	.5	.7	.6	1.0	.9
All other.....	30.7	31.1	28.9	9.6	6.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>17.7</b>	<b>36.0</b>	<b>39.1</b>	<b>24.1</b>	<b>17.7</b>
<b>GSP-4.....</b>	<b>11.9</b>	<b>20.8</b>	<b>23.8</b>	<b>6.7</b>	<b>6.4</b>

1/ Less than 0.1 percent.

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

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

Digest Title: Glass Fiber Rovings  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Belgium & Luxem..	55	155	802	1,545	2,702
Canada.....	450	616	876	1,561	2,585
United Kingdom...	203	110	130	109	1,332
Korea.....	54	147	303	614	729
Italy.....	57	28	86	233	696
Switzerland.....	199	251	697	931	536
Taiwan.....	94	276	211	340	522
Australia.....	329	608	349	423	428
West Germany.....	57	39	241	459	394
Saudi Arabia.....	269	63	112	352	306
France.....	83	25	22	157	195
Netherlands.....	513	325	88	282	194
Singapore.....	62	188	170	218	193
Rep So Africa....	56	145	56	83	159
Japan.....	514	635	607	330	151
All other.....	656	1,348	1,716	822	956
<b>Total.....</b>	<b>3,652</b>	<b>4,958</b>	<b>6,467</b>	<b>8,460</b>	<b>12,079</b>
<b>GSP Total....</b>	<b>705</b>	<b>1,904</b>	<b>2,149</b>	<b>1,856</b>	<b>2,215</b>
<b>GSP-4.....</b>	<b>489</b>	<b>1,292</b>	<b>1,444</b>	<b>631</b>	<b>748</b>
Percent					
Belgium & Luxem..	1.5	3.1	12.4	18.3	22.4
Canada.....	12.3	12.4	13.6	18.5	21.4
United Kingdom...	5.6	2.2	2.0	1.3	11.0
Korea.....	1.5	3.0	4.7	7.3	6.0
Italy.....	1.6	.6	1.3	2.8	5.8
Switzerland.....	5.5	5.1	10.8	11.0	4.4
Taiwan.....	2.6	5.6	3.3	4.0	4.3
Australia.....	9.0	12.3	5.4	5.0	3.5
West Germany.....	1.6	.8	3.7	5.4	3.3
Saudi Arabia.....	7.4	1.3	1.7	4.2	2.5
France.....	2.3	.5	.3	1.9	1.6
Netherlands.....	14.0	6.6	1.4	3.3	1.6
Singapore.....	1.7	3.8	2.6	2.6	1.6
Rep So Africa....	1.5	2.9	.9	1.0	1.3
Japan.....	14.1	12.8	9.4	3.9	1.3
All other.....	18.0	27.2	26.5	9.7	7.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>19.3</b>	<b>38.4</b>	<b>33.2</b>	<b>21.9</b>	<b>18.3</b>
<b>GSP-4.....</b>	<b>13.4</b>	<b>26.1</b>	<b>22.3</b>	<b>7.5</b>	<b>6.2</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

<u>HTS item number</u>	<u>TSUSA item number (and allocation)</u>	<u>TSUSA col. 1 rates of duty (AVE)</u>				
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
7019.10.40	309.28.00 (50%)	8.3	7.7	7.1	6.6	6.0
	309.29.00 (50%)	11.1	10.1	9.2	8.2	7.2

DIGEST NO. 7307.93.30

CARBON STEEL BUTT-WELD PIPE FITTINGS

Carbon Steel Butt-Weld Pipe Fittings

I. Introduction

Col. 1 rate of duty: 6.2%

Type of action proposed (check one):

Addition of GSP:     

Removal from GSP: X

Country graduation:     

Competitive-need-limit waiver:     

Noneligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Carbon steel butt-weld pipe fittings, used to connect pipe sections when conditions require permanent, welded connections, are most commonly used in the construction, ship building, oil refining, and energy generation industries. They form a shallow channel between pipe and fittings to accommodate a "bead" of weld. The three most common forms of butt-weld fittings are elbows, tees, and reducers.

II. U.S. market profile

Profile of U.S. industry and market, 1983-87

Item	1983	1984	1985	1986	1987	Percentage change over period 1/
Producers (number).....	13	13	12	12	10	-6
Employment (thousand employees).....	194	230	224	220	224	4
Shipments (1,000 dollars).....	42,091	46,462	45,836	45,911	45,443	2
Exports (1,000 dollars).....	8,146	3,368	3,733	2,761	2,280	-27
Imports (1,000 dollars).....	16,862	25,346	27,498	25,475	19,011	3
Consumption (1,000 dollars).....	50,807	68,440	69,601	68,625	62,174	5
Import-to-consumption ratio (percent).....	33	37	40	37	31	-2
Capacity utilization (percent).....	38	52	46	46	55	10

1/ This figure represents the average annual compound rate of change over 1983-87.

Comment: Of the 10 domestic companies that currently produce butt-weld pipe and tube fittings, 6 may be considered "integrated" firms in that they process pipe (or other raw materials) into rough-formed fittings and then complete machining, cleaning, and other steps necessary to finish the fittings. Two producers buy only unfinished butt-weld fittings as their raw material and then "convert" them to finished fittings. Four other firms produce butt-weld fittings and

Comment—Continued

carbon steel raw materials (rough-formed fittings and carbon steel pipe). Imports of unfinished butt-weld pipe fittings, which constitutes the majority of total U.S. imports, are purchased by "converters" or "combination" manufacturers. Finished butt-weld pipe fittings are purchased by distributors and contractors. For comparative purposes, butt-weld pipe fittings may be assumed to be a forged product. <sup>1/</sup>

According to a recent report on the U.S. forging industry done by the USITC (Competitive Assessment of the U.S. Forging Industry, Investigation No. 332-216, USITC Publication 1833), competition in the forged pipe fitting industry is influenced by a variety of factors, the most important of which are labor costs, marketing capability, investment, technology, and government involvement. The U.S. industry indicates that it has a competitive edge over its foreign competition in the following areas: channels of distribution, responsiveness to orders, and after-sale service. In addition, the United States is viewed as equal to or better than its foreign competitors in the application of production technology. Producers evaluated all of their principal foreign competitors as having competitive advantages in the areas of fuel costs, raw material costs, tariff levels on imports, nontariff barriers as well as in most facets of government assistance especially alleged subsidies and R&D funding.

The report further states that U.S. producers and importers generally agree that foreign-made forged steel fittings have an overall competitive advantage because of lower purchase prices, costs of tooling, and favorable exchange rates. U.S. purchasers also listed lower purchase prices as the most important reason for buying foreign-made forged steel fittings; U.S. buyers listed shorter delivery time and reliability of supplier as the principal reasons for purchasing domestically produced products.

U.S. producers of forged steel fittings reported that the most common steps taken in response to import competition in the U.S. market included lowering prices and costs. These measures are consistent with producer assertions that suppression of prices caused lower profits in recent years and thwarted capital investment. Other steps taken by domestic producers included improving products, cutting back production, and reducing capacity.

---

<sup>1/</sup> Although the manufacture of butt-weld pipe fittings typically begins with seamless carbon steel pipe, some industry sources refer to the process of further machining as a "forging process." In USITC investigation No. 731-TA-308, it was noted that "there is considerable economic incentive to classify the rough-formed fitting as a "forging."

III. GSP import situation, 1987

Item	Imports <u>1,000</u> <u>pounds</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	38,039,354	100	1/	47
Imports from GSP countries, total.....	16,029,757	42	100	19
Taiwan 2/.....	8,571,866	23	47	11
Mexico.....	3,015,373	8	16	4
Venezuela.....	2,254,398	6	12	3
Thailand.....	1,104,952	3	6	1
<u>1,000</u> <u>dollars</u>				
Total.....	19,011	100	1/	30
Imports from GSP countries, total.....	7,661	40	100	12
Taiwan 2/.....	4,552	24	53	7
Mexico.....	1,376	7	16	2
Venezuela.....	630	3	7	1
Thailand.....	508	3	6	1

1/ Not applicable.

2/ Taiwan will lose GSP eligibility in January 1989.

Note.—The countries shown in this table include the top 4 GSP suppliers in 1987.



IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Taiwan for all digest products

---

Ranking as a U.S. import supplier, 1987..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes  No

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

Can production in the country be easily expanded or

contracted in the short term?..... Yes  No

Does the country have significant export markets

besides the United States?..... Yes  No

Could exports from the country be readily

redistributed among its foreign export markets?..... Yes  No

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

Price level compared with:

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

Other foreign products..... Above  Equivalent  Below

Quality compared with:

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

Other foreign products..... Above  Equivalent  Below

---

Comment: In 1986, there were four known Taiwan manufacturers of carbon steel butt-weld fittings: Rigid Industries, Chup Hsin Enterprises, Gei Bey Corp., and Chung Ming Pipe Fitting Manufacturing Co., Ltd. These four companies account for about 95 percent of Taiwan exports to the United States. Taiwan will be graduated from the GSP program in January 1989. In 1986, the capacity utilization rate of the Taiwan industry was high. Although recent enactment of pollution control regulations by the Taiwan Government may prompt an immediate decline in utilization, over the long run, the industry plans significant capacity expansion.

In the United States, pipe fittings used for a given application must meet standards established by the American Society for Testing and Materials (ASTM) and the American National Standards Institute (ANSI). Any imports that expect to compete in the U.S. market must also meet these standards, so there is generally uniformity in product quality for a particular end use.

Important considerations for buying decisions, other than price and quality, are the reliability of the supplier, the ability of a supplier to make prompt delivery, and warranty or service terms. Other factors include whether the supplier is a traditional or alternate source of supply, the availability of a complete product line, and the transport costs. Generally U.S. producers of butt-weld pipe fittings rank favorably when all of the considerations are taken into account. The main reasons why U.S. produced fittings are chosen over Taiwan fittings are

IV. Competitiveness profiles, GSP suppliers—Continued

because domestic sources are generally a more reliable source of supply and provide support personnel; in addition distributors' purchase decision are also influenced by the need to be consistent with the Buy American policies of some customers.

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1987..... 5

Price elasticity:

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

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X  
Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_  
Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Comment: The principal Mexican exporter of butt-weld pipe fittings to the United States is T.T. de Mexico, S.A. de C.V., which is wholly-owned by a Mexican company that is in turn privately held by Mexican and American interests. T.T. de Mexico operates a plant in Chicoloapan, Mexico, where steel pipe is forged, machined, and finished to ASTM and ANSI industrial standards. Although the company has traditionally sold butt-weld fittings only in Mexico it began exporting to the United States in 1986 allegedly due to weakened domestic demand. The reasons why a U.S. consumer would be willing to pay more for domestic fittings than Mexican fittings are the same as that for Taiwan.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Venezuela for all digest products

---

Ranking as a U.S. import supplier, 1987..... 9  
Price elasticity:  
Can the U.S. purchaser easily shift among this  
and other suppliers?..... Yes X No \_\_\_  
What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_  
Can production in the country be easily expanded or  
contracted in the short term?..... Yes X No \_\_\_  
Does the country have significant export markets  
besides the United States?..... Yes \_\_\_ No X  
Could exports from the country be readily  
redistributed among its foreign export markets?..... Yes \_\_\_ No X  
What is the price elasticity of import supply?.... High X Moderate \_\_\_ Low \_\_\_  
Price level compared with:  
U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X  
Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_  
Quality compared with:  
U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_  
Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

---

Comment: Venezuela has several steel mills that produce the seamless pipe required for butt-weld fittings, the largest being Sidor, which has an annual finished steel capacity of 3.7 million tons. There was no specific information available on fittings production by integrated mills nor on companies specializing in conversion. The reasons why a U.S. consumer would be willing to pay more for domestic butt-weld fittings than Venezuelan fittings are the same as those for Taiwan and Mexico.

V. Position of interested parties

Petitioner.—The petitioner, the U.S. Butt-Weld Fittings Committee (an ad hoc association of domestic butt-weld pipe fittings manufacturers), feels that the carbon steel butt-weld fittings industry has not yet recovered from the distressed economic condition documented by the Commission in recent antidumping investigations. Because of this, the petitioner feels that the industry is vulnerable to import competition, particularly competition from GSP imports. Thus, although elements of the industry's economic health have improved recently, the U.S. industry has yet to realize a reasonable profit. This is allegedly because of continued price suppression attributable in part to GSP imports. For this reason, the petitioner requests that carbon steel butt-weld pipe fittings no longer be granted duty-free status under the GSP.

Opposition.—The Government of Thailand opposes the petition to remove butt-weld pipe fittings from GSP eligibility because GSP treatment is allegedly essential to Thailand's new butt-weld pipe fittings industry and the U.S. industry is not (as claimed) being harmed by imports. Furthermore, the Government of Thailand states that the U.S. butt-weld pipe fittings industry is not import sensitive as claimed by the petitioner.

T.T. de Mexico (the principal Mexican exporter of butt-weld fittings to the United States) opposes the Petitioners' request to remove carbon steel butt-weld pipe fittings from the list of articles eligible for GSP treatment because they allege that: (i) in some cases competition between domestic and imported articles is based on price but this is not sufficient evidence that butt-weld fittings are "import sensitive" as claimed by the petitioner (ii) because T.T. de Mexico accounts for only a small part of the U.S. market, continuing GSP benefits for butt-weld pipe fittings from Mexico would not have a detrimental effect on the U.S. industry or U.S. consumers, (iii) because the company's profit margin for butt-weld fittings sold in the United States approximates the U.S. duty, it could not compete in the U.S. market if GSP benefits are withdrawn, and (iv) if T.T. de Mexico were to curtail or eliminate exports to the U.S. market there would be severe economic consequences for T.T., its American investor, and the Mexican economy.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

**Digest Title: Butt-weld Pipe Fittings**  
**U.S. imports for consumption, principal sources, 1983-87**

Source	1983	1984	1985	1986	1987
<b>Quantity (pounds)</b>					
Taiwan.....	5,951,546	9,319,746	14,346,300	13,126,222	8,571,866
France.....	4,785,058	5,397,999	1,144,882	2,026,305	7,155,808
West Germany.....	470,683	936,715	2,909,789	2,256,779	4,578,842
Mexico.....	0	0	0	13,345	3,015,373
China.....	0	0	39,848	38,195	2,380,934
Venezuela.....	0	8,852	0	341,071	2,254,398
Italy.....	626,256	1,127,992	1,460,323	1,136,516	2,132,642
United Kingdom...	1,174,641	3,608,835	1,905,327	240,827	2,116,111
Japan.....	19,497,761	29,223,223	22,766,766	20,684,951	1,253,119
Thailand.....	0	0	0	0	1,104,952
Romania.....	0	0	36,658	226,918	1,019,363
Austria.....	133,702	495,325	183,440	625,890	787,672
Korea.....	140,672	152,219	271,965	724,748	395,159
Netherlands.....	140	85,952	138,106	99,147	285,658
Brazil.....	111,231	1,631,142	3,171,202	3,201,603	260,516
All other.....	470,127	448,722	393,002	350,428	726,941
<b>Total.....</b>	<b>33,361,817</b>	<b>52,436,722</b>	<b>48,767,608</b>	<b>45,092,945</b>	<b>38,039,354</b>
<b>GSP Total....</b>	<b>6,328,717</b>	<b>11,345,835</b>	<b>18,062,985</b>	<b>17,502,626</b>	<b>16,029,757</b>
<b>GSP-4.....</b>	<b>236,499</b>	<b>1,873,670</b>	<b>3,404,104</b>	<b>3,651,656</b>	<b>7,035,596</b>
<b>Percent</b>					
Taiwan.....	17.8	17.8	29.4	29.1	22.5
France.....	14.3	10.3	2.3	4.5	18.8
West Germany.....	1.4	1.8	6.0	5.0	12.0
Mexico.....	.0	.0	.0	1/	7.9
China.....	.0	.0	.1	.1	6.3
Venezuela.....	.0	1/	.0	.8	5.9
Italy.....	1.9	2.2	3.0	2.5	5.6
United Kingdom...	3.5	6.9	3.9	.5	5.6
Japan.....	58.4	55.7	46.7	45.9	3.3
Thailand.....	.0	.0	.0	.0	2.9
Romania.....	.0	.0	.1	.5	2.7
Austria.....	.4	.9	.4	1.4	2.1
Korea.....	.4	.3	.6	1.6	1.0
Netherlands.....	1/	.2	.3	.2	.8
Brazil.....	.3	3.1	6.5	7.1	.7
All other.....	1.4	.9	.8	.8	1.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>19.0</b>	<b>21.6</b>	<b>37.0</b>	<b>38.8</b>	<b>42.1</b>
<b>GSP-4.....</b>	<b>.7</b>	<b>3.6</b>	<b>7.0</b>	<b>8.1</b>	<b>18.5</b>

1/ Less than 0.1 percent.

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

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

Digest Title: Butt-weld Pipe Fittings  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Taiwan.....	3,281	4,635	7,442	6,679	4,552
France.....	1,691	2,160	544	1,051	3,031
West Germany.....	311	479	1,356	1,485	2,563
United Kingdom...	490	1,278	1,003	223	1,391
Mexico.....	0	0	0	13	1,376
Italy.....	502	810	1,347	978	1,371
Japan.....	10,158	14,398	13,822	12,703	913
China.....	0	0	15	13	890
Venezuela.....	0	21	0	36	630
Thailand.....	0	0	0	0	508
Austria.....	81	164	82	306	486
Romania.....	0	0	11	62	301
Korea.....	45	312	201	252	216
Israel.....	49	54	13	80	161
Canada.....	58	47	35	77	159
All other.....	196	988	1,627	1,517	464
<b>Total.....</b>	<b>16,862</b>	<b>25,346</b>	<b>27,498</b>	<b>25,475</b>	<b>19,011</b>
<b>GSP Total....</b>	<b>3,431</b>	<b>5,825</b>	<b>9,136</b>	<b>8,371</b>	<b>7,661</b>
<b>GSP-4.....</b>	<b>105</b>	<b>877</b>	<b>1,468</b>	<b>1,439</b>	<b>2,883</b>
Percent					
Taiwan.....	19.5	18.3	27.1	26.2	23.9
France.....	10.0	8.5	2.0	4.1	15.9
West Germany.....	1.8	1.9	4.9	5.8	13.5
United Kingdom...	2.9	5.0	3.6	.9	7.3
Mexico.....	.0	.0	.0	.1	7.2
Italy.....	3.0	3.2	4.9	3.8	7.2
Japan.....	60.2	56.8	50.3	49.9	4.8
China.....	.0	.0	.1	.1	4.7
Venezuela.....	.0	.1	.0	.1	3.3
Thailand.....	.0	.0	.0	.0	2.7
Austria.....	.5	.6	.3	1.2	2.6
Romania.....	.0	.0	1/	.2	1.6
Korea.....	.3	1.2	.7	1.0	1.1
Israel.....	.3	.2	1/	.3	.8
Canada.....	.3	.2	.1	.3	.8
All other.....	1.2	3.9	5.9	6.0	2.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>20.3</b>	<b>23.0</b>	<b>33.2</b>	<b>32.9</b>	<b>40.3</b>
<b>GSP-4.....</b>	<b>.6</b>	<b>3.5</b>	<b>5.3</b>	<b>5.6</b>	<b>15.2</b>

1/ Less than \$500 or less than 0.1 percent.

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

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



Digest Title: Butt-weld Pipe Fittings  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Source	1983	1984	1985	1986	1987
Quantity (pounds)					
Canada.....	499,939	358,281	257,208	91,853	116,926
Mexico.....	365,281	102,152	245,708	88,631	72,437
Taiwan.....	32,237	2,215	469	45	34,984
Korea.....	387,764	14,863	41,253	19,772	22,407
India.....	2,831	557	821	1,451	16,847
Trin & Tobago....	19,425	0	0	0	8,632
Suriname.....	31	0	0	0	8,613
Indonesia.....	36,070	9,198	0	5,939	6,143
Saudi Arabia....	509,196	119,110	82,033	8,179	5,871
United Arab Em...	33,497	19,928	15,559	4,614	5,778
Panama.....	0	491	3,957	1,430	5,476
New Zealand.....	1,531	852	0	684	4,044
Kuwait.....	4,873	55	5,203	18,062	4,018
Australia.....	77,964	7,610	1,894	17,076	2,562
Yugoslavia.....	69	0	0	18	1,950
All other.....	508,984	263,617	82,916	473,327	10,568
Total.....	2,479,692	898,929	737,021	731,081	327,256
GSP Total....	1,197,493	314,414	358,490	140,591	184,807
GSP-4.....	766,534	297,307	315,948	119,714	126,096
Percent					
Canada.....	20.2	39.9	34.9	12.6	35.7
Mexico.....	14.7	11.4	33.3	12.1	22.1
Taiwan.....	1.3	.2	.1	1/	10.7
Korea.....	15.6	1.7	5.6	2.7	6.8
India.....	.1	.1	.1	.2	5.1
Trin & Tobago....	.8	.0	.0	.0	2.6
Suriname.....	1/	.0	.0	.0	2.6
Indonesia.....	1.5	1.0	.0	.8	1.9
Saudi Arabia....	20.5	13.3	11.1	1.1	1.8
United Arab Em...	1.4	2.2	2.1	.6	1.8
Panama.....	.0	.1	.5	.2	1.7
New Zealand.....	.1	.1	.0	.1	1.2
Kuwait.....	.2	1/	.7	2.5	1.2
Australia.....	3.1	.8	.3	2.3	.8
Yugoslavia.....	1/	.0	.0	1/	.6
All other.....	20.5	29.3	11.3	64.7	3.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total....	48.3	35.0	48.6	19.2	56.5
GSP-4.....	30.9	33.1	42.9	16.4	38.5

1/ Less than 0.1 percent.

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

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

Digest Title: Butt-weld Pipe Fittings  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Canada.....	1,460	929	731	400	459
Korea.....	770	190	460	363	419
United Arab Em...	373	488	517	241	295
Mexico.....	1,130	348	837	270	244
Kuwait.....	230	2	233	427	211
Saudi Arabia.....	1,538	598	375	145	105
India.....	179	23	59	49	100
Taiwan.....	95	3	23	3	99
Pakistan.....	36	43	86	50	92
Oman.....	194	0	0	19	41
Israel.....	28	114	55	65	34
New Zealand.....	26	7	0	3	26
Qatar.....	22	29	13	14	23
Suriname.....	1	0	0	0	18
France.....	13	7	3	31	14
All other.....	2,051	586	342	682	101
<b>Total.....</b>	<b>8,146</b>	<b>3,368</b>	<b>3,733</b>	<b>2,761</b>	<b>2,280</b>
<b>GSP Total....</b>	<b>3,324</b>	<b>1,057</b>	<b>1,695</b>	<b>1,004</b>	<b>1,087</b>
<b>GSP-4.....</b>	<b>2,416</b>	<b>862</b>	<b>1,198</b>	<b>636</b>	<b>567</b>
Percent					
Canada.....	17.9	27.6	19.6	14.5	20.1
Korea.....	9.5	5.6	12.3	13.1	18.4
United Arab Em...	4.6	14.5	13.8	8.7	12.9
Mexico.....	13.9	10.3	22.4	9.8	10.7
Kuwait.....	2.8	.1	6.3	15.5	9.3
Saudi Arabia.....	18.9	17.8	10.0	5.3	4.6
India.....	2.2	.7	1.6	1.8	4.4
Taiwan.....	1.2	.1	.6	.1	4.3
Pakistan.....	.4	1.3	2.3	1.8	4.0
Oman.....	2.4	.0	.0	.7	1.8
Israel.....	.3	3.4	1.5	2.4	1.5
New Zealand.....	.3	.2	.0	.1	1.1
Qatar.....	.3	.9	.3	.5	1.0
Suriname.....	<u>1</u>	.0	.0	.0	.8
France.....	.2	.2	.1	1.1	.6
All other.....	25.2	17.4	9.2	24.7	4.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>40.8</b>	<b>31.4</b>	<b>45.4</b>	<b>36.4</b>	<b>47.7</b>
<b>GSP-4.....</b>	<b>29.7</b>	<b>25.6</b>	<b>32.1</b>	<b>23.0</b>	<b>24.9</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

<u>HTS item number</u>	<u>TSUSA item number (and allocation)</u>	<u>TSUSA col.1 rates of duty (AVE)</u>				
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
7307.93.30	610.8800 (100%)	9.4	8.6	7.8	7	6.2



DIGEST NO. 9025.11.20

LIQUID-FILLED CLINICAL THERMOMETERS

Liquid-filled clinical thermometers

I. Introduction

Col. 1 rate of duty: 17%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:   X    
 Country graduation:       
 Competitive-need-limit waiver:       
 Noneligible GSP countries: Brazil  
 Current competitive-need-limit waivers: India  
 Current "sufficiently competitive" designation: Brazil  
 U.S. production on Jan. 3, 1985? Yes   X   No     .

Description and uses: A liquid-filled clinical thermometer, also known as a mercury-in-glass clinical thermometer, is a device for measuring body temperature. Such a thermometer consists essentially of a glass stem tubing, a glass bulb, mercury, and a decal or silk screen scale on the glass stem tubing. Approximately two-third of the thermometers are purchased by medical institutions and the remainder are purchased at retail for household use.

II. U.S. market profile

Profile of U.S. industry and market, 1983-87

Item	1983	1984	1985	1986	1987	Percentage change over period 1/
Producers (number).....	*5	*4	*4	*3	*3	(12)
Employment .....	*640	*615	*540	*515	[***]	[***]
Shipments (1,000 dollars).....	**16,600	**16,900	**15,200	**12,900	[***]	[***]
Exports (1,000 dollars).....	258	264	235	245	255	2/
Imports (1,000 dollars).....	389	1,549	2,715	4,966	5,789	96
Consumption (1,000 dollars).....	**16,731	**18,185	**17,680	**17,621	[***]	[***]
Import-to-consumption ratio (percent) ..	**2	**9	**15	**28	[***]	[***]
Capacity utilization (percent).....	**85	**86	**88	**72	[***]	[***]

1/ This figure represents the average annual compound rate of change over 1983-87.

2/ Less than 0.5 percent.

Comment: Of the remaining U.S. producers of liquid-filled clinical thermometers, the petitioner manufactures the bulk of total U.S. production (in 1988 only two U.S. companies are still producing clinical thermometers). The marked decrease in the number of people employed by the clinical thermometer industry in the United States reflects primarily the decline in the number of producers and improved productivity. The production process is highly labor intensive, but both the U.S. producers and the foreign producers in Brazil and in India utilize the most advanced production processes available. Consequently, there are virtually no differences in the quality between the U.S. produced thermometers and those imported from Brazil and India. The U.S. manufacturers of thermometers are relatively small companies when compared with the U.S. distributors of the thermometers imported from Brazil and India. The clinical thermometers produced in Brazil are manufactured by a [ \*\*\* ], and those produced in India are imported by the Sherwood Medical Co.; the latter company has obligated itself to procure [ \*\*\* ]. The U.S. distributors of the imported thermometers have a marked price advantage, primarily because of the lower production costs in the two countries. U.S. distributors also have a notable distribution advantage, since both distributors are also major producers and distributors of large numbers of medical products in the United States.

III. GSP import situation, 1987

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 <u>units</u>			
Total.....	15,910	100	1/	[*** ]
Imports from GSP countries,				
total.....	15,691	99	100	[*** ]
India.....	13,344	84	85	[*** ]
Brazil.....	2,108	13	13	[*** ]
Colombia.....	137	1	1	[***]
Taiwan 2/.....	40	3/	3/	[***]
	1,000 <u>dollars</u>			
Total.....	5,789	100	1/	[*** ]
Imports from GSP countries,				
total.....	5,454	94	100	[*** ]
India.....	4,205	73	77	[*** ]
Brazil.....	1,127	19	21	[*** ]
Colombia.....	59	1	1	[***]
Taiwan 2/.....	38	1	3/	[***]

1/ Not applicable.

2/ Taiwan will lose GSP eligibility on Jan. 1, 1989.

3/ [ \* \* \* ]

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

Comment: In the General Review, Brazil was found sufficiently competitive with respect to clinical thermometers and was subjected to reduced competitive-need limits. As a result, Brazil lost GSP eligibility for the item on July 1, 1987. Consequently, total duty-free imports from Brazil under GSP provisions in 1987 amounted to 270,000 units, valued at \$138,000, down from 2.8 million units, valued at \$1.5 million in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for India for all digest products

---

Ranking as a U.S. import supplier, 1987..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No \_\_\_

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

Can production in the country be easily expanded or

contracted in the short term?..... Yes X No \_\_\_

Does the country have significant export markets

besides the United States?..... Yes \_\_\_ No X

Could exports from the country be readily

redistributed among its foreign export markets?..... Yes \_\_\_ No X

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

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below X

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

---

Comments: It is believed that the price level of the clinical thermometers imported from India is lower than those imported from Brazil and those produced in the United States, primarily because of India's overall lower production cost.



Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1987..... 2

Price elasticity:

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

Price level compared with:

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

Quality compared with:

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

Comments: The price level of the clinical thermometers imported from Brazil is higher than those imported from India but lower than those produced in the United States, primarily because Brazil's overall production cost is higher than the overall production cost in India, but lower than the overall production cost in the United States.

V. Position of interested parties

Petitioner.—Florida Medical Industries, Inc., is the primary U.S. producer of liquid-filled thermometers. The petitioner alleges that removal of GSP eligibility for clinical thermometers is warranted because of the extensive injury to the U.S. industry because of increasing import penetration. The availability of duty-free GSP treatment and price undercutting has depressed thermometer prices in the U.S. market. As a result, the GSP imports' share of the U.S. market for clinical thermometers has increased from less than 2 percent in 1983 to 45 percent in 1987, in terms of quantity, thereby causing declining employment in the U.S. industry, lower market share, and deteriorating profits. It is further alleged that clinical thermometers from India, the leading foreign supplier, reportedly are being sold in the United States for 36 cents per thermometer, which is lower than Florida Medical's direct cost of production of the same thermometer.

Opposition.—The Embassy of India and Pond's India allege that withdrawal of its GSP eligibility on mercury-in-glass clinical thermometers would be inconsistent with the objective of the GSP program to promote the economic development of eligible beneficiary countries, and greatly endanger the entire operation of Pond's India Ltd., the only Indian producer of clinical thermometers. It is further alleged that in the absence of GSP treatment, Pond's India Ltd. would be unable to compete in the U.S. market. Pond's India has a long-term sales contract with Sherwood Medical Co. of St. Louis, MO, and the withdrawal of GSP eligibility would jeopardize the contractual relationship with its only U.S. customer. It is further stated that in 1987 Pond's India Ltd. purchased 1.2 million dollars' worth of American-made goods that were used in the production of clinical thermometers, and if production of clinical thermometers were to cease as a result of removal of India's GSP eligibility the resultant effect could be a net loss in American exports of at least \$1.2 million.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Digest Title: Clinical Thermometers  
 U.S. Imports for consumption, principal sources, 1983-87

HS item No.  
 9025.11.20

Source	1983	1984	1985	1986	1987
Quantity (in units)					
India.....	5,100	1,267,959	6,868,190	10,763,092	13,344,199
Brazil.....	451,163	1,512,966	1,393,600	2,763,387	2,107,888
Japan.....	22,400	130,054	151,100	270,649	189,835
Colombia.....	52,016	60,000	2,500	135,360	136,868
Hong Kong.....	0	23,254	0	102,236	45,596
Taiwan.....	11,000	15,702	35,616	13,104	40,241
Canada.....	0	4,808	0	0	12,000
Panama.....	0	0	0	0	10,000
United Kingdom...	2,725	1,450	0	8,500	9,495
Netherlands.....	0	0	0	0	8,490
China.....	0	0	0	3,000	6,094
Sweden.....	0	2	0	0	0
Finland.....	375	600	0	0	0
Ireland.....	0	0	26	0	0
France.....	0	0	0	750	0
All other.....	42,700	13,071	177,520	241,036	0
<b>Total.....</b>	<b>587,479</b>	<b>3,022,866</b>	<b>8,628,552</b>	<b>14,301,114</b>	<b>15,910,908</b>
GSP Total....	536,959	2,879,881	8,299,906	13,824,679	15,684,792
GSP-4.....	508,679	2,840,925	8,264,290	13,661,839	15,598,955
Percent					
India.....	.9	41.8	79.6	75.3	83.9
Brazil.....	76.8	49.9	16.2	19.3	13.2
Japan.....	3.8	4.3	1.8	1.9	1.2
Colombia.....	8.9	2.0	1/	.9	.9
Hong Kong.....	.0	.8	.0	.7	.3
Taiwan.....	1.9	.5	.4	.1	.3
Canada.....	.0	.2	.0	.0	.1
Panama.....	.0	.0	.0	.0	.1
United Kingdom...	.5	1/	.0	.1	.1
Netherlands.....	.0	.0	.0	.0	.1
China.....	.0	.0	.0	1/	1/
Sweden.....	.0	1/	.0	.0	.0
Finland.....	.1	1/	.0	.0	.0
Ireland.....	.0	.0	1/	.0	.0
France.....	.0	.0	.0	1/	.0
All other.....	7.3	.4	2.1	1.7	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	91.4	95.0	96.2	96.7	98.6
GSP-4.....	86.6	93.8	95.8	95.5	98.0

1/ Less than 0.1 percent.

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

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

Digest Title: Clinical Thermometers  
 U.S. imports for consumption, principal sources, 1983-87

HS item No.  
 9025.11.20

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
India.....	2	353	1,741	2,915	4,205
Brazil.....	301	1,003	821	1,498	1,127
Japan.....	11	94	86	264	317
Colombia.....	35	60	2	134	59
Taiwan.....	12	18	15	28	38
Hong Kong.....	0	25	0	34	17
Netherlands.....	0	0	0	0	12
Panama.....	0	0	0	0	4
United Kingdom...	7	2	0	10	4
China.....	0	0	0	2	3
Canada.....	0	5	0	0	2
Sweden.....	0	1	0	0	0
Finland.....	1	2	0	0	0
Ireland.....	0	0	1	0	0
France.....	0	0	0	6	0
All other.....	21	7	48	75	0
<b>Total.....</b>	<b>389</b>	<b>1,549</b>	<b>2,715</b>	<b>4,966</b>	<b>5,789</b>
GSP Total....	356	1,438	2,579	4,636	5,452
GSP-4.....	339	1,395	2,563	4,547	5,396
Percent					
India.....	.4	22.8	64.1	58.7	72.6
Brazil.....	77.3	64.8	30.2	30.2	19.5
Japan.....	2.7	6.1	3.2	5.3	5.5
Colombia.....	8.9	2.6	.1	2.7	1.0
Taiwan.....	3.0	1.2	.6	.6	.7
Hong Kong.....	.0	1.6	.0	.7	.3
Netherlands.....	.0	.0	.0	.0	.2
Panama.....	.0	.0	.0	.0	.1
United Kingdom...	1.8	.1	.0	.2	.1
China.....	.0	.0	.0	1/	1/
Canada.....	.0	.3	.0	.0	1/
Sweden.....	.0	1/	.0	.0	.0
Finland.....	.3	.1	.0	.0	.0
Ireland.....	.0	.0	1/	.0	.0
France.....	.0	.0	.0	.1	.0
All other.....	5.5	.4	1.8	1.5	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	91.5	92.9	95.0	93.4	94.2
GSP-4.....	87.0	90.1	94.4	91.6	93.2

1/ Less than \$500 or less than 0.1 percent.

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

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

Digest Title: Clinical Thermometers  
 U.S. exports of domestic merchandise, by principal markets, 1983-87

HS item No.  
 9025.11.20

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Canada.....	77	91	82	69	86
United Kingdom...	22	21	27	28	25
Japan.....	9	14	14	12	12
France.....	5	4	5	8	10
Italy.....	5	6	9	6	9
West Germany.....	8	6	6	8	9
Belgium & Luxem..	2	2	1	5	8
Sweden.....	2	2	2	5	7
Brazil.....	3	3	3	3	7
Mexico.....	23	27	21	16	7
Taiwan.....	3	3	2	4	6
Korea.....	9	9	4	4	6
Australia.....	5	7	4	6	5
Netherlands.....	8	5	6	7	5
Switzerland.....	2	3	2	1	4
All other.....	74	62	48	63	50
<b>Total.....</b>	<b>258</b>	<b>264</b>	<b>235</b>	<b>245</b>	<b>255</b>
GSP Total....	85	75	55	63	55
GSP-4.....	66	57	45	50	38
Percent					
Canada.....	30.1	34.6	34.7	28.1	33.8
United Kingdom...	8.7	7.9	11.4	11.3	9.6
Japan.....	3.6	5.4	5.7	4.8	4.8
France.....	1.8	1.6	2.0	3.3	3.9
Italy.....	1.7	2.2	3.8	2.3	3.5
West Germany.....	3.0	2.4	2.6	3.1	3.4
Belgium & Luxem..	.9	.6	.4	1.9	3.3
Sweden.....	.9	.7	1.0	2.0	2.8
Brazil.....	1.1	1.1	1.1	1.4	2.7
Mexico.....	9.0	10.2	8.9	6.7	2.6
Taiwan.....	1.3	1.1	1.0	1.7	2.4
Korea.....	3.6	3.4	1.7	1.8	2.3
Australia.....	1.9	2.5	1.9	2.5	2.1
Netherlands.....	3.1	2.0	2.4	2.7	1.8
Switzerland.....	.6	1.0	.9	.6	1.7
All other.....	28.6	23.4	20.5	25.6	19.5
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	32.9	28.2	23.5	25.9	21.5
GSP-4.....	25.8	21.4	19.2	20.4	15.0

1/ Less than \$500 or less than 0.1 percent.

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

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

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

<u>HTS item number</u>	<u>TSUSA item number (and allocation)</u>	<u>TSUSA col.1 rates of duty (AVE)</u>				
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
9025.11.20	711.3100 (100%)	31.2	28.3	25.5	22.7	19.8

Section 1: Introduction

The first part of the document discusses the importance of maintaining accurate records and the role of the committee in ensuring compliance with the relevant regulations.

The second part of the document outlines the specific procedures to be followed in the event of a breach of the regulations, including the steps to be taken to investigate and resolve the issue.



DIGEST NO. 9503.90.50

INFLATABLE TOY BALLS, BALLOONS, AND PUNCBALLS

Inflatable toy balls, balloons and punchballs

I. Introduction

Col. 1 rate of duty: 6.8%

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation:

Competitive-need-limit waiver:  (Countries—Mexico)

Noneligible GSP countries: None.

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: Mexico 1/

U.S. production on Jan. 3, 1985? Yes  No .

Description and uses: Inflatable toy balls are nonsports balls made of rubber or plastics, including both reinflatable balls, such as vinyl beach balls, and other play balls of rubber or vinyl that use contained air to define their shape. Balloons may be made of latex rubber or plastic (mylar). Latex balloons, which can be filled with either air or helium, are limited to a small number of standard shapes, and are sold uninflated in packages or inflated (usually with helium), for use as toys, balloon bouquets, and advertising premiums. Mylar balloons, which are more expensive than latex, are made by fusing two mylar sheets and may take a wide variety of shapes. Mylar balloons are most commonly filled with helium, and sold inflated singly or in bunches as toys or gifts. Some small mylar balloons are filled with air and sold as decorations. Punchballs are children's toys made similarly to latex balloons, except that they have thicker walls and usually have an attached elastic tether.

II. U.S. market profile

Profile of U.S. industry and market, 1983-87

Item	1983	1984	1985	1986	1987	Percentage change over period 1/
Producers (number).....	*12	*12	*12	*13	*13	2
Employment (employees).....	*1,100	*1,000	*1,000	*950	*900	(3)
Shipments (1,000 dollars).....	*80,500	88,000	98,000	107,000	117,500	10
Exports (1,000 dollars).....	278	276	261	358	527	17
Imports (1,000 dollars).....	10,684	12,187	13,952	19,340	24,463	23
Consumption (1,000 dollars).....	*90,906	*99,911	*111,691	*125,982	*141,436	12
Import-to-consumption ratio (percent)...	*12	*12	*12	*15	*17	*9
Capacity utilization (percent).....	*90	*90	*92	*95	*95	*1

1/ This figure represents the average annual compound rate of change over 1983-87.

1/ Mexico currently is subject to a Competitive-Need-Limit (CNL) of 25 percent.

Comment: There are approximately four inflatable toy ball manufacturers and nine domestic balloon manufacturers. There are two major latex balloon producers, one of which is also a major producer of mylar balloons, one other major mylar balloon producer, and a number of mid-sized producers of each type. Domestic manufacturers are concentrated in the Midwest. Most manufacturers are reportedly operating near full capacity, some operating two shifts, 6 days per week. The number of firms has remained relatively stable over the past five years. Mylar balloons are a fast-growing segment of the industry, with sales estimated at about \$50 million in 1987, up from around \$24 million in 1983, so that now, mylar balloons sales total nearly one-half of the value of balloons sold. In this segment, three domestic firms hold nearly one-half of the domestic market.

U.S. consumption is supplied by domestic manufacturers that concentrate on higher quality, thicker walled balloons; foreign manufacturers that generally produce thinner walled balloons of generally lower quality, or of inconsistent quality; and "converters," or domestic wholesalers, distributors, and packagers that mostly supply foreign-produced balloons. The lack of automation in the domestic industry is one of its competitive weaknesses; there is strong competition from foreign producers that either have lower wage costs or are more automated. The domestic producers have recognized this competition and some plan to avoid it by entering the "decorator," or "bouquet" segment, a growing market niche that does not currently compete directly with imports. This segment includes high-quality, multicolored balloons, not commonly imported, that are used in balloon sculpture, balloon bouquets, festive decorations, etc.

III. GSP import situation, 1987

<u>Item</u>	<u>Imports</u> <u>1,000</u> <u>dollars</u>	<u>Percent of</u> <u>total imports</u>	<u>Percent of</u> <u>GSP imports</u>	<u>Percent of</u> <u>U.S. consumption</u>
Total.....	24,463	100	-	17
Imports from GSP countries,				
total.....	19,296	79	100	14
Taiwan.....	9,263	38	48	7
Mexico.....	5,500	22	29	4
Korea.....	2,065	8	11	1
Brazil.....	1,137	5	6	1

Note.—The countries shown in the table include the top 4 GSP suppliers in 1987 and any additional countries proposed for "graduation" or "waiver."

Comment: Imports of inflatable toy balls, balloons, and punchballs grew at an average annual rate of 23 percent from 1983 to 1987. Growth of U.S. imports of inflatable toy balls led those of balloons, increasing at an average of 28 percent annually to \$10 million in 1987. Balloon and punchball imports grew at a rate of 20 percent annually to \$14 million. Balloon imports from Mexico totaled \$5 million in 1987, and inflatable toy ball imports totaled \$338,000, or 6 percent of total digest imports from Mexico. Most of the value of imports from Taiwan, 81 percent, were of inflatable toy balls, Korean imports were 89 percent balloons, and Brazilian imports were 96 percent balloons. Taiwan and Korea will both lose GSP eligibility on all products on January 1, 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

---

Ranking as a U.S. import supplier, 1987..... 2

Price elasticity:

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

Price level compared with:

- U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X
- Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

- U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X
- Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

---

Comment: It is reported that balloon imports from Mexico have improved substantially in quality and uniformity. This is partly because the major Mexican producer of latex balloons, reportedly the largest in the world in terms of shipments, although previously lagging in manufacturing expertise, now operates a highly automated facility capable of making a product of competitive quality. Mexico is also the site of a U.S.-owned mylar balloon facility and is the only country currently shipping mylar balloons to the United States in commercial quantities.

V. Position of interested parties

Petitioner.—American Imports, Inc., of Irvine, CA. According to petitioner's counsel, American Imports is the sole U.S. importer of latex balloons and punchballs from Mexico, specifically, from Latex Occidental, S.A. de C.V., in Guadalajara, Mexico, the sole Mexican producer of these products. The petitioner is seeking a competitive-need waiver for these products to assure the continued GSP duty-free treatment for Mexican balloons and punchballs. Petitioner believes that imported products do not compete directly with domestic products, because of their lower quality, and because they distribute through wholesalers rather than retailers, and that they sell to the "party" goods segment of the industry not serviced by domestic manufacturers.

Opposition.—National Latex Co., of Ashland, OH, stated in their brief that granting a competitive-need-limit (CNL) waiver will enable the sole Mexican producer of balloons to make further inroads into the U.S. latex balloon market. In their brief, they allege that, despite countervailing duties levied because of Mexican Government subsidies, Mexican producers continue to be a strong competitor.

Opposition.—The Hedstrom Corp., of Ashland, OH, states in their brief that granting a CNL waiver for Mexican goods would affect items "far exceeding the scope of their respective interests," specifically, inflatable toy balls and noninflatable toy balls.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Digest Title: Inflatable Toy Balls, Balloons & Punch Balls  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Taiwan.....	4,212	5,283	6,015	8,609	9,263
Mexico.....	4,963	4,647	4,453	4,777	5,500
Korea.....	188	179	629	1,181	2,065
Canada.....	556	751	1,108	1,533	1,948
Belgium & Luxem..	12	49	311	886	1,169
Brazil.....	70	195	484	752	1,137
Thailand.....	73	47	46	100	942
China.....	57	107	144	129	593
Netherlands.....	1/	0	29	2	530
Hong Kong.....	92	89	101	507	274
Italy.....	84	182	108	93	230
Australia.....	1	186	109	193	224
West Germany.....	22	59	66	241	116
Japan.....	220	296	215	186	115
United Kingdom...	21	14	8	8	109
All other.....	114	104	127	142	248
<b>Total.....</b>	<b>10,684</b>	<b>12,187</b>	<b>13,952</b>	<b>19,340</b>	<b>24,463</b>
GSP Total....	9,674	10,467	11,772	15,970	19,296
GSP-4.....	5,182	4,916	5,027	5,670	7,643
Percent					
Taiwan.....	39.4	43.3	43.1	44.5	37.9
Mexico.....	46.4	38.1	31.9	24.7	22.5
Korea.....	1.8	1.5	4.5	6.1	8.4
Canada.....	5.2	6.2	7.9	7.9	8.0
Belgium & Luxem..	.1	.4	2.2	4.6	4.8
Brazil.....	.7	1.6	3.5	3.9	4.6
Thailand.....	.7	.4	.3	.5	3.8
China.....	.5	.9	1.0	.7	2.4
Netherlands.....	1/	.0	.2	1/	2.2
Hong Kong.....	.9	.7	.7	2.6	1.1
Italy.....	.8	1.5	.8	.5	.9
Australia.....	1/	1.5	.8	1.0	.9
West Germany.....	.2	.5	.5	1.2	.5
Japan.....	2.1	2.4	1.5	1.0	.5
United Kingdom...	.2	.1	.1	1/	.4
All other.....	1.1	.9	.9	.7	1.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	90.5	85.9	84.4	82.6	78.9
GSP-4.....	48.5	40.3	36.0	29.3	31.2

1/ Less than \$500 or less than 0.1 percent.

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

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



Digest Title: Inflatable Toy Balls, Balloons & Punch Balls  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
United Kingdom...	22	27	21	30	169
Canada.....	98	92	74	92	93
West Germany.....	14	21	21	50	52
Mexico.....	4	8	18	23	43
Japan.....	17	5	18	18	25
Hong Kong.....	4	5	8	8	19
Italy.....	11	6	5	7	10
Panama.....	11	7	4	7	8
Taiwan.....	2	1/	3	9	7
Paraguay.....	1	1/	1/	2	7
Ecuador.....	2	3	6	3	6
Dominican Rep....	2	4	6	5	6
Australia.....	4	22	7	6	5
Venezuela.....	1/	6	8	23	5
France.....	2	1	1	3	5
All other.....	87	68	61	72	69
<b>Total.....</b>	<b>278</b>	<b>276</b>	<b>261</b>	<b>358</b>	<b>527</b>
GSP Total....	70	83	91	110	131
GSP-4.....	64	77	76	91	103
Percent					
United Kingdom...	7.8	9.7	7.9	8.4	32.0
Canada.....	35.0	33.3	28.4	25.7	17.7
West Germany.....	4.9	7.7	7.9	14.0	9.8
Mexico.....	1.4	2.9	6.9	6.3	8.1
Japan.....	6.2	1.7	7.0	5.1	4.7
Hong Kong.....	1.3	1.9	3.0	2.2	3.5
Italy.....	3.9	2.2	2.0	2.0	1.8
Panama.....	4.0	2.6	1.4	2.0	1.4
Taiwan.....	.7	1/	1.1	2.4	1.3
Paraguay.....	.2	1/	1/	.5	1.2
Ecuador.....	.6	1.3	2.1	.9	1.2
Dominican Rep....	.7	1.4	2.3	1.5	1.1
Australia.....	1.4	7.9	2.7	1.6	1.0
Venezuela.....	1/	2.1	3.1	6.5	1.0
France.....	.6	.5	.5	.9	1.0
All other.....	31.2	24.6	23.6	20.1	13.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	25.1	29.9	34.8	30.7	24.8
GSP-4.....	22.9	27.7	29.2	25.3	19.6

1/ Less than \$500 or less than 0.1 percent.

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

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

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

<u>HTS item number</u>	<u>TSUSA item number (and allocation)</u>	<u>TSUSA col.1 rates of duty (AVE)</u>				
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
9503.90.50	735.0970 (70%)	-	-	-	5.44	4.8
	735.0990 (70%)	7.2	6.64	6.0	-	-
	735.0995 (70%)	-	-	-	5.44	4.8
	737.9536 (100%)	12.3	10.9	9.6	8.3	-
	737.9836 (100%)	-	-	-	-	7.0

DIGEST NO. 9503.90.60

MISCELLANEOUS TOYS, PARTS, AND ACCESSORIES

Miscellaneous toys, parts and accessories

I. Introduction

Col. 1 rate of duty: 6.8%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Countries—Mexico)  
 Noneligible GSP countries: None  
 Current competitive-need-limit waivers: Macao 2/  
 Current "sufficiently competitive" designation: Mexico 3/  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: This digest covers products under HTS 9503.90.60, miscellaneous toys, except models, not incorporating a motor and not having a spring mechanism, and HTS 9503.90.70, which includes miscellaneous toys having a spring mechanism, and miscellaneous models, parts, and accessories. These goods are used primarily as children's toys.

II. U.S. market profile

Profile of U.S. industry and market, 1983-87

Item	1983	1984	1985	1986	1987	Percentage change over period 1/
Producers (number).....	**100-300	**100-300	**100-300	**100-300	**75-250	<u>2/</u>
Employment (thousand employees)....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Shipments (million dollars).....	**590	**535	**536	**501	**475	** (5)
Exports (million dollars).....	46	50	45	43	54	4
Imports (million dollars).....	239	390	591	548	535	22
Consumption (million dollars).....	**783	**875	**1,082	**1,006	**956	**5
Import-to-consumption ratio (percent).....	**31	**45	**55	**54	**56	**16
Capacity utilization (percent).....	*70	*70	*70	*70	*70	*0

1/ This figure represents the average annual compound rate of change over 1983-87.

2/ Not available.

1/ This digest also includes HTS 9503.90.70.

2/ Macao has been granted a competitive-need limit (CNL) waiver for HTS 9503.90.60.

3/ Mexico currently is subject to a CNL of 25 percent for HTS 9503.90.60.

Comment: There are currently \*\*75 to \*\*250 domestic firms producing digest products; however, the U.S. toy industry, which has become less manufacturing oriented, and more marketing, import, and distribution oriented, has increased its competitiveness by relocating its production offshore or by investing in foreign production facilities in low-wage areas such as Asia and Mexico, or by dealing with foreign contract manufacturers. The U.S. industry does produce toys domestically, but these consist mostly of larger, bulky toys, especially toys of molded plastic, or those of wood or metal where the costs of transportation offset the higher U.S. wage rates. Domestic production is concentrated in California, New York, and New Jersey. The domestic toy manufacturing industry, which has seen declining employment and shipments, has experienced numerous takeovers, mergers, and bankruptcies in the past two years as some large toy firms concentrated on developing "hit" toys which did not develop. During the past two decades, production has generally moved to low-wage rate countries, particularly East Asia. Although U.S. shipments remain sizable, any new growth in consumption is expected to be supplied by imports.

III. GSP import situation, 1987

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	534,814	100	-	56
Imports from GSP countries,				
total.....	384,029	72	100	40
Hong Kong.....	128,637	24	33	13
Taiwan.....	91,196	17	24	10
Macao.....	41,185	8	11	4
Korea.....	39,598	7	10	4
Mexico.....	34,129	6	9	4

Note.—The countries shown in the table include the top 4 GSP suppliers in 1987 and any additional countries proposed for "graduation" or "waiver."

Comment: Imports of digest products in 1987 were mainly from Hong Kong, valued at \$452 million, these imports accounted for 24 percent of digest imports. The second largest supplier was Taiwan, accounting for \$91 million in imports in 1987. Korea, the fourth largest supplier, entered goods valued at nearly \$40 million in 1987. These three countries will be losing GSP eligibility on Jan. 1, 1989, and industry sources believe that production will continue to be shifted to other lower wage countries. Hong Kong, for example, has already begun shifting production to China, the third largest supplier, accounting for imports valued at \$68 million in 1987. This shift in production is evidenced by the approximately 160 percent annual growth rate for imports of digest goods from China between 1983 and 1987. Some manufacturers in countries losing GSP are considering shifting production to Thailand or other countries that will retain GSP.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

---

Ranking as a U.S. import supplier, 1987..... 5

Price elasticity:

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

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

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

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

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

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

Price level compared with:

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

Other foreign products..... Above  Equivalent  Below

Quality compared with:

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

Other foreign products..... Above  Equivalent  Below

---

Comment: Digest products from Mexico are generally competitive on a quality basis with other foreign producers; however, the price levels tend to be slightly higher than those of certain Asian producers, with whom Mexican producers directly compete. This disadvantage is made up for by Mexican producers' proximity to U.S. markets, and the availability of maquiladora industries, which produce and import toys under TSUSA 807.00 provisions. Domestic producers feel that a CNL waiver would be more advantageous than importing under 807.00. Many Mexican producers are subsidiaries of U.S. firms, and most shipments are related-party transactions. Mexico is subject to a competitive-need limitation (CNL) of 25 percent for HTS 9503.90.60; however, Mexico supplied only 6 percent of total digest imports in 1987.

V. Position of interested parties

Petitioner.—Mattel, Inc., Hawthorne, CA; and Kerner Parker Toys, Inc., Cincinnati, OH. The petitioners feel that a CNL waiver for Mexico for digest products would preserve GSP eligibility for goods that currently enter duty free, but would lose their GSP status under the HTS. The petitioner alleges that goods imported from Mexico, which are mostly from maquiladora plants owned by the petitioners, do not compete with domestic goods, because like products are not produced domestically, and that they compete mainly with goods from Japan, Hong Kong, Taiwan, Macao, and China. Petitioners feel that a waiver would enhance competitiveness of Mexican products in the U.S. market, which would benefit the U.S. industry, other U.S. industries that supply the Mexican facilities, and the U.S. consumer, which would receive the majority of the 6.8 percent duty savings, multiplied several times before reaching the retail level.

Support.—The Mexican Embassy indicated that the Mexican Government fully supports the request to waive the competitive-need limit for digest products. The Embassy believes that the request will help develop the value-added local industries in Mexico, and at the same time, not economically affect U.S. producers of these articles.

Opposition.—The Hedstrom Corp., of Ashland, OH, states in its brief that granting a CNL waiver for miscellaneous toys from Mexico entered under HTS 9503.90.60 would also affect items not specifically mentioned in the petitioners' brief, and in which the petitioners are not specifically interested, such as noninflatable toy balls. Hedstrom, a maker of these types of toy balls, believes that granting the CNL waiver, would adversely affect the domestic producers of those toys.

[Probable economic effects advice deleted]



Digest Title: Miscellaneous Toys Parts and Accessories  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Hong Kong.....	90,943	131,193	159,353	148,057	128,637
Taiwan.....	45,986	65,274	89,994	88,249	91,196
China.....	1,506	5,294	16,738	38,091	68,311
Macao.....	19,000	27,931	42,630	43,035	41,185
Korea.....	11,077	15,570	25,768	26,313	39,596
Japan.....	17,239	65,875	147,892	82,019	38,053
Mexico.....	13,889	23,987	36,658	46,281	34,129
Singapore.....	6,677	9,064	10,822	11,639	24,145
West Germany.....	4,941	5,630	9,042	12,739	13,858
Thailand.....	2,182	3,427	9,909	8,654	11,135
Italy.....	4,215	7,325	6,561	10,133	8,454
Malaysia.....	7,545	6,316	9,711	5,430	8,156
United Kingdom...	2,771	4,153	3,412	4,411	4,580
France.....	860	2,749	2,777	3,406	4,119
Sweden.....	1,902	2,071	3,095	3,027	4,004
All other.....	8,516	13,756	16,560	17,002	15,256
<b>Total.....</b>	<b>239,247</b>	<b>389,612</b>	<b>590,923</b>	<b>548,486</b>	<b>534,814</b>
GSP Total....	201,576	287,810	391,230	382,062	384,029
GSP-4.....	46,892	66,710	105,292	107,803	100,456
Percent					
Hong Kong.....	38.0	33.7	27.0	27.0	24.1
Taiwan.....	19.2	16.8	15.2	16.1	17.1
China.....	.6	1.4	2.8	6.9	12.8
Macao.....	7.9	7.2	7.2	7.8	7.7
Korea.....	4.6	4.0	4.4	4.8	7.4
Japan.....	7.2	16.9	25.0	15.0	7.1
Mexico.....	5.8	6.2	6.2	8.4	6.4
Singapore.....	2.8	2.3	1.8	2.1	4.5
West Germany.....	2.1	1.4	1.5	2.3	2.6
Thailand.....	.9	.9	1.7	1.6	2.1
Italy.....	1.8	1.9	1.1	1.8	1.6
Malaysia.....	3.2	1.6	1.6	1.0	1.5
United Kingdom...	1.2	1.1	.6	.8	.9
France.....	.4	.7	.5	.6	.8
Sweden.....	.8	.5	.5	.6	.7
All other.....	3.6	3.5	2.8	3.1	2.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	84.3	73.9	66.2	69.7	71.8
GSP-4.....	19.6	17.1	17.8	19.7	18.8

1/ Less than \$500 or less than 0.1 percent.

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

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

Digest Title: Miscellaneous Toys Parts and Accessories  
U.S. exports of domestic merchandise, by principal markets, 1983-87

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Canada.....	12,101	14,049	9,749	9,351	13,246
Mexico.....	7,609	12,705	15,150	8,663	9,884
United Kingdom...	5,019	4,806	4,715	5,511	8,459
Japan.....	1,904	1,037	1,256	2,228	2,833
Hong Kong.....	3,240	3,174	1,749	2,443	2,305
West Germany.....	728	633	753	1,674	1,959
Australia.....	1,510	2,165	1,925	1,453	1,256
France.....	683	293	438	543	1,090
Singapore.....	241	1,321	450	1,044	1,004
Panama.....	880	375	601	1,098	763
Italy.....	723	292	458	723	748
Ecuador.....	126	266	641	499	739
Saudi Arabia.....	1,879	1,140	1,369	821	706
Taiwan.....	215	223	487	136	625
Belgium & Luxem..	980	727	695	807	587
All other.....	8,570	7,012	4,862	6,069	7,783
<b>Total.....</b>	<b>46,406</b>	<b>50,218</b>	<b>45,298</b>	<b>43,062</b>	<b>54,068</b>
<b>GSP Total....</b>	<b>18,279</b>	<b>23,034</b>	<b>22,479</b>	<b>17,962</b>	<b>19,596</b>
<b>GSP-4.....</b>	<b>14,455</b>	<b>18,259</b>	<b>19,744</b>	<b>14,072</b>	<b>15,270</b>
Percent					
Canada.....	26.1	28.0	21.5	21.7	24.5
Mexico.....	16.4	25.3	33.4	20.1	18.3
United Kingdom...	10.8	9.6	10.4	12.8	15.6
Japan.....	4.1	2.1	2.8	5.2	5.2
Hong Kong.....	7.0	6.3	3.9	5.7	4.4
West Germany.....	1.6	1.3	1.7	3.9	3.6
Australia.....	3.3	4.3	4.2	3.4	2.3
France.....	1.5	.6	1.0	1.3	2.0
Singapore.....	.5	2.6	1.0	2.4	1.9
Panama.....	1.9	.7	1.3	2.5	1.4
Italy.....	1.6	.6	1.0	1.7	1.4
Ecuador.....	.3	.5	1.4	1.2	1.4
Saudi Arabia.....	4.0	2.3	3.0	1.9	1.3
Taiwan.....	.5	.4	1.1	.3	1.2
Belgium & Luxem..	2.1	1.4	1.5	1.9	1.1
All other.....	18.5	14.0	10.7	14.1	14.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>39.4</b>	<b>45.9</b>	<b>49.6</b>	<b>41.7</b>	<b>36.2</b>
<b>GSP-4.....</b>	<b>31.1</b>	<b>36.4</b>	<b>43.6</b>	<b>32.7</b>	<b>28.2</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS item number	TSUSA item number (and allocation)	TSUSA col.1 rates of duty (AVE)					
		1983	1984	1985	1986	1987	
9503.90.60	735.1000 (25%)	12.7	11.4	10.2	9.0	7.8	
	735.1100 (100%)	6.9	6.9	6.9	6.9	6.9	
	735.1240 (10%)	6.2	5.9	5.6	5.2	4.9	
	737.9538 (80%)	12.3	-	-	-	-	
	737.9552 (80%)	-	10.9	9.6	8.3	-	
	737.9852 (75%)	-	-	-	-	7.0	
	737.9545 (75%)	12.3	-	-	-	-	
	737.9555 (75%)	-	10.9	9.6	8.3	-	
	737.9600 (40%)	-	-	-	-	7.0	
	737.9550 (70%)	12.3	-	-	-	-	
	737.9565 (70%)	-	10.9	9.6	8.3	-	
	737.9865 (70%)	-	-	-	-	7.0	
	9503.90.70	737.0700 (10%)	6.6	6.2	5.8	5.5	5.1
		737.1400 (40%)	-	-	-	-	7.8
737.1520 (40%)		12.7	11.4	10.2	9.0	-	
737.1560 (45%)		12.7	11.4	10.2	9.0	-	
737.1600 (45%)		-	-	-	-	7.8	
737.8000 (70%)		15.4	13.8	12.1	10.5	8.8	
737.9560 (50%)		12.3	-	-	-	-	
737.9570 (50%)		-	10.9	9.6	8.3	-	
737.9870 (50%)	-	-	-	-	7.0		



DIGEST NO. 9607.20.00

PARTS OF SLIDE FASTENERS

Parts of Slide Fasteners

I. Introduction

Col. 1 rate of duty: 23%

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:     

Country graduation:     

Competitive-need-limit waiver:     

Noneligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: A slide fastener (zipper) consists of two cloth tapes (stringers) upon which are mounted, in a row along one edge of each, either (a) individual interlocking elements of metal, nylon, or plastic, called scoops, or (b) a coil of nylon or plastic. Such scoops or coil mounted on two stringers constitute zipper chain. Chain can be sold to manufactures of apparel, sleeping bags, or upholstered furniture, who attach sliders to the chain to form finished zippers.

Sliders consist of slider bodies and pulls. Bodies are either flat formed, coin pressed, injection molded, or die cast. A stamped spring can be inserted into the slider body to function as a locking device. Sliders fitted onto zipper chain span two rows of scoops or coil. When moved in one direction, the slider causes the scoops or coil on one stringer to intermesh alternately with scoops or coil on the other stringer. Each metal scoop has a protrusion (knuckle) on the upper side and a pocket on the lower side. When meshed together, the knuckle of one scoop grips into the pocket of the scoop above it, thus providing a secure bonding of the two stringers. A similar "knuckle" principal is used to join two stringers with nylon or plastic coil. When moved in the opposite direction, the slider causes the scoops or coil to disengage. The principal markets for sliders sold separately are zipper manufacturers that do not have their own slider production capabilities and manufacturers of apparel.

II. U.S. market profile

Profile of U.S. industry and market, 1983-87

Item	1983	1984	1985	1986	1987	Percentage change over period 1/
Producers (number).....	*30	*30	*30	*30	*30	2/
Employment (thousand employees).....	*1	*1	*1	*1	*1	2/
Shipments (1,000 dollars).....	**30,000	**30,000	**30,000	**30,000	**30,000	**2/
Exports (1,000 dollars).....	3,560	2,508	3,113	2,741	2,734	-6
Imports (1,000 dollars).....	4,383	4,421	3,512	4,107	4,324	3/
Consumption (1,000 dollars).....	**30,823	**31,913	**30,399	**31,366	**31,590	**1
Import-to-consumption ratio (percent)..	**14	**14	**12	**13	**14	**0
Capacity utilization (percent).....	*50	*50	*50	*50	*50	*0

1/ This figure represents the average annual compound rate of change over 1983-87.

2/ Less than 0.5 percent.

3/ Less than (0.5) percent.

Comment: The zipper industry was founded in 1893 by the Hookless Fastener Co. (now Talon Inc.) of Meadville, PA. Talon dominated the U.S. industry until 1976, supplying the market from factories in North Carolina, South Carolina, and Georgia, as well as Pennsylvania. Two other producers, Scovill Inc. and Coats & Clark, also had significant nationwide distribution networks. In addition to the three largest producers, there were approximately 100 smaller firms that supplied apparel manufacturers in the garment districts of New York City and Los Angeles.

The world's largest zipper manufacturer is Yoshida Kogyo K. K. (YKK) in Japan. YKK has factories throughout the world supplying local markets. It used aggressive marketing and low prices to penetrate the U.S. market in the early 1970's. After completing construction of a factory in Macon, GA, in 1975, YKK within two years became the largest U.S. producer. YKK (USA) currently supplies over one-half of the U.S. zipper market. According to industry sources, profits from a virtual monopoly in the aluminum sash and siding market in Japan allowed YKK to operate its zipper business at low profit margins and finance research and development, overseas investments, and capital improvements. YKK has the most highly automated zipper production facilities in the world. It also benefits from vertical integration (YKK makes almost all of its zipper manufacturing machinery in Japan) and economies of scale.

Two factors have contributed heavily to the decline in the number of U.S. manufacturing facilities from 104 in 1975 to an estimated \*40 facilities owned by \*30 firms in 1983: loss of sales to YKK (USA), which has established dyeing, assembly, and distribution centers near the garment districts in New York City and Los Angeles; and a basically flat demand in the U.S. apparel market for zippers because growth in the apparel market is being supplied by imports. YKK has been the only significant supplier of imports to the U.S. market since 1970; since the late 1970's, YKK (USA) has only imported special models of zippers for which the level of demand did not justify tooling for production in the United States.

Approximately \*\*10 percent of the zipper market is accounted for by apparel producers that purchase zipper chain in bulk from producers, and buy sliders separately to match last minute fashion decisions. All zipper manufacturers supply chain to the apparel industry. When imported, zipper chain is classified under TSUS item 745.7490 (9607.20.0080 in the HTS); this chain accounts for virtually all imports under TSUS item 745.7490. Taiwan has emerged as an important supplier of low-end zippers and zipper chain, but accounts for less than 5 percent of the U.S. market. However, these imports from Taiwan compete directly with small U.S. producers of zipper chain that compete in smaller market niches in which YKK (USA) is not involved.

The production of sliders is much more capital intensive than the production of zipper chain. Only about \*eight zipper producers have sufficient volume of chain production to justify the investment required to produce sliders. These zipper producers do not ordinarily sell sliders separately. The remaining approximately \*20 zipper chain producers purchase sliders from the 3 U.S. producers that manufacture only sliders. All three are located in the New York metropolitan area from which they can quickly service the garment district and the many small zipper producers located there.

When imported, sliders are classified under TSUS item 745.7450 (9607.20.0040 in the HTS). [\*\*\*\*  
\*\*\*] imports sliders from [\*\*\*] that cannot be made in its own slider facility in [\*\*\*]  
[\*\*\*] imports a similar type of slider that the company makes only in its subsidiary in [\*\*\*]  
These special sliders accounted for [\*\*\*\*] percent of the quantity of all slider imports in 1987.  
Sliders imported from Taiwan accounted for another 15 percent; these compete directly with sliders sold by the three independent U.S. slider producers.

Chain accounted for 39 percent of U.S. imports of slide fastener parts in 1987; sliders, for 61 percent. Chain accounted for 71 percent of the imports of zipper parts from Taiwan. Sliders accounted for 72 percent of the imports from Japan.



III. GSP import situation, 1987

<u>Item</u>	<u>Imports</u> <u>1,000</u> <u>dollars</u>	<u>Percent of</u> <u>total imports</u>	<u>Percent of</u> <u>GSP imports</u>	<u>Percent of</u> <u>U.S. consumption</u>
Total.....	4,324	100	-	14
Imports from GSP countries, total.....	1,059	25	100	3
Taiwan.....	837	19	79	3
Hong Kong.....	131	3	12	1/
Brazil.....	51	1	5	1/
Korea.....	11	1	1	1/

1/ Less than 0.5 percent.

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

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

Comment: Three of the top four GSP suppliers of parts of slide fasteners, Taiwan, Hong Kong, and Korea, will lose GSP status for all products on January 1, 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

---

Ranking as a U.S. import supplier, 1987..... 6

Price elasticity:

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

Price level compared with:

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

Quality compared with:

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

V. Position of interested parties

Petitioner.—The Government of Colombia has requested the addition of this HS item to the list of articles eligible for the GSP because duty-free treatment might make Colombian-made zipper parts competitive in the U.S. market. Currently, there are only two manufacturers of zippers in Colombia; the only foreign market they supply zippers or zipper parts to is Peru. The Government of Colombia asserts that GSP treatment for parts of slide fasteners would have no negative impact on the U.S. industry because the market is expanding enough to accommodate growth in both imports and U.S. production. GSP designation would also make exports of zipper parts more competitive with U.S. imports from Japan, Taiwan, and Hong Kong. This view assumes that Taiwan and Hong Kong will not be beneficiaries of the GSP after December 31, 1988.

[Probable economic effects advice deleted]

Digest Title: Parts of Slide Fasteners  
U.S. imports for consumption, principal sources, 1983-87

Source	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Japan.....	3,525	3,467	2,156	2,370	2,085
Taiwan.....	250	422	797	1,195	837
United Kingdom...	43	57	73	136	149
Italy.....	60	121	122	152	141
Hong Kong.....	29	113	65	91	131
Brazil.....	1	32	36	62	51
France.....	0	0	10	15	40
West Germany.....	221	40	100	54	35
Korea.....	3	26	4	1	30
Canada.....	160	39	36	10	11
China.....	0	0	0	2	6
Trin & Tobago....	0	0	0	0	3
Spain.....	0	0	0	0	3
Israel.....	25	34	0	0	2
Switzerland.....	1/	2	0	0	1
All other.....	57	50	16	11	0
<b>Total.....</b>	<b>4,303</b>	<b>4,421</b>	<b>3,512</b>	<b>4,107</b>	<b>4,324</b>
GSP Total....	323	640	913	1,361	1,053
GSP-4.....	32	79	47	74	56
Percent					
Japan.....	80.4	78.4	61.4	57.7	66.7
Taiwan.....	5.9	9.5	22.7	29.1	19.4
United Kingdom...	1.0	1.3	2.1	3.3	3.5
Italy.....	1.4	2.7	3.5	3.7	3.3
Hong Kong.....	.7	2.6	1.8	2.2	3.0
Brazil.....	1/	.7	1.0	1.5	1.2
France.....	.0	.2	.5	.4	.9
West Germany.....	5.0	1.1	5.4	1.3	.8
Korea.....	.1	.6	.1	1/	.7
Canada.....	3.6	.9	1.0	.4	.2
China.....	.0	.0	.0	.1	.1
Trin & Tobago....	.0	.0	.0	.0	.1
Spain.....	.0	.0	.0	.0	.1
Israel.....	.6	.8	.0	.0	1/
Switzerland.....	1/	1/	.0	.0	1/
All other.....	1.3	1.1	.5	.3	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	7.4	14.5	26.0	33.1	24.4
GSP-4.....	.7	1.8	1.3	1.8	1.3

1/ Less than \$500 or less than 0.1 percent.

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

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

Digest Title: Parts of Slide Fasteners  
 U.S. exports of domestic merchandise, by principal markets, 1983-87

HTS Item No.  
 9607.20.00

Market	1983	1984	1985	1986	1987
Value (1,000 dollars)					
Colombia.....	869	303	644	438	677
Canada.....	476	406	560	561	606
Mexico.....	57	206	267	156	322
Korea.....	46	70	124	196	178
Haiti.....	37	11	26	42	105
Dominican Rep....	55	45	54	47	82
Israel.....	42	70	207	102	82
Chile.....	23	30	0	52	64
West Germany.....	184	28	22	67	59
Peru.....	31	82	61	56	59
Italy.....	20	8	19	1	43
United Kingdom...	3	31	137	18	43
Japan.....	10	24	133	89	34
Jamaica.....	132	99	20	22	30
Singapore.....	18	8	66	28	29
All other.....	1,561	1,085	972	885	321
<b>Total.....</b>	<b>3,560</b>	<b>2,500</b>	<b>3,113</b>	<b>2,741</b>	<b>2,734</b>
<b>GSP Total....</b>	<b>2,339</b>	<b>1,736</b>	<b>2,053</b>	<b>1,633</b>	<b>1,832</b>
<b>GSP-4.....</b>	<b>1,864</b>	<b>1,535</b>	<b>1,800</b>	<b>1,205</b>	<b>1,576</b>
Percent					
Colombia.....	24.4	12.1	14.3	16.0	24.8
Canada.....	13.4	16.2	18.0	19.7	22.2
Mexico.....	1.6	8.2	8.6	5.7	11.8
Korea.....	1.3	2.8	4.0	7.2	6.5
Haiti.....	1.0	.4	.8	1.5	3.8
Dominican Rep....	1.5	1.8	1.7	1.7	3.0
Israel.....	1.2	2.8	6.7	3.7	3.0
Chile.....	.6	1.2	.0	1.9	2.3
West Germany.....	5.2	1.1	.7	2.5	2.2
Peru.....	.9	3.3	2.0	2.0	2.2
Italy.....	.6	.3	.6	1/	1.6
United Kingdom...	.1	1.3	4.4	.7	1.6
Japan.....	.3	1.0	4.3	3.3	1.2
Jamaica.....	3.7	4.0	.6	.8	1.1
Singapore.....	.5	.3	2.1	1.0	1.1
All other.....	43.9	43.3	31.2	32.3	11.8
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>65.7</b>	<b>69.2</b>	<b>66.0</b>	<b>59.6</b>	<b>67.0</b>
<b>GSP-4.....</b>	<b>52.4</b>	<b>61.2</b>	<b>57.8</b>	<b>43.9</b>	<b>57.6</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

<u>HTS item number</u>	<u>TSUSA item number (and allocation)</u>	<u>TSUSA col.1 rates of duty (AVE)</u>				
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
9607.20.0040	745.7450 (100%)	29	27.5	26	24.5	23
9607.20.0080	745.7490 (100%)	29	27.5	26	24.5	23

APPENDIX A

U.S. Trade Representative Request of August 29, 1988,  
for Probable Effect Advice





THE UNITED STATES TRADE REPRESENTATIVE  
Executive Office of the President  
Washington, D.C. 20506

1464

OFFICE OF THE CHAIRMAN

AUG 25 12:37

The Honorable Anne Brunsdale  
Acting Chairman  
United States International Trade  
Commission  
500 E Street, S.W.  
Washington, D.C. 20436

Dear Acting Chairman Brunsdale:

The Trade Policy Staff Committee (TPSC) has recently announced in the Federal Register the acceptance of product petitions for modification of the Generalized System of Preferences (GSP) received as part of the 1988 annual review. In this connection, I am making the requests listed below.

Modifications to the GSP which may result from this review will be announced in early 1989 and become effective July 1, 1989. Inasmuch as the United States will implement the Harmonized Commodity Description and Coding System (the Harmonized System) in its tariff nomenclature on January 1, 1989, it is necessary that the Commission's response to the following requests be in terms of the nomenclature of the Harmonized Tariff Schedules of the United States (USITC Publication 2030).

In accordance with sections 503(a) and 131(a) of the Trade Act of 1974 (the Act), and pursuant to the authority of the President delegated to the United States Trade Representative by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, I hereby notify the International Trade Commission that the articles identified in part A of the enclosed list are being considered for designation as eligible articles for purposes of the United States Generalized System of Preferences (GSP), set forth in Title V of the Act.

Pursuant to sections 503(a) and 131(a) of the Act, I request that the Commission provide its advice, with respect to each article listed in Part A of the enclosed list, as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers of the elimination of United States import duties under the GSP.

The Honorable Anne Brunsdale  
Page Two

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

At the direction of the President, pursuant to section 332(g) of the Tariff Act of 1930, I further request:

(a) with respect to each article listed in Part B of the enclosed list, that the Commission provide its advice as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers of the removal of the articles in Part B of the list from eligibility for duty-free treatment under the GSP;

(b) in accordance with section 504(c)(3)(A) (i) of the Act, that the Commission provide advice as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of waiving the competitive need limits for countries specified with respect to the articles listed in Part C of the list and for the Philippines with respect to the articles involved in cases 88-HS-1 (HTSUS subheading 1519.30.40) and 88-HS-2 (HTSUS subheading 2905.17.00).

Section 504(d) of the Act exempts from one of the competitive need limits in section 504(c) articles for which no like or directly competitive article was being produced in the United States on January 3, 1985. Accordingly, pursuant to the authority of section 332(g) of the Tariff Act of 1930, I request that the Commission provide advice with respect to whether products like or directly competitive with those described in part A of the enclosed list were being produced in the United States on January 3, 1985.

Under the provisions of the Act, the Commission has six months to provide the advice requested herein on Part A of the enclosed list. However, it would be greatly appreciated if all of the requested advice could be provided by November 1, 1988, in order to permit any actions to be taken on these items to be included in the Executive Order which should be issued in early March 1989.

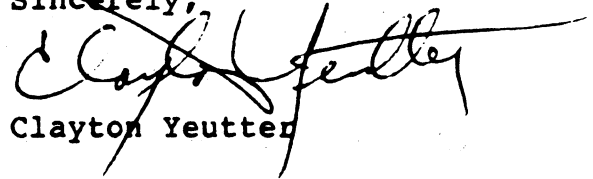
In accordance with USTR policy, I direct you to mark as "confidential" such portions of the Commission's report and its working papers as my Office will identify in a classification guide. Information Security Oversight Office Directive No. 1, section 2001.21 (implementing Executive Order 12356, sections 2.1 and 2.2) requires that classification guides identify or categorize the elements of information which require protection. Accordingly,

The Honorable, Anne Brunsdale  
Page Three

I request that you provide my Office with an outline of this report as soon as possible. Based on this outline and my Office's knowledge of the information to be covered in the report, a USTR official with original classification authority will provide detailed instructions.

The Commission's assistance in this matter is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Clayton Yeutter", written over a horizontal line.

Clayton Yeutter

Enclosure

CY:mbw

## Annex I

## Petitions Accepted for Review

Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
----------	------------------------------	---------	------------

[The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences.

Industrial monocarboxylic fatty acids; acid oils from refining; industrial fatty alcohols:

Industrial fatty alcohols:

Derived from fatty substances of animal or vegetable origin:

[Oleyl]

Other

88-HS-1 1519.30.40

Government of the Philippines

Acyclic alcohols and their halogenated, sulfonated, nitrated or nitrosated derivatives:

Saturated monohydric alcohols:

Dodecan-1-ol (Lauryl alcohol), hexadecan-1-ol (Cetyl alcohol) and octadecan-1-ol (Stearyl alcohol)

88-HS-2 2905.17.00

do.

Phenols; phenol-alcohols:

Monophenols:

Phenol (Hydroxybenzene) and its salts

88-HS-3 2907.11.00

Government of Mexico;  
Feroquimia, S.A. de C.V.,  
Mexico

<sup>1/</sup> Harmonized Tariff Schedule of the United States (USITC Publication 2030).

## Annex I

## Petitions Accepted for Review

Case No.	HTS Subheading <u>1</u> /	Article	Petitioner
A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences.</u> (con.)			
		Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulfonated, nitrated or nitrosated derivatives: Acyclic polycarboxylic acids, their anhydrides, halides, peroxides, peroxyacids and their derivatives: [Articles provided for in subheadings 2917.11.00 thru 2917.14.50]	
		Other:	
88-HS-4	2917.19.15	Fumaric acid: Derived in whole or in part from aromatic hydrocarbons Maleic acid; Succinic acid derived in whole or in part from maleic anhydride or from cyclohexane; Glutaric acid derived in whole or in part from cyclopentanone; and anhydrides, halides, peroxides, peroxyacids and other derivatives of adipic acid, fumaric acid derived in whole or in part from aromatic hydrocarbons, of maleic acid, of succinic acid derived in whole or in part from maleic anhydride or from cyclohexane or of glutaric acid derived in whole or in part from cyclopentanone, not elsewhere specified or included: [Products described in additional U.S. note 3 to section VI of the HTS]	Government of Mexico
88-HS-5	2917.19.2510	Other: Maleic acid	do.

1/ Harmonized Tariff Schedule of the United States (USITC Publication 2030).

## Annex I

## Petitions Accepted for Review

Case No.	HTS Subheading 1/	Article	Petitioner
A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences.</u> (con.)			
		Carboxylic acids with additional oxygen function and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulfonated, nitrated or nitrosated derivatives: Carboxylic acids with alcohol function but without other oxygen function, their anhydrides halides, peroxides, peroxyacids and their derivatives: [Articles provided for in subheadings 2918.11.00 thru 2918.17.50]	
		Other: [Aromatic:] Other: Malic acid	
88-HS-6	2918.19.50(pt.)		Government of Mexico
		Mixed alkylbenzenes and mixed alkyl-naphthalenes, other than those of heading 2707 or 2902 of the HTS: Mixed alkylbenzenes	
88-HS-7	3817.10.00		Shrieve Chemical Products, Inc., The Woodlands, Texas
		Glass fibers (including glass wool) and articles thereof (for example, yarn, woven fabrics): Slivers, rovings, yarn and chopped strands: Rovings	
88-HS-8	7019.10.40		PPG Industries, Inc., Pittsburgh, PA
		Slide fasteners and parts thereof: Parts	
88-HS-9	9607.20.00		Government of Colombia
		or Sliders, with or without pulls	do.
88-HS-10	9607.20.0040		
		or Other	do.
88-HS-11	9607.20.0080		

1/ Harmonized Tariff Schedule of the United States (USITC Publication 2030).

## Annex I

## Petitions Accepted for Review

Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
B. <u>Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.</u>			
Hydrogen, rare gases and other nonmetals:			
Silicon:			
[Containing by weight not less than 99.99 percent of silicon]			
Other:			
88-HS-12	2804.69.10	Containing by weight less than 99.99 percent but not less than 99 percent of silicon	The Ferroalloys Association, Washington, DC
Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulfonated, nitrated or nitrosated derivatives:			
Aromatic monocarboxylic acids, their anhydrides, halides, peroxides, peroxyacids and their derivatives:			
[Articles provided for in subheadings 2916.31.10 thru 2916.33.50]			
Other:			
88-HS-13	2916.39.15	Ibuprofen	Ethyl Corporation, Richmond, VA
Heterocyclic compounds with nitrogen hetero-atom(s) only; nucleic acids and their salts:			
[Articles provided for in subheadings 2933.11.00 thru 2933.79.50]			
Other:			
[Aromatic or modified aromatic:]			
Other:			
88-HS-14	2933.90.47	Hexamethylenetetramine	Wright Chemical Corporation, Wilmington, NC

<sup>1/</sup> Harmonized Tariff Schedule of the United States (USITC Publication 2030).

## Annex I

## Petitions Accepted for Review

Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
----------	------------------------------	---------	------------

B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences. (con.)

Tube or pipe fittings (for example, couplings, elbows, sleeves), of iron or steel:  
 [Articles provided for in subheadings 7307.11.00 thru 7307.29.00]

Other:

Butt welding fittings:  
 With an inside diameter of less than 360 mm:

88-HS-15 7307.93.30

Of iron or nonalloy steel

The United States Butt-Weld Fitting Committee,  
 Washington, DC

Hydrometers and similar floating instruments, thermometers, pyrometers, barometers, hygrometers and psychrometers, recording or not, and any combination of these instruments; parts and accessories thereof:

Thermometers, not combined with other instruments:

Liquid-filled, for direct reading:  
 Clinical

88-HS-16 9025.11.20

Florida Medical Industries, Inc.,  
 Leesburg, FL

<sup>1/</sup> Harmonized Tariff Schedule of the United States (USITC Publication 2030).



## Annex I

## Petitions Accepted for Review

Case No.	HTS Subheading <u>1</u> /	Article	Petitioner
C. <u>Petitions for waiver of competitive-need limit for a product on the list of eligible products.</u>			
Other toys; reduced-size ("scale") models and similar recreational models, working or not; puzzles of all kinds; and accessories thereof: [Articles provided for in subheadings 9503.10.00 thru 9503.80.80]			
Other:			
[Kites]			
Other:			
88-HS-17	9503.90.50 (Mexico)	Inflatable toy balls, balloons and punchballs	American Imports, Inc., Irvine, CA
88-HS-18	9503.90.60 (Mexico)	Other toys (except models), not having a spring mechanism	Mattel, Inc., Hawthorne, CA; Kenner Parker Toys, Inc., Cincinnati, OH
88-HS-19	9503.90.70 (Mexico)	Other	do.

1/ Harmonized Tariff Schedule of the United States (USITC Publication 2030).



APPENDIX B

U.S. International Trade Commission Notice of  
Investigation and Hearing



UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

(TA-503(a)-16 and 332-260)

PRESIDENT'S LIST OF ARTICLES WHICH MAY BE DESIGNATED OR MODIFIED  
AS ELIGIBLE ARTICLES FOR PURPOSES OF THE U.S. GENERALIZED SYSTEM OF  
PREFERENCES

AGENCY: United States International Trade Commission

ACTION: Institution of investigation and scheduling of hearing.

SUMMARY: Following receipt on August 29, 1988, of a request from the U.S. Trade Representative made in part at the direction of the President, the Commission instituted investigation No. TA-503(a)-16 and 332-260 under sections 503(a) and 131(b) of the Trade Act of 1974 (19 U.S.C. 2463(a) and 2151(b)) and section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g))--

- (1) pursuant to sections 503(a) and 131(a) of the Trade Act, and the authority of the President delegated to the U.S. Trade Representative by sections 4(c) and 8(c) and (d) of Executive Order 11846, as amended, to advise the President, with respect to each article listed in Part A of the attached Annex, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties under the U.S. Generalized System of Preferences (GSP). In providing its advice, the USTR requested the Commission to assume that benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the "competitive need" limitations specified in section 504(c) of the Act.
- (2) Pursuant to section 332(g) of the Tariff Act and at the direction of the President--
  - (A) to advise the President, with respect to each article listed in Part B of the attached Annex, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the removal of articles in Part B from eligibility for duty-free treatment under the GSP,
  - (B) in accordance with section 504(c)(3)(A)(i) of the Trade Act, to advise the President on whether any industry in the United States is likely to be adversely affected by waiving the competitive need limits for countries specified with respect to the articles listed in Part C of the attached Annex and for the Philippines for certain alcohols; and,

- (C) to advise the President, with respect to whether products like or directly competitive with those described in Part A of the attached Annex were being produced in the United States on January 3, 1985, for purposes of section 504(d) of the Trade Act.

EFFECTIVE DATE: September 15, 1988

FOR FURTHER INFORMATION CONTACT:

- (1) Textiles and apparel, Mr. Larry Butler (202-252-1470)
- (2) Chemical products, Ms. Cynthia Trainer (202-252-1354)
- (3) Minerals and metals, Mr. Jim Lukes (202-252-1426)
- (4) General manufactures, Mr. Eric Langer (202-252-1497)

All of the above are in the Commission's Office of Industries. For information on legal aspects of the investigation contact Mr. William Gearhart of the Commission's Office of the General Counsel at 202-252-1091.

BACKGROUND: The USTR announced the items which have been sent to the Commission for probable economic effect advice in the Federal Register of July 20, 1988 (53 F.R. 27433).

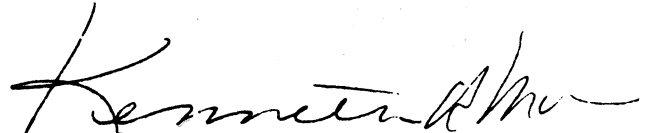
PUBLIC HEARING: A public hearing in connection with the investigation will be held in the Commission Hearing Room, 500 E Street SW., Washington, DC 20436, beginning at 9:30 a.m. on October 11, 1988, and continuing as required on October 12 and 13. All persons shall have the right to appear by counsel or in person, to present information, and to be heard. Persons wishing to appear at the public hearing should file requests to appear and should file prehearing briefs (original and 14 copies) with the Secretary, United States International Trade Commission, 500 E St., SW., Washington, DC 20436, not later than noon, October 3, 1988. Posthearing briefs must be filed by October 19, 1988.

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. Written statements should be received by the close of business on October 19, 1988. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written

submissions, except for confidential business information, will be made available for inspection by interested persons. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C.

Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 252-1810.

By order of the Commission.



Kenneth R. Mason  
Secretary

Attachment

Issued: September 20, 1988

## Annex 1/

## A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences.

1519.30.40	2917.19.2510	9607.20.00
2905.17.00	2918.19.50(pt.)	9607.20.0040
2907.11.00	3817.10.00	9607.20.0080
2917.19.15	7019.10.40	

## B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.

2804.69.10	2933.90.47	9025.11.20
2916.39.15	7307.93.30	

## C. Petitions for waiver of competitive-need limit for a product on the list of eligible products. 2/

9503.90.50 (Mexico)  
 9503.90.60 (Mexico)  
 9503.90.70 (Mexico)

---

1/ See USTR Federal Register notice of July 20, 1988 (53 F.R. 27433) for article descriptions.

2/ Advice is also requested for the Philippines with respect to certain alcohols (HTS 1519.30.40 and 2905.17.00).



APPENDIX C

List of Witnesses Appearing at the Commission Hearing

1. The first part of the document is a list of names and titles, including "The Hon. Mr. Justice Gauthier" and "The Hon. Mr. Justice Lacombe".

## TENTATIVE CALENDAR OF PUBLIC HEARING

Those listed below appeared at the United States International Trade Commission's public hearing on the President's List of Articles which may be Designated or Modified as Eligible Articles for Purposes of the U. S. Generalized System of Preferences (Investigation Nos. TA-503(A)-16 and 332-260). Sessions were held in the Hearing Room, Room 101, of the United States International Trade Commission, 500 E Street, S.W., Washington, D.C.

October 11, 1988 - 9:30 a.m.

Witness and OrganizationSubject:

Mayer, Brown & Platt  
Washington, D.C.  
on behalf of

(Fatty Alcohols)

Sherex Chemical Company, Inc.

Robert L. Harrison, Product  
Marketing Manager

Simeon M. Kriesberg)--OF COUNSEL  
Carol J. Bilzi )

Ethyl Corporation  
Washington, D.C.

(Fatty Alcohols)

Mr. John D. Wagner  
Marketing Manager, Special  
Chemicals

Mr. Max Turnipseed, Manager  
International Trade Affairs

Brownstein, Zeidman and Schomer  
Washington, D.C.  
on behalf of

(Phenol)

Fenoquimia, S.A. De C.V.  
Mexico City, Mexico

Irwin P. Altschuler )  
 )--OF COUNSEL  
Donald S. Stein )

-more-

Witness and OrganizationSubject:

Brownstein, Zeidman and Schomer  
 Washington, D.C.  
on behalf of

(Malic Acid)  
 and  
 (Fumeric Acid)

Universal de Industrias, S.A. de  
 C.V., Mexico City, Mexico

Irwin P. Altschuler )

)--OF COUNSEL

Donald S. Stein )

Kaplan, Russin and Vecchi  
 Washington, D.C.  
on behalf of

(Silicon Metal)

Electrometalurgica Andina, S.A.I.C.  
 Argentina

Marcia A. Wiss )

)--OF COUNSEL

(Accompanied by:

Joseph Monaco, Senior Vice President,  
 Pechiney World Trade, (U.S.A.);

Dr. Carlos Alfaro, Allende & Brea, Inc.)

Ferroalloys Association  
 Washington, D.C.

(Silicon Metal)

George A. Watson, President

Kevin Nealer, Senior Associate - APCO

-more-

Witness and Organization

Subject:

Ethyl Corporation  
Washington, D.C.

(Ibuprofen)

Dr. Lawrence J. Kehoe  
Marketing Manager, Special  
Chemicals

Mr. Max Turnipseed, Manager  
International Trade Affairs

Duncan, Allen and Talmage  
Washington, D.C.  
on behalf of

(Hexamethylene-  
tetramine)

Nemisis, S.A. de C.V.  
Mexico

Theodore P. Matheny)--OF COUNSEL

Brownstein, Zeidman and Schomer  
Washington, D.C.  
on behalf of

(Hexamethylene-  
tetramine)

Industrias Resistol, S.A.,  
Mexico City, Mexico

Irwin P. Altschuler )  
  )--OF COUNSEL  
Donald S. Stein )

Akin, Gump, Strauss, Hauer  
and Feld  
Washington, D.C.  
on behalf of

(Butt Welding)  
Fittings

T.T. de Mexico, S.A. de C.V.  
Edward Rubinoff)--OF COUNSEL

Witness and Organization

Subject:

St.Maxens and Company  
Washington, D.C.

(Clinical instruments)

Thomas F. St.Maxens and  
Stacia L. Gravas

Mr. Steve Angelillo, President  
Florida Medical Industries, Inc.

Mudge, Rose, Guthrie Alexander  
and Ferdon  
Washington, D.C.  
on behalf of

(Clinical instruments)

Pond's India, Ltd. and  
Sherwood Medical Company

Christopher Corr )--OF COUNSEL

(Available for questions:)  
Melissa Gozigan, Economist  
Messrs. James Davis and  
Ronald Roveda, Sherwood  
Medical Company

Hodes & Pilon  
Chicago, IL  
on behalf of

James D. Braeunig, Vice President,  
Manufacturing, Plastic Products  
Division

Lawrence R. Pilon )--OF COUNSEL

-end-

APPENDIX D

Types of Trade Shifts Resulting from Modifications of  
GSP Eligibility





## Appendix

Price and Quantity Changes Resulting From  
Changes in GSP Status of a Product

This report examines the probable economic effects of changing the GSP status of certain commodities and in some cases, certain commodities from particular countries. The major cases involve adding products to the list of articles eligible for GSP duty-free treatment, and removing products or products from certain countries from the eligibility list.

Figure 1 illustrates the case of granting a product GSP duty-free status. The illustration is for a homogeneous product, and shows the basic results of a tariff removal on a portion of imports. In addition, the illustration serves as a reference for departures from the case of perfect substitutes.

The removal of a tariff on a portion of imports is illustrated by the shift in the supply of affected imports from  $S_G'$  to  $S_G$ , with an increase in total supply from  $S_T'$  to  $S_T$ . The basic result of this tariff removal is a lower U.S. price, a greater overall quantity of the good purchased in the U.S., a greater quantity of the good imported from GSP countries, and reductions in purchases from other foreign suppliers and from U.S. suppliers. In this case of perfect substitutes, the price change, the quantity change, and the division of the quantity change are mainly determined by the demand and supply elasticities, relative market shares, and the size of the tariff that is removed.

The most interesting of the supply elasticities is that of foreign suppliers not granted the tariff elimination. The more elastic this supply is, other things being the same, the smaller the price reduction will be and the smaller will be the displacement of U.S. production as a result of the

tariff elimination. In the limit, where there is a perfectly elastic supply of other foreign imports, there will be no reduction in U.S. price or production. Imports granted duty-free status will displace only other imports.

The relative market share of the imports granted duty-free status and the size of the tariff that is eliminated will largely determine the shift in the total supply curve (assuming all supply curves are positively sloped). The shift in supply (from  $S_T$  to  $S_T'$ ), given U.S. demand, will largely determine the change in the U.S. price. The smaller the market share of imports granted duty-free status, and the lower the tariff rate, the smaller will be the shift in supply. The smaller the shift in supply, the smaller the drop in U.S. price and in U.S. production.

The case where the duty-free status of a product is ended can also be illustrated using figure 1. In this case the shift is from the unprimed to the primed designations, e.g., a shift from  $S_G$  to  $S_G'$ . The comments made above with respect to supply elasticities, market shares and tariff rates apply in this case except with price and quantity changes reversed in direction from their changes in the original case.

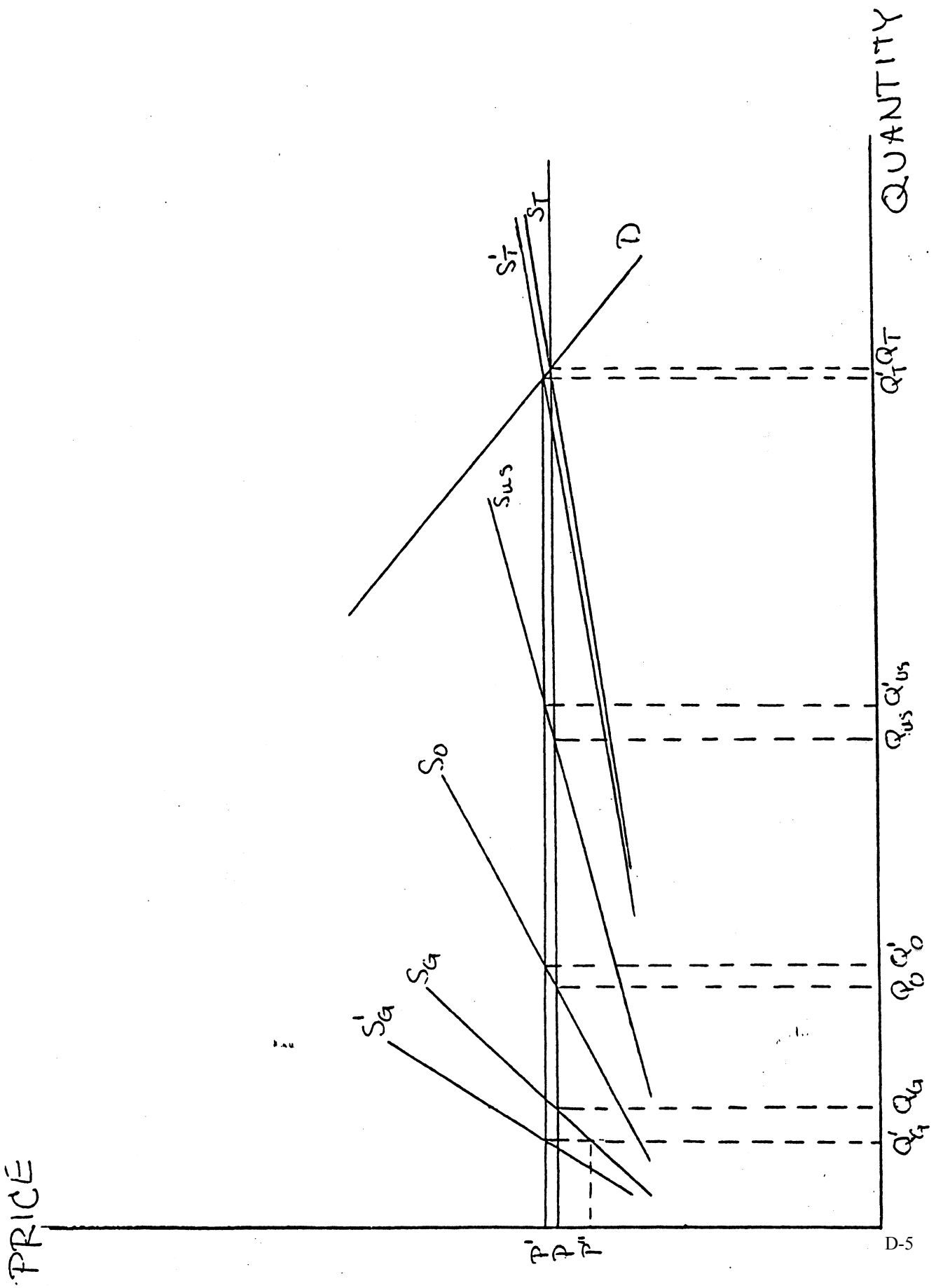


Figure 1

## Key to figure 1

- D = U.S. demand for product
- $S_G$  = supply to the U.S. market from GSP eligible countries without duty on these products
- $S_O$  = supply to the U.S. market from other foreign countries
- $S_{US}$  = supply to the U.S. market from U.S. producers
- $S_G'$  = supply to the U.S. market from GSP eligible countries with duty on these products
- $S_T$  = total supply to the U.S. market - this is the "horizontal sum" of  $S_G$ ,  $S_O$  and  $S_{US}$ . The "horizontal sum" is taken by summing the quantity supplied by all producers at each price to get the total quantity supplied at each price.
- $S_T'$  = total supply to the U.S. market if the duty is assessed on the subject imports, the "horizontal sum" of  $S_G'$ ,  $S_O$  and  $S_{US}$ .

## With no duty on GSP eligible products

- P = price paid by consumers and received by all suppliers
- $Q_G$  = quantity supplied by GSP eligible countries
- $Q_O$  = quantity supplied by other foreign countries
- $Q_{US}$  = quantity supplied by U.S. producers
- $Q_T$  = total quantity supplied =  $Q_G + Q_O + Q_{US}$

## With duty on GSP eligible products

- $P'$  = price paid by U.S. consumers and received by U.S. suppliers and any foreign suppliers enjoying duty-free privileges
- $P''$  = price received by foreign suppliers that pay the duty. This is shown explicitly for the (formerly) GSP eligible suppliers. It is implicit for other suppliers that may be paying the duty. The duty =  $T = P' - P''$
- $Q_G'$  = quantity supplied by GSP eligible countries
- $Q_O'$  = quantity supplied by other foreign countries
- $Q_{US}'$  = quantity supplied by U.S. producers
- $Q_T'$  = total quantity supplied =  $Q_G' + Q_O' + Q_{US}'$