

**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)-21
and 332-295

USITC PUBLICATION 2337

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United States International Trade Commission
Washington, DC 20436



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Note.--This report is a declassified version of the Confidential probable effects advice report submitted to the President on November 30, 1990.



INTRODUCTION

On August 17, 1990, in accordance with sections 131, 503, and 504 of the Trade Act of 1974 and section 332(g) of the Tariff Act of 1930, and pursuant to the authority delegated to the United States Trade Representative (USTR) by the President through Executive Order 11846, as amended, the USTR requested advice (see app. A) related to the U.S. Generalized System of Preferences (GSP) as follows:

- (1) pursuant to sections 503(a) and 131(a) of the Trade Act, of 1974 (19 U.S.C. 2151(b) and 2463(a)), advice 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 GSP. The USTR requested that the Commission, in providing its advice, 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)(1) of the 1974 act (except as noted for Mexico with respect to articles included under Harmonized Tariff Schedule (HTS) subheadings 0710.80.95(pt.), 0710.80.9530, 2917.37.00, and 7901.11.00 and for Poland with respect to articles included under HTS subheading 1602.41.20).
- (2) pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g))--
 - (a) advice as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of the removal of the articles listed in part B of the annex to the USTR request from eligibility for duty-free treatment under the GSP;
 - (b) advice in accordance with section 504(c)(3)(A)(i) of the Trade Act of 1974, 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 annex to the USTR request;

- (c) advice as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of restoring the competitive-need limits specified in section 504(c)(1) of the 1974 act for Mexico with respect to the articles included under HTS subheadings 8414.59.80 and 8507.90.40, all of the foregoing articles for which Mexico currently is subject to the reduced competitive-need limits specified in section 504(c)(2)(B) of the 1974 act; and
- (d) advice in accordance with section 504(d) of the Trade Act of 1974, which exempts from one of the competitive-need limits in section 504(c) of the act articles for which no like or directly competitive article was being produced in the United States on January 3, 1985, as to whether products like or directly competitive with the articles in part A of the annex of the USTR request were being produced in the United States on January 3, 1985.

In response to the USTR request, the Commission on August 28, 1990, instituted Investigations Nos. TA-503(a)-21 and 332-295 for the purpose of obtaining, to the extent practicable, information for use in connection with the preparation of advice requested by the USTR.¹

¹ On October 5, 1990, the USTR notified the Commission of the withdrawal of HTS subheading 2922.42.10 from the list of articles for which probable economic effect advice was requested.

The Commission notice of investigation and hearing is contained in appendix B.² A public hearing in connection with the investigation was held in the Commission hearing room, 500 E Street SW., Washington, DC 20436, on October 2 and 3, 1990. All interested parties were afforded an opportunity to appear by counsel or in person, to present information, and to be heard.³

² The following Federal Register notices were issued by the Commission and the USTR related to Investigations Nos. TA-503(a)-21 and 332-295:

<u>Date</u>	<u>Notice</u>	<u>Subject</u>
Aug. 24, 1990	55 F.R. 34878	USTR notice of annual GSP review
Sept. 6, 1990	55 F.R. 36707	Notice of ITC investigation and hearing
Sept. 12, 1990	55 F.R. 37577	Correction of effective date

³ A list of witnesses who appeared at the Commission hearing is contained in app. C.



PRESENTATION OF PROBABLE ECONOMIC EFFECT ADVICE

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

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, 1989
- 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, and an indication of whether there was U.S. production of the item on January 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, 1989.--This section provides 1989 U.S. import data, including the world total and certain GSP country-specific data. Individual GSP country data are provided for the top four GSP suppliers during 1989 as well as for any additional GSP country proposed for a "waiver." Hong Kong, Korea, Taiwan, and Singapore are not classified as GSP countries in this report. Although these countries were eligible for GSP treatment during 1985-88, they were "graduated" on January 1, 1989, and are no longer eligible for GSP benefits.

IV. Competitiveness profiles.--This section provides background information on GSP supplier countries that are (1) the most significant sources, (2) likely to emerge as significant suppliers as a result of the GSP modification, and/or (3) affected by changes in eligibility as a

result of the modification. Information is provided on the level and significance of the country as a supplier, the elasticities of supply and demand for imports from the country,⁴ and the price and quality of imports compared with U.S. and other foreign products.

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

VI. Summary of probable economic effects.--This section provides advice on the short-to-near-term (1-5 years, 1991-95) impact of the proposed GSP-eligibility modifications in three areas: (1) U.S. imports, (2) U.S. industry, and (3) U.S. consumers. The probable economic effect advice, to a degree, integrates and summarizes the data provided in sections I-V of the digests with particular emphasis on the price sensitivity of import supply and demand. Thus, for example, if the price elasticity of demand in the United States and the price elasticity of supply in the exporting beneficiary country are both relatively high, elimination of even a moderate-level tariff suggests the possibility of large import increases from the beneficiary country. Appendix D provides a brief textual and graphic presentation 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 project such trade shifts precisely.

It should be noted that the probable economic effect advice with respect to changes in import levels is presented in terms of the degree to which GSP modifications will affect U.S. trade levels with the world. Consequently, although 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 for imports from developed countries, the overall effect on U.S. imports could be minimal.

⁴ 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. It should be noted that the elasticity levels ("low, moderate, and high") are only estimates, and are not based on empirical research on the various products under consideration.

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

FOR "ADDITION," "WAIVER," AND "FULL COMPETITIVE NEED LIMITS" DIGESTS:

Level of total U.S. imports:

- Code A: Little or no increase (5 percent or less).
- Code B: Moderate increase (6 to 15 percent).
- Code C: Significant increase (over 15 percent).
- Code N: No impact

Impact on the U.S. industry and employment:

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

Benefit derived by the U.S. consumer:⁵

- Code A: The bulk of duty savings (greater than 75 percent) is expected to be absorbed by the foreign suppliers. The price U.S. consumers pay is not expected to fall significantly (by less than 25 percent of the duty reduction).
- Code B: Duty savings are expected to benefit both the foreign suppliers and the domestic consumer (neither one 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: No impact.

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

FOR "REMOVAL" DIGESTS:

Level of total U.S. imports:

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

Impact on the U.S. industry and employment:

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

Impact on the U.S. consumer:⁶

- 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

In using the probable economic effect advice, one should consider several important factors. The HTS trade data for 1985-1988 used in the investigation were developed by the Commission by converting official TSUSA import statistics and Schedule B export statistics to the HTS format using Commission-developed concordances between the TSUSA/Schedule B systems and the HTS. 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 because of fundamental differences in structure and classification concepts between the HTS and the TSUSA/Schedule B. Although the Commission believes that it has solved

⁶ The "U.S. consumer" may be a firm/person receiving an intermediate good for further processing or an end user in case of a final good.

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 degree of confidence in data provided in the digests, the Commission uses the following coding system.

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

* = Based on partial information/data adequate for estimation with a moderately high degree of confidence (e.g., *5, *X).

** = Based on limited information/data adequate for estimation with a moderate degree of confidence (e.g., **5).

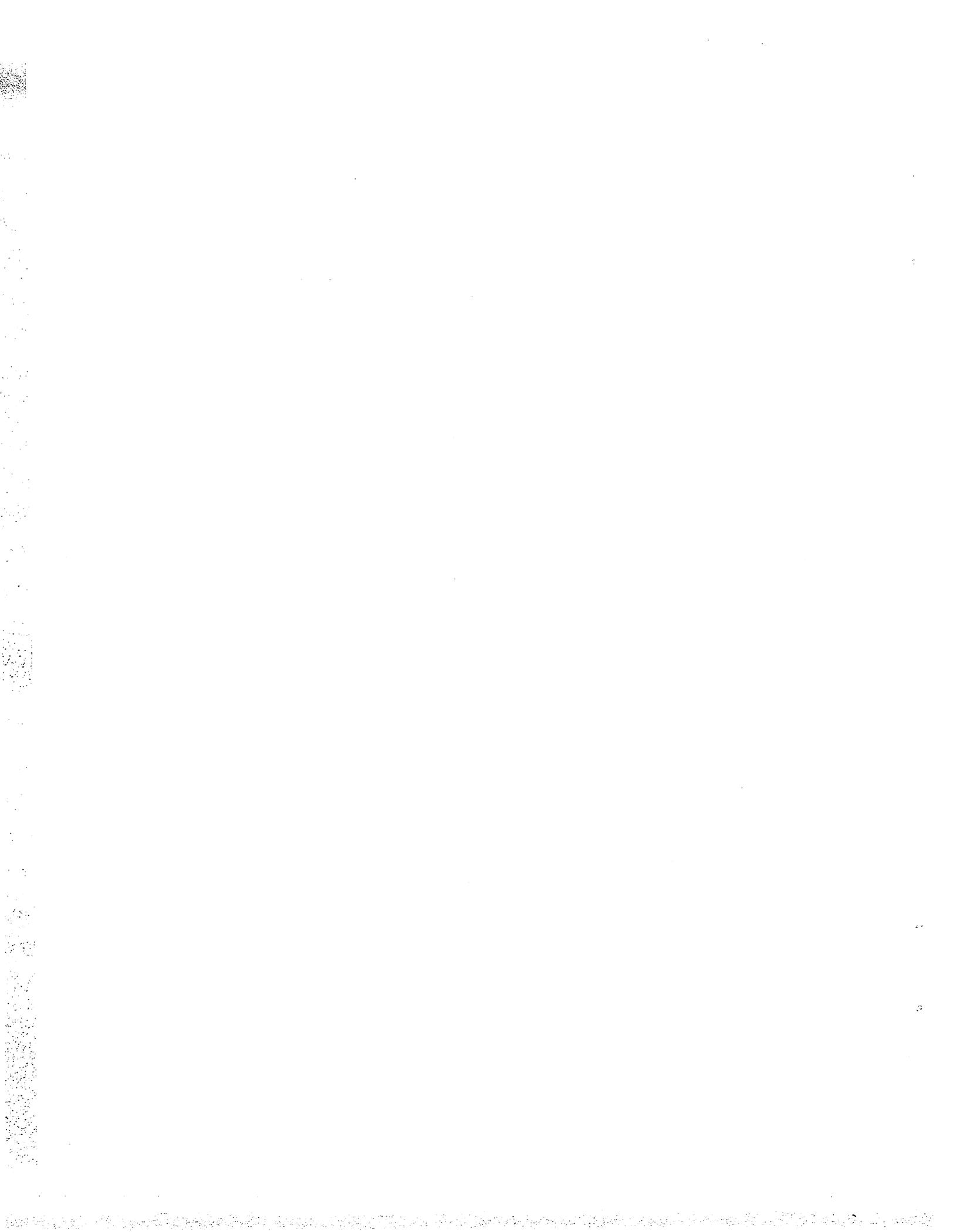
(¹) = Not available.

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



Probable Economic Effect Digest Locator and Overview

Note.--In this report, the digests follow the sequential order of the first HTS subheading, listed in pages 13 to 21. This listing provides the following information on the individual digests: a digest title, name of petitioner(s), probable economic effect codes, col. 1 rate of duty or AVE, existence of U.S. production on January 3, 1985, and the assigned Commission trade analyst.



HTS subheadings requiring probable effect advice and listing of digests

HTS sub-heading(s) ¹	Short title	Proposed action	Petitioner(s)	Probable effects	Col. 1 rate of duty or AVE	U.S. production, Jan. 3, 1985?	Analyst
<u>0202.30.20</u>	Frozen, boneless, high-quality beef cuts	Addition	Company for Livestock and Meat Processing of County "Heves", Hungary	***	4.0%	Yes	Westcot
<u>0203.22.10</u> <u>0203.29.20</u>	Frozen, processed hams and shoulders	Addition	Company for Livestock and Meat Processing of County "Heves", Hungary	***	1.3%	Yes	Westcot
<u>0403.90.80(pt)</u>	Chongos	Addition	Govt. of Mexico; Dulces Regionales Tres Reyes, Mexico	2***	20.0%	No	Warren
<u>0406.90.3040</u>	Goya cheese in original loaves	Addition	Duna Cheese Company, Wapakoneta, OH	***	25.0%	No	Warren
<u>0701.90.00(pt)</u>	Yellow (Solano) potatoes, fresh or chilled	Addition	Govt. of Colombia	***	2.3%	Yes	Nunis
<u>0710.30.00</u>	Frozen Spinach	Addition	Govt. of Mexico; Congelados Don Jose, S.A. de C.V., Mexico; Covemex, S.A. de C.V., Mexico; Empacadora General Agricola de Bajio, S.P.R.R.L., Mexico; Expohort, S.A. de C.V., Mexico; MAR BRAN S. de R.L. de C.V., Mexico; Vegetales Congelados S. de P.R., Mexico	***	17.5%	Yes	Nunis
<u>0710.80.95(pt)</u> 0710.80.9530 0710.80.9540	Frozen broccoli, cauliflower, and okra	Addition ³	Govt. of Colombia; Govt. of Mexico; Congelados Don Jose, S.A. de C.V., Mexico; Covemex, S.A. de C.V., Mexico; Empacadora General Agricola de Bajio, S.P.R.R.L., Mexico; Expohort, S.A. de C.V., Mexico; MAR BRAN, S. de R.L. de C.V., Mexico; Vegetales Congelados S. de P.R., Mexico	***	17.5%	Yes	Nunis

See footnotes at end of table.

HTS subheadings requiring probable effect advice and listing of digests--Continued

HTS sub-heading(s) ¹	Short title	Proposed action	Partitioner(s)	Probable effects	Col. 1 rate of duty or AVE	U.S. pro-duction, Jan. 3, 1985?	Analyst
<u>0802.90.15</u>	Shelled pecans	Waiver (Mexico)	Govt. of Mexico; Industrializadora de Nuez, Mexico	***	0.8%	Yes	Burket
<u>0804.50.40</u>	Fresh guavas, mangoes, and mangosteens	Waiver (Mexico)	Govt. of Mexico; Confederacion Nacional de Productores de Hortelizas, Mexico	***	10.5%	Yes	Ruggles
<u>0807.10.60</u>	Ogen and Galia melons, entered June 1-November 30	Addition	Govt. of Mexico; Asociacion Agricola Local de Productos de Nuez, Durazno y Manzana de de Sonora, Mexico	***	14%	Yes	Macomber
<u>1602.41.20</u> <u>1602.42.20</u>	Prepared or preserved hams and shoulders	Addition ⁴	Animex Export-Import Limited, Poland	***	2.2%	Yes	Westcot
<u>1602.49.20</u>	Certain prepared or preserved pork	Addition	Animex Export-Import Limited, Poland	***	2.3%	Yes	Ludwick
<u>1702.30.40</u>	Glucose and glucose syrup, less than 20% fructose	Addition	Govt. of Mexico; Arancia, S.A. de C.V., Mexico	***	8.3%	Yes	Williams
<u>2003.10.00</u>	Certain prepared or preserved mushrooms	Addition	The Pillsbury Company, Minneapolis, MN; Debreceen Canning Factory, Hungary	***	12.9%	Yes	Gallagher
<u>2005.20.0020</u>	Potato chips	Waiver (Mexico)	Govt. of Mexico; PepsiCo, Inc. Purchase, NY	***	10.0%	Yes	Nunis

See footnotes at end of table.

HTS subheadings requiring probable effect advice and listing of digesta--Continued

HTS sub-heading(s) ¹	Short title	Proposed action	Petitioner(s)	Probable effects	Col. 1 rate of duty or AVE	U.S. production, Jan. 3, 1985?	Analyst
2005.90.5510	Certain prepared peppers	Removal	Cherokee Products Company, Haddock, GA; Del Mar Food Products Corp., Watsonville, CA; Draper-King Cole, Inc., Milton, DE; Dunbar Foods Corp., Dunn, NC; Moody Dunbar, Inc., Limestone, TN; Furman Foods, Inc., Northumberland, PA; The Mancini Packing Co., Zolfo Springs, FL; G. L. Mezzetta, Inc., Sonoma, CA; Monticello Canning Co., Inc., Crossville, TN; Saticoy Foods Corp., Saticoy, CA	***	17.5%	Yes	Macomber
2007.99.05 2007.99.10 2007.99.20 2007.99.25	Certain jams	Addition	Fructal p.o. Ajdovscina, Yugoslavia	***	9.4%	Yes	Ruggles
2204.21.4030 2204.21.4045	Certain table wine	Addition	Association of Hungarian Wine Traders, Hungary; ERGERVINE Winery of Eger-Matra Region, Hungary	***	3.1%	Yes	Salin
2204.21.8060	Certain dessert wine	Addition	Association of Hungarian Wine Traders, Hungary	***	3.1%	Yes	Salin
2208.90.50	Tequila in containers holding 4 liters or less	Addition	Govt. of Mexico; Construeport, S.A. de C.V., Mexico; Satisfactores, S.A., Mexico	***	9.2%	No	Salin
2529.22.00	Acid-grade fluorspar	Waiver (Mexico)	Govt. of Mexico; Aimcor de Mexico, S.A. de C.V., Mexico	***	1.9%	Yes	DeSapio
2836.92.00	Strontium carbonate	Waiver (Mexico)	Govt. of Mexico; Sales y Oxidos, S.A. de C.V., Mexico; Compania Minerva La Valencia, S.A. de C.V., Mexico	***	4.2%	Yes	Greenblatt

See footnotes at end of table.

HTS subheadings requiring probable effect advice and listing of digests--Continued

HTS sub-heading(s) ¹	Short title	Proposed action	Petitioner(s)	Probable effects	Col. 1 rate of duty or AVE	U.S. production, Jan. 3, 1985 ⁷	Analyst
<u>2843.21.00</u>	Silver nitrate	Removal	Ames Goldsmith Corp., Glen Falls, NY; Metz Metallurgical, Plainfield, NJ	***	3.7%	Yes	Greenblatt
<u>2901.10.20(pt)</u>	n-Pentane and isopentane	Addition	Govt. of Mexico; International Commodities Export Corp., Purchase, NY; Productos Quimicos Coin, S.A. de C.V., Mexico	***	5%	Yes	Land
<u>2903.61.10</u>	Certain benzenoid chemicals and mixtures	Addition	Nitroclor Productos Quimicos, S.A., Brazil; Chemolimpex Hungarian Trading Co. for Chemicals, Hungary; Budapest Chemical Works, Hungary; Nitrokemia Ipartelepék, Hungary; Ameribrom, Inc., New York, NY; Govt. of Mexico; Novaquim, S.A. de C.V., Mexico; Ciba-Geigy Mexicana, S.A. de C.V., Mexico; Aceto Corporation, Flushing, NY	***	13.3%	Yes	Matusik
2903.69.50(pt)							
2904.90.10(pt)							
2904.90.45(pt)							
2907.29.50(pt)							
2907.29.50(pt)							
2908.10.30(pt)							
2908.90.10(pt)							
2916.39.10(pt)							
2916.39.30(pt)							
2916.39.50(pt)							
2921.42.50(pt)							
2921.42.50(pt)							
2921.43.50(pt)							
2924.29.45(pt)							
2924.29.45(pt)							
3823.90.29(pt)							
<u>2916.39.15</u>	Ibuprofen	Removal	Ethyl Corporation, Richmond, VA	***	6.8%	Yes	Nesbitt
<u>2917.37.00</u>	Dimethyl terephthalate	Addition ⁵	Govt. of Mexico; Petrocel, S.A., Mexico	***	14.0%	Yes	Rafferty
<u>2922.42.10⁶</u>							

See footnotes at end of table.

HTS subheadings requiring probable effect advice and listing of digests--Continued

HTS sub-heading(s) ¹	Short title	Proposed action	Petitioner(s)	Probable effects	Col. 1 rate of duty or AVE	U.S. pro-duction, Jan. 3, 1985?	Analyst
<u>2929.10.15</u> 2929.10.50(pt)	Certain isocyanates	Addition	Petroquimica Rio Tercero, S.A., Argentina; Nitroclor Productos Quimicos, S.A., Brazil	***	16.8%	Yes	Matusik
<u>2934.20.40(pt)</u>	N-tert-Butyl-2-benzothiazole-sulfenamide	Addition	Govt. of Mexico; Quimica Organica de Mexico, S.A. de C.V., Mexico	***	13.5%	Yes	Trainor
<u>2935.00.31</u>	Certain sulfonamides	Wavier (Yugoslavia)	Pliva, I.L., Yugoslavia	***	10.8%	Yes	Nesbitt
<u>3205.00.10(pt)</u>	Carmine lakes	Addition	Govt. of Peru; Asociacion Nacional de Cochinilla, Peru; Universal Foods Corporation, Milwaukee, WI; Blocon (U.S.), DE	***	15%	No	Wanser
<u>3606.90.60</u>	Certain combustible materials	Addition	Govt. of Colombia	***	5%	Yes	Johnson
<u>3817.10.00(pt)</u>	Mixed linear alkybenzenes	Removal	Vista Chemical Company, Houston, TX	***	18.8%	Yes	Matusik
<u>3906.90.50</u>	Other acrylic polymers in primary forms, not elastomeric and not plastics	Addition	Govt. of Colombia	***	4.2%	Yes	Taylor
<u>3907.60.00</u>	Polyethylene terephthalate resins in primary forms	Wavier (Mexico)	Govt. of Mexico; Petrocel, S.A., Mexico	***	10.5%	Yes	Taylor
<u>4015.11.00</u>	Surgical and medical rubber gloves	Wavier (Malaysia)	Baxter International, Inc., Deerfield, IL	***	3.7%	Yes	Jones
<u>4409.10.40</u>	Standard pine moldings	Wavier (Mexico)	Govt. of Mexico; Cal-State Lumber Sales, Inc., National City, CA	***	1.5%	Yes	Westcot

See footnotes at end of table.

HTS subheadings requiring probable effect advice and listing of digests--Continued

HTS sub-heading(s) ¹	Short title	Proposed action	Partitioner(s)	Probable effects	Col. 1 rate of duty or AVE	U.S. production, Jan. 3, 1985?	Analyst
4818.40.40	Disposable diapers and similar articles made of cellulose wadding	Wavier (Mexico)	Govt. of Mexico; Convertidora y Maquiladora de Papel, S.A. de C.V., Mexico	***	5.3%	Yes	Rhodes
5608.90.2010	Knotted, cotton hammocks	Addition	Govt. of Mexico; Hamacas "El Aguacate", Mexico	***	15%	Yes	Cook
6204.39.40(pt) 6204.49.00(pt)	Women's silk dresses and jackets	Addition	Govt. of Thailand	***	7.3%	Yes	Shetty
6911.10.41 6911.10.45 6912.00.41	Certain ceramic tableware and kitchenware	Addition	Consorcio dos Produtores Exportadores Brasileiros de Ceramica, Brazil; Minex, Ltd., Poland	***	10%	Yes	McNay
7013.21.50 7013.31.50 7013.91.50	Certain lead crystal glassware	Addition	Govt. of Mexico; Vitrocrista Kristal, S.A. de C.V., Mexico; Crisa Corporation, Laredo, TX; Consorcio dos Produtores Exportadores Brasileiros de Ceramica, Brazil; Minex, Ltd., Poland; Turkiye Sise ve Cam Fab., S.A., Turkey	***	6%	Yes	McNay
7202.11.10 7202.19.50	Medium-carbon ferromanganese	Wavier (Mexico)	Govt. of Mexico; Cia. Minera Autlan, S.A. de C.V., Mexico	***	1.4%	Yes	Boszormenyi
7202.11.50 7202.92.00 8111.00.45	Certain ferroalloys and manganese metal	Addition	Govt. of Peru; Govt. of Argentina; Sociedade Brasileira de Electrolise, LTDA, Brazil	***	2.7%	Yes	Boszormenyi
7318.15.80(pt)	Certain screws of iron or steel	Addition	Universal Co., Ltd., Poland	***	9.5%	Yes	Brandon

See footnotes at end of table.

HTS subheadings requiring probable effect advice and listing of digests--Continued

HTS sub-heading(s) ¹	Short title	Proposed action	Petitioner(s)	Probable effects	Col. 1 rate of duty or AVE	U.S. pro-duction, Jan. 3, 1985?	Analyst
<u>7801.10.00</u> 7801.99.90	Unwrought lead	Addition	Govt. of Mexico; Industrial Minera Mexico, S.A. de C.V., Mexico; Met-Mex Penoles, S.A. de C.V., Mexico	***	3.5%	Yes	Lundy
<u>7901.11.00</u> 7901.12.50	Unwrought zinc	Addition ⁷	Govt. of Mexico; Industrial Minera Mexico, S.A. de C.V., Mexico; Met-Mex Penoles, S.A. de C.V., Mexico	***	1.5%	Yes	Lundy
<u>8414.59.80</u>	Miscellaneous fans and blowers	Mavier ⁸ (Mexico)	Govt. of Mexico; Comair Rotron de Mexico, S.A. de C.V., Mexico	***	4.7%	Yes	Mata
<u>8418.10.00</u> 8418.21.00 8418.22.00 8418.29.00 8418.30.00 8418.40.00	Refrigerators, freezers, and other refrigerating equipment	Mavier (Mexico)	Govt. of Mexico; Whirlpool Corporation, Benton Harbor, MI; Vitromatic, S.A. de C.V., Mexico	***	2.9%	Yes	Mata
<u>8475.20.00</u>	Machines for manufacturing or working glass or glassware	Mavier (Mexico)	Govt. of Mexico; Anchor Glass Container corporation, Tampa, FL; Fabricacion de Maquinas, S.A., Mexico	***	3.9%	Yes	Greene
<u>8481.80.10(pt)</u> 8481.80.90(pt) 8481.90.10(pt) 8481.90.90(pt)	Valves for motor-vehicle tires and inner tubes	Removal	Bridgeport-Piedmont Manufacturing Co., Chicago, IL;	***	3.9%	Yes	Mata
<u>8504.10.00</u> 8504.32.00	Certain electrical transformers	Mavier (Mexico)	Govt. of Mexico; Electronic Ballast Technology, Inc., Torrance, CA; Westinghouse Electric Corporation, Pittsburgh, PA; Operaciones de Maquila de Juarez, S.A. de C.V., Mexico	***	2.8%	Yes	Cutchin

See footnotes at end of table.

HTS subheadings requiring probable effect advice and listing of digests--Continued

HTS sub-heading(s) ¹	Short title	Proposed action	Petitioner(s)	Probable effects	Col. 1 rate of duty or AVE	U.S. pro-duction, Jan. 3, 1985?	Analyst
8505.19.00	Permanent, non-metal magnets and articles	Wavier (Mexico)	Govt. of Mexico; Aislantes Leon, S.A. de C.V., Mexico	***	4.9%	Yes	Cutchin
8507.90.40	Parts of lead-acid storage batteries	Wavier ⁹ (Mexico)	Govt. of Mexico; Aislantes Leon, S.A. de C.V., Mexico	***	5.3%	Yes	Sherman
8511.10.00	Spark plugs	Wavier (Mexico)	Govt. of Mexico; Bujias Mexicanas, Mexico	***	3.1%	Yes	Murphy
8516.90.60(pt)	Glass coffee pots	Removal	Kimble Glass, Inc., Vineland, NJ	***	3.9%	Yes	Jackson
8517.10.00 8520.20.00	Telephone line equipment	Wavier (Malaysia)	Thomson Consumer Electronics, Inc., Indianapolis, IN	***	7.2%	No	Baker
8527.11.11	Portable radio-tape player combinations	Wavier (Malaysia)	Thomson Consumer Electronics, Inc., Indianapolis, IN	***	3.7%	No	Kitzmiller
8539.10.00	Fixed carbon resistors	Addition	Govt. of Mexico; Cia. General de Electronica, S.A. de C.V., Mexico	***	6%	Yes	Sherman
8536.69.00 8536.90.00	Low voltage switchgear	Wavier (Mexico)	Govt. of Mexico; Labinal Electronica de Reynosa, S.A. de C.V., Mexico	***	5.3%	Yes	Malison
8544.30.00 8544.51.40	Certain insulated electrical conductors and wiring sets	Wavier (Mexico, Philippines ⁹)	Govt. of Mexico; Govt. of the Philippines; Servicios Conduumex, S.A. de C.V., Mexico; Conductores Monterrey, S.A. de C.V., Mexico; ACS Industries, Inc., Woonsocket, RI	***	5%	Yes	Cutchin
8703.10.00(pt)	Golf carts	Addition	Melex USA, Inc., Raleigh, NC	***	2.5%	Yes	Stonitsch
8708.70.80 8708.99.50	Certain motor-vehicle parts	Wavier (Mexico)	Govt. of Mexico; Kelsey Hayes de Mexico, S.A., Mexico; Gabriel de Mexico, S.A. de C.V., Mexico	***	3.1%	Yes	Topolansky

See footnotes at end of table.

HTS subheadings requiring probable effect advice and listing of digests--Continued

HTS sub-heading(s) ¹	Short title	Proposed action	Petitioner(s)	Probable effects	Col. 1 rate of duty or AVE	U.S. pro-duction, Jan. 3, 1985?	Analyst
<u>8714.92.50</u>	Spokes for bicycles and certain cycles	Addition	Govt. of Peru	***	10%	Yes	Seastrum
<u>9401.90.10</u>	Parts of seats of motor vehicles	Wavier (Mexico)	Govt. of Mexico; General Motors Corporation, Warren, MI	***	3.1%	Yes	Spalding
<u>9503.70.80</u>	Certain toys put up in sets, and parts thereof	Wavier (Mexico)	Govt. of Mexico; Mattel Inc., Hawthorne, CA; Tonka Corporation, Minnetonka, MN	***	6.8%	Yes	Luther
<u>9503.90.60</u>	Miscellaneous toys, parts, and accessories	Wavier (Mexico)	Govt. of Mexico; Mattel Inc., Hawthorne, CA; Tonka Corporation, Minnetonka, MN	***	6.8%	Yes	Luther
<u>9508.10.00</u>	Ball point pens	Addition	Govt. of Mexico; Wearaver de Mexico, S.A., Mexico	***	34.2%	Yes	Robinson

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

2 ***

- 3 Advice on waiver of competitive-need limit for Mexico with respect to HTS subheadings 0710.80.95(pt) and 0710.80.9530 is also requested.
- 4 Advice on waiver of competitive-need limit for Poland with respect to HTS subheading 1602.41.20 is also requested.
- 5 Advice on waiver of competitive-need limit for Mexico with respect to HTS subheading 2917.37.00 is also requested.
- 6 Request for probable economic effect advice with respect to HTS subheading 2922.42.10 was withdrawn.
- 7 Advice on waiver of competitive-need limit for Mexico with respect to HTS subheading 7901.11.00 is also requested.
- 8 Advice on restoration of competitive-need limit for Mexico with respect to HTS subheading 8414.59.80 is also requested.
- 9 Advice on restoration of competitive-need limit for Mexico with respect to HTS subheading 8507.90.40 is also requested.
- 10 Waiver of competitive-need limit for Philippines is requested only with respect to HTS subheading 8544.30.00.



COMMODITY DIGESTS

DIGEST NO. 0202.30.20

FROZEN, BONELESS, HIGH-QUALITY BEEF CUTS

Frozen, Boneless, High-quality Beef Cuts

I. Introduction

X Addition to GSP ___ Removal from GSP _____ Competitive-need-limit waiver

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent</u> <u>ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
0202.30.20	Frozen, boneless, high-quality beef cuts	4.0%	Yes	***

Description and uses.--High quality beef cuts are those that are specially processed into fancy cuts, special shapes, or otherwise made ready for particular uses by the retail consumer (but not ground or comminuted, diced or cut into sizes for stew meat or similar uses, or rolled or skewered). High quality beef cuts meet the specifications in regulations issued by the U.S. Department of Agriculture for Prime or Choice beef, and which have been so certified prior to exportation by an official of the government of the exporting country, in accordance with regulations issued by the Secretary of the Treasury after consultation with the Secretary of Agriculture. The articles included herein must also be boneless and frozen.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**25	**25	**25	**25	**-	**25
Employment (1,000 employees)....	**(³)	**(³)	**(³)	**(³)	**-	**(³)
Shipments (1,000 dollars).....	**65,866	**64,809	**72,170	**77,538	**6	**79,927
Exports (1,000 dollars).....	9,234	8,241	9,055	15,354	18	(⁴)
Imports (1,000 dollars).....	4 ⁵	37 ⁵	8 ⁵	62 ⁵	149 ⁵	9,060
Consumption (1,000 dollars).....	**56,636	**56,605	**63,123	**62,246	**3	(⁶)
Import-to-consumption ratio (percent).....	**7	**7	**7	**7	-	(⁸)
Capacity utilization (percent)...	**85	**85	**85	**85	-	**85

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Less than 500.

⁴***.

⁵Estimated by the staff of the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

⁶***. Based on a level of exports comparable to that of 1988, U.S. consumption in 1989 would have been **\$74 million.

⁷Less than 0.5 percent.

⁸Not available, but estimated to be **12 percent, based on a level of exports comparable to that of 1988.

Comment.--Although the domestic market for high-quality beef cuts has increased in recent years with concerns about health, data are not available on the share of such product that is frozen and boneless. The sharp increase in imports from 1988 to 1989 is largely the result of the emergence of the Dominican Republic as a supplier to the U.S. market. A meat processing facility, specializing in high quality beef, processed meats, and hams and sausages, opened in that country during October 1988. Much of the product from that plant is marketed in the United States. Also, as a result of high domestic prices, purchases of high quality beef in Guatemala have declined, with the surplus being marketed to the United States in frozen form. Prior to 1989, Canada was the leading foreign supplier of frozen, boneless high quality beef cuts to the U.S. market.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	9,060	100	-	**12 ¹
Imports from GSP countries:				
Total.....	8,995	99	100	**12 ¹
Guatemala ²	4,056	45	45	**5 ¹
Dominican Republic ²	3,968	44	44	**5 ¹
El Salvador ²	971	11	11	**1 ¹

¹Based on a level of exports comparable to that of 1988, U.S. consumption in 1989 is estimated to have been **\$74 million.

²Such imports are eligible for duty-free entry under the CBERA

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

Comment.--Based on a level of exports comparable to that of 1988, imports supplied roughly **12 percent of domestic consumption of frozen, boneless high-quality beef cuts in 1989. During 1985-88, imports supplied only **1 percent annually. The sharp increase in the share of consumption supplied by imports was the result of the emergence of the Dominican Republic and Guatemala as major foreign suppliers to the U.S. market. In 1989, Guatemala and the Dominican Republic were the leading suppliers, supplying 45 percent and 44 percent, respectively, of total imports. Most boneless beef cuts are of lower (manufacturing) grade and imported fresh, chilled, often for further processing. Imports of frozen, boneless high-quality beef cuts accounted for only 7 percent of total boneless beef imports in 1989. Imports of frozen, boneless high quality beef cuts compete in the U.S. market with similar U.S. and foreign products and with fresh and chilled high quality boneless beef cuts. The staff of the Commission estimates that in 1989, U.S. producers manufactured **\$1.6 billion worth of boneless, high quality beef cuts. Of that amount, the staff of the Commission estimates that no more than 5 percent was frozen. Because of the need to import high quality beef cuts in a frozen form to prevent spoilage, U.S. producers can deliver the product to the market at considerably lower cost by generally not having to freeze the product.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Guatemala for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ No X
 Does the country have significant export markets besides the
 United States?..... Yes X No ___
 Could exports from the country be readily redistributed among
 its foreign export markets?..... Yes X No ___
 What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with--

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

Quality compared with--

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

Comment.--U.S. imports of frozen, boneless high-quality beef from Guatemala are primarily specialty items believed to be sold in specialty retail shops. Imports of such products from Guatemala are eligible for duty-free entry under the CBERA. Guatemala did not supply imports of frozen, boneless high-quality beef cuts to the United States during 1985-88.

Competitiveness indicators for the Dominican Republic for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ Moderate X Low ___

Price level compared with--

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

Quality compared with--

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

Comment.--U.S. imports of frozen, boneless high-quality beef from the Dominican Republic are primarily specialty items believed to be sold in specialty retail shops. Imports of such products from the Dominican Republic are eligible for duty-free entry under the CBERA. The Dominican Republic did not supply imports of frozen, boneless high-quality beef cuts to the United States during 1985-88.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Hungary for all digest products

Ranking as a U.S. import supplier, 1989..... (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

¹Hungary did not supply imports of frozen, boneless high-quality beef cuts to the United States during 1989.

Comment.--Although the United States did not import such products from Hungary in 1989, the quality of the products meet the requirements of the EEC. The petitioners have initiated with the U.S. Department of Agriculture the inspection of cattle slaughterhouses, with adequate cold-storage facilities.

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with--

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

Other foreign products..... Above Equivalent Below

Quality compared with--

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

Other foreign products..... Above Equivalent Below

Comment.--U.S. imports of frozen, boneless high-quality beef from GSP sources are primarily specialty items believed to be sold in specialty retail shops. Imports of such products from Guatemala, the Dominican Republic, and El Salvador, which accounted for all imports from GSP eligible countries in 1989, were eligible for duty-free entry under the CBERA and should not be affected by a change in GSP status. The expected imports from Hungary would likely be of quality and cuts similar to those of the domestic producers.

DIGEST NO. 0203.22.10

FROZEN, PROCESSED HAMS AND SHOULDERS

Frozen, Processed Hams and Shoulders¹

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0203.22.10	Frozen, bone in, processed hams, shoulders, and cuts thereof	1.2% AVE	Yes	***
0203.29.20	Frozen, boneless, processed hams shoulders and cuts thereof and other frozen processed pork cuts	1.4% AVE	Yes	***

Description and uses.--Included herein are frozen processed hams, shoulders and cuts thereof, whether or not boned, and all other frozen, processed pork, except carcasses and half-carcasses. The term processed as used here covers meats which have been ground or comminuted, diced or cut into sizes for stew meat or similar uses, rolled and skewered, or specially processed into fancy cuts, special shapes, or otherwise made ready for particular uses by the retail customer.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**115	**110	*107	**105	** -3	**105
Employment (1,000 employees)....	** ⁽³⁾	** ⁽³⁾	** ⁽³⁾	** ⁽³⁾	**0	** ⁽³⁾
Shipments (1,000 dollars).....	**122,102	**84,738	**79,444	**147,332	**6	**154,238
Exports (1,000 dollars).....	4,338	3,901	14,041	26,242	82	63,094
Imports ⁴ (1,000 dollars).....	**1,000	**1,000	**1,000	**1,000	** -	1,295
Consumption (1,000 dollars)....	**118,764	**81,837	**66,403	**122,090	**1	**92,439
Import-to-consumption ratio (percent).....	**1	**1	**2	**1	-	**1
Capacity utilization (percent)...	**85	**80	**80	**85	-	**85

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Less than 500 equivalent full-time employees. Because production is not dedicated to a frozen product, employment figures are prorated from nonfrozen production.

⁴Data for 1985-88 are estimated by the staff of the U.S. International Trade Commission.

¹This digest includes the following HTS subheadings: 0203.22.10 and 0203.29.20.

V. Position of interested parties

Petitioner.--The petitioner, the Company for Livestock Trade and Meat Processing of County "Heves" and their subsidiary and joint companies, through the government of the Republic of Hungary, has stated that the extension of GSP status for frozen, boneless high-quality beef cuts would make possible the increase of export prices in Hungary. Such an increase in prices is an important component of generating higher export earnings at both the company and national level.

VI. Summary of probable economic effects--Addition.

* * * * *

Comment.--Domestic production of frozen processed hams and shoulders and other cuts is a function of demand for fresh, chilled processed hams and shoulders and the price and availability of other high quality meat cuts. Although domestic production of red meats has declined in recent years as a result of health concerns, pork production rose 5 percent during 1985-89, rising from 14.7 billion pounds in 1985 to 15.4 billion pounds in 1989. The downward trend in frozen production from 1985-87 is largely the result of increased demand and higher prices for nonfrozen product resulting in declining incentive to stockpile the product frozen.

III. GSP import situation, 1989

Comment.--There were no imports of frozen processed hams, shoulders and cuts thereof, whether or not boned, from GSP sources in 1989, nor is it believed that there were any such imports during 1985-88. U.S. pork production facilities are highly efficient compared with other world producers, therefore, imports, particularly of higher cost frozen products, generally are only a minor factor except in specific markets, such as the canned hams market.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for the Republic of Hungary for all digest products

Ranking as a U.S. import supplier, 1989..... (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 (2) Below

Other foreign products..... Above Equivalent Below

Quality compared with--

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

Other foreign products..... Above Equivalent Below

¹There were no imports of the digest products from the Republic of Hungary in 1989.

²There is no pricing information available as such products have not been exported to the United States. However, the staff of the Commission believes that the products may be priced to be competitive with other imports from Canada and Denmark if exported to this market in 1991.

Comment.--Although the United States did not import such products from Hungary in 1989, the quality of the products meet the requirements of the EEC. The petitioners have initiated with the U.S. Department of Agriculture the inspection of pig slaughterhouses, with adequate cold-storage facilities.

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No ___
What is the price elasticity of U.S. 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 ___

¹There is no pricing information available as such products have not been exported from GSP-eligible countries to the United States. However, the staff of the Commission believes that the products may be priced to be competitive with other imports from Canada and Denmark if exported to this market in 1991.

Comment.--Although the United States did not import such products from GSP-eligible countries in 1989, the products are available in Eastern Europe. Such products meet the requirements of the EEC. The petitioners have initiated with the U.S. Department of Agriculture the inspection of pig slaughterhouses in Hungary, with adequate cold-storage facilities.

V. Position of interested parties

Petitioner.--The petitioner, the Company for Livestock Trade and Meat Processing of County "Heves" and their subsidiary and joint companies, through the government of the Republic of Hungary, has stated that the extension of GSP status for frozen processed hams, shoulders and cuts thereof, whether or not boned would make possible the increase of export prices in Hungary. The petitioner states that such an increase in prices is an important component of generating higher export earnings at both the company and national level.

VI. Summary of probable economic effects--Addition

* * * * *

Table I.

Digest Title: Frozen, processed hams and shoulders
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	0	0	0	0	656
Denmark.....	0	0	0	0	606
Sweden.....	0	0	0	0	34
Total.....	0	0	0	0	1,295
GSP Total 1/..	0	0	0	0	0
GSP+4 1/.....	0	0	0	0	0
Percent					
Canada.....	.0	.0	.0	.0	50.6
Denmark.....	.0	.0	.0	.0	46.8
Sweden.....	.0	.0	.0	.0	2.6
Total.....	.0	.0	.0	.0	100.0
GSP Total 1/..	.0	.0	.0	.0	.0
GSP+4 1/.....	.0	.0	.0	.0	.0

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest No.
02032210Digest Title: Frozen, processed hams and shoulders
U.S. exports of domestic merchandise, by principal markets, 1985-89

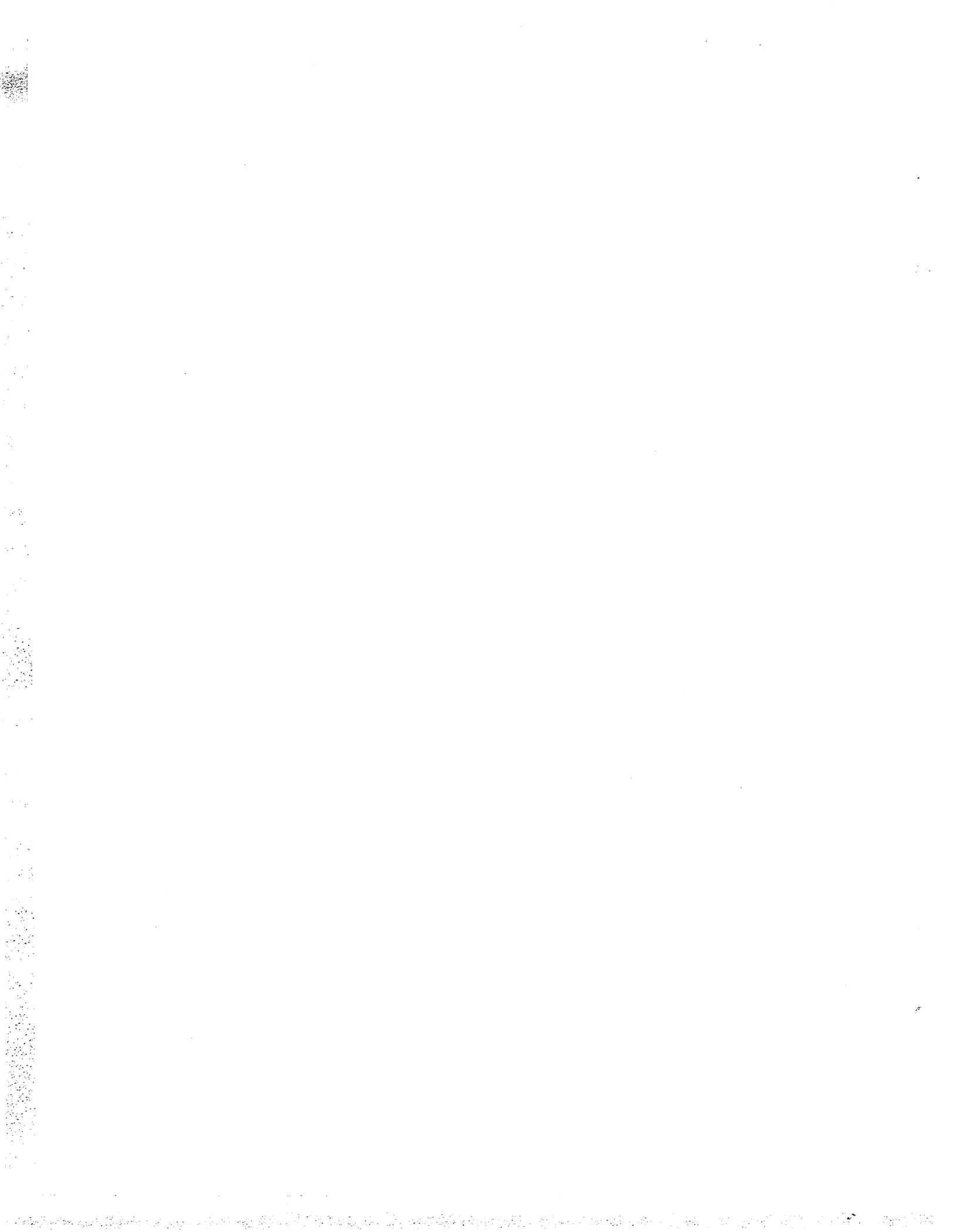
Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	620	928	8,461	20,680	55,538
Canada.....	995	227	100	215	1,639
Mexico.....	508	181	3,011	2,907	1,564
Sweden.....	148	99	87	33	1,377
Bahamas.....	794	433	259	198	939
Netherlands Ant..	0	0	0	76	432
Hong Kong.....	87	84	118	120	311
Dominican Rep....	2	6	8	0	266
Korea.....	31	2	11	61	140
Singapore.....	30	9	15	32	107
F St Micronesia..	0	0	6	13	97
New Caledonia....	0	0	0	0	65
Philippines.....	0	0	0	2	64
Br Virgin Is....	0	0	0	3	52
Aruba.....	31	48	227	90	52
All other.....	1,093	1,883	1,739	1,812	453
Total.....	4,338	3,901	14,041	26,242	63,094
GSP Total 2/..	2,170	1,414	4,232	3,769	3,808
GSP+4 2/.....	2,318	1,709	4,499	4,035	4,403
Percent					
Japan.....	14.3	23.8	60.3	78.8	88.0
Canada.....	22.9	5.8	.7	.8	2.6
Mexico.....	11.7	4.6	21.4	11.1	2.5
Sweden.....	3.4	2.5	.6	.1	2.2
Bahamas.....	18.3	11.1	1.8	.8	1.5
Netherlands Ant..	.0	.0	.0	.3	.7
Hong Kong.....	2.0	2.2	.8	.5	.5
Dominican Rep....	.1	.2	.1	.0	.4
Korea.....	.7	.1	.1	.2	.2
Singapore.....	.7	.2	.1	.1	.2
F St Micronesia..	.0	.0	1/	1/	.2
New Caledonia....	.0	.0	.0	.0	.1
Philippines.....	.0	.0	.0	1/	.1
Br Virgin Is....	.0	.0	.0	1/	.1
Aruba.....	.7	1.2	1.6	.3	.1
All other.....	25.2	48.3	12.4	6.9	.7
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	50.0	36.2	30.1	14.4	6.0
GSP+4 2/.....	53.4	43.8	32.0	15.4	7.0

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 0403.90.80(pt)

CHONGOS

Chongos

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheading	2 Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985	Probable effects on U.S. imports/ production
0403.90.80(pt)	Chongos	10%	No	***

¹Chongos were not produced in the United States on Jan. 3, 1985.

Description and uses.—Chongos are a candy-type product made from fermented milk and sugar. The product is reported to be from cream to amber in color with a characteristic smell, flavor, and consistency. It is packaged in cans. Chongos are consumed as a dessert.

1***

II. U.S. market profile

There are no U.S. production, imports, or exports of chongos.

III. GSP import situation, 1989

There are no U.S. imports of Chongos.

IV. Competitiveness profiles, GSP suppliers¹

Competitiveness indicators for GSP countries and for all digest products

Price elasticity:

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

What is the price elasticity of U.S. 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

¹There is no U.S. production of Chongos.

²Mexico is the only producer of Chongos.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested that Chongos provided for under HTS subheading 0403.90.80(pt) be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

The petitioner is Dulces Regionales Tres Reyes, Juarez Pte 39, Zamora Michoacan, Mexico. The legal representative is Fernando Rizo Valdez. The petitioner states that Chongos are produced only in Mexico. He requested a separate HTS subheading for Chongos, such products to be eligible for duty-free treatment. The main market for Chongos in the United States is the Hispanic population. If GSP status is granted, the petitioner claims that foreign exchange could be generated and more jobs could be created outside of Mexico City. He also states that, if GSP is granted, Chongos would not be competitive with U.S.-produced products because Chongos are not produced in the United States.

VI. Summary of probable economic effects—Addition

* * * * *

DIGEST NO. 0406.90.3040

GOYA CHEESE, IN ORIGINAL LOAVES

Goya cheese, in original loaves

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0406.90.3040	Goya cheese, in original loaves	25%	No	***

Description and uses.—Goya is a hard cheese usually made from cow's milk. In the United States Goya cheese is used mostly for grating and consumed in well-seasoned Italian-type foods such as pasta.

II. U.S. market profile¹

Profile of U.S. industry and market, 1985-89²

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ³	1989
Producers (number).....						
Employment (1,000 employees)....						
Shipments (1,000 dollars).....						
Exports (1,000 dollars).....						
Imports (1,000 dollars).....	185	449	711	1,927	14.7	2,915
Consumption (1,000 dollars).....	185	449	711	1,927	14.7	2,915
Import-to-consumption ratio (percent).....	100	100	100	100	-	100
Capacity utilization (percent)..						

¹There is no U.S. production of Goya cheese.

²Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

³This figure represents the average annual rate of change during 1985-1988.

Comment.—U.S. imports of Goya cheese, not in original loaves, are subject to a section 22 quota as provided for in HTS subheading 9904.10.45. Imports of such cheese in original loaves, the product included in the petition, are quota-free. There has been no U.S. production of Goya cheese for many years. Like imports of Goya cheese, a variety of other domestically produced, as well as imported, cheeses (e.g. hard Italian-type cheeses) are used for grating. Imports of most cheese made from cow's milk, whether or not used for grating, are subject to quotas.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	2,915	100	-	100
Imports from GSP countries:				
Total.....	1,341	46	100	46
Hungary.....	749	26	56	26
Argentina.....	538	18	40	18
Uruguay.....	54	2	4	2

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

Comment.—U.S. production and exports of Goya cheese are nil. Imports of such cheese in original loaves (HTS subheading 0406.90.3040) are not subject to a section 22 quota; imports not in original loaves (HTS subheading 0406.90.3020) are subject to the quota.

IV. Competitiveness profiles, GSP suppliers¹

Competitiveness indicators for Hungary for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

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

Other foreign products..... Above ___ Equivalent ___ Below X

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

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

Other foreign products..... Above ___ Equivalent ___ Below X

¹There is no U.S. production.

IV. Competitiveness profiles, GSP suppliers¹—Continued

Competitiveness indicators for all GSP countries and for all digest products

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

¹There is no U.S. production.

V. Position of interested parties

Petitioner.—The petitioner is Charles L. Kantner, President, Duna Cheese Company, Wapakoneta, Ohio. The petitioner, an importer-distributor of several dairy products, points out that virtually all imports of cheese made from cow's milk are subject to section 22 quotas and that the quotas are fully utilized. He claims that the only manner in which an importer of cheese can expand his business is by finding ways to import products not included in the quotas. Goya cheese, in original loaves, is a cheese made from cow's milk that is not subject to the quotas. However, such cheese from Hungary is subject to a rate of duty of 25 percent ad valorem. The petitioner characterizes this rate of duty as unrealistic. He claims that granting GSP status to the cheese, or making it duty-free, will not only benefit the growth of the Duna Cheese Company, but will also allow the company to pay the Hungarians more for the cheese and keep them competitive in the marketplace. Also, he asserts that such action will assist a developing country which is struggling to become a democratic nation.

Opposition.—In a written statement, Bernard A. Trugman, President, Trugman-Nash, Inc., 90 West Street New York, NY urged that the petition be rejected. Trugman-Nash imports Goya cheese from Australia, a country not eligible for GSP status. In expressing its opposition to the petition, Trugman-Nash points out that the rate of duty on Hungarian Goya cheese was 35 percent ad valorem until November 1989, as opposed to 25 percent ad valorem for other countries that exported Goya cheese to the United States. In 1988, Trugman-Nash continued, Hungary exported 537 Metric tons of the cheese to the United States (at the 35 percent rate of duty) and in 1989, 680 metric tons. When the rate of duty on imports of such from cheese Hungary was reduced to 25 percent ad valorem (November 1989) exports to the United States continued to increase. Trugman-Nash calculates that in 1990, such exports to the United States will show an annualized increase of 22 percent. The company concludes that, obviously, Hungary is perfectly capable of competing at the present rate of duty.

Trugman-Nash reminded the Commission that imports of most cheeses made from cow's milk are under section 22 quotas in order to protect the American dairy farmers. Imports of Goya cheese (not under quotas) have a large potential to displace dairy products if the price is low enough, the company contends. If the petition is approved, the company cautions that large increases in U.S. imports of Goya cheese can be expected from Hungary, as well as from other GSP eligible countries such as Argentina and Uruguay. These imports would be at the expense of the domestic industry and purchases of milk-derived products under the price-support program for milk, Trugman-Nash concludes.

In testimony presented at the hearing, Mr. Trugman pointed out that the petition indicates that if GSP is granted for Goya cheese, Hungary will be able to produce an additional 50,000 to 100,000 MT of the cheese. Mr. Trugman presumes that this cheese will come to the U.S. market. He further characterized the effect of the increase in imports resulting from the granting of GSP (zero duty) as devastating to the domestic industry as domestic hard Italian-type, cheeses will be unable to compete with even more inexpensive imports. Mr. Trugman stated that once the duty on imported Goya is dropped to zero, the price difference between the imported and domestic cheese will be so great that cheese processors will change their formulas to favor the imports. Mr. Trugman testified that the only way for the U.S. Government to completely reverse such a mistake, should it be made, would be to hold a section 22 hearing and put Goya under section quota. According to Mr. Trugman, such action would be difficult to justify at a time when the United States Trade Representative is negotiating for more free trade, fewer non-tariff barriers, and a level playing field. This whole matter would put the United States in an embarrassing and difficult position, he claimed. Mr. Trugman believes that the problems mentioned above are unnecessary and avoidable. He again urged that the petition be rejected.

VI. Summary of probable economic effects—Addition

* * * * *

Table I.

Digest Title: Goya cheese, in original loaves
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Australia.....	11	200	210	704	1,508
Hungary.....	0	96	223	552	749
Argentina.....	175	153	0	369	538
Netherlands.....	0	0	15	0	66
Uruguay.....	0	0	240	303	54
Soviet Union.....	0	0	11	0	0
Angola.....	0	0	11	0	0
Total.....	185	449	711	1,927	2,915
GSP Total 1/..	175	153	251	671	592
GSP+4 1/.....	175	153	251	671	592
Percent					
Australia.....	5.7	44.5	29.6	36.5	51.7
Hungary.....	.0	21.4	31.4	28.6	25.7
Argentina.....	94.3	34.1	.0	19.1	18.5
Netherlands.....	.0	.0	2.1	.0	2.3
Uruguay.....	.0	.0	33.8	15.7	1.8
Soviet Union.....	.0	.0	1.5	.0	.0
Angola.....	.0	.0	1.6	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	94.3	34.1	35.3	34.8	20.3
GSP+4 1/.....	94.3	34.1	35.3	34.8	20.3

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 0701.90.00(pt)

YELLOW (SOLANO) POTATOES, FRESH OR CHILLED

Yellow (Solano) Potatoes, Fresh or Chilled

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90)	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
		<u>Percent ad valorem</u>		
0701.90.00(pt) ¹	Yellow solano potatoes, fresh or chilled	2.3% AVE	Yes ²	***

¹Includes HTS subheadings 0701.90.0020(pt) and 0701.90.0040(pt).

²U.S. production of this item is likely to be very small and not intended for commercial use.

Description and uses.--The Solano or "creole" potato is a yellow-fleshed potato with a different texture than most varieties. They can be steamed, boiled, fried, or pureed as a sidedish or used in the preparation of certain South American dishes.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	(3)	(3)	(3)	(3)	(3)	(3)
Employment (1,000 employees)....	(3)	(3)	(3)	(3)	(3)	(3)
Shipments (1,000 dollars).....	(3)	(3)	(3)	(3)	(3)	(3)
Exports (1,000 dollars).....	*0	*0	*0	*0	*-	*0
Imports (1,000 dollars) ⁴	*0	*0	*0	*3	*-	*11
Consumption (1,000 dollars)....	(3)	(3)	(3)	(3)	(3)	(3)
Import-to-consumption ratio (percent).....	(3)	(3)	(3)	(3)	(3)	(3)
Capacity utilization (percent)..	(3)	(3)	(3)	(3)	(3)	(3)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

⁴Imports are estimates by the staff of the U.S. International Trade Commission, based on imports from Colombia, Peru, and Ecuador, as classified under HTS subheadings 0701.90.0020 and 0701.90.0040. Data may include potatoes other digest products; therefore, estimates may be slightly overstated. Total imports under these subheadings were \$31.9 million in 1989.

Comment.--There are no data on U.S. production of yellow solano potatoes. According to the petitioner, this potato is grown only in the Andean region of South America. Although it is possible that some limited U.S. production of this variety exists, it is likely to be very small and not intended for wide-scale commercial use.

Imports of fresh or chilled solano potatoes would be classified under either HTS subheading 0701.90.0020 (in immediate containers not over 45 kg net weight) or HTS subheading 0701.90.0040 (all other container sizes). These potatoes would represent a very small share of imports under these subheadings and would likely come from Colombia, Peru, and Ecuador, which have been identified by the petitioner as the only producers of the solano potato. In 1989, U.S. imports from these countries, as classified under HTS subheadings 0701.90.0020 and 0701.90.0040, totaled \$11,000. Peru, in fact, accounted for all such imports.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	*11	100	-	(¹)
Imports from GSP countries:				
Total.....	*11	*100	*100	(¹)
Peru.....	*11	*100	*100	(¹)
Colombia.....	0	0	0	0

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

¹Not available.

Comment.--Imports are based on trade data for HTS subheadings 0701.90.0020 and 0701.90.0040 from the three known producers of solano potatoes--Peru, Colombia, and Ecuador. Among these three countries, the United States received shipments from Peru only in 1989. In 1988, the United States received an estimated \$3,000 in shipments from Colombia, but \$0 from Peru. Although these imports could include other types of potatoes, it is assumed that the shipments from Peru, Colombia, and Ecuador are solano potatoes when classified under these HTS subheadings.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1989..... 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 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. products¹..... Above Equivalent Below

Other foreign products¹..... Above Equivalent Below

Quality compared with--

U.S. products¹..... Above Equivalent Below

Other foreign products¹..... Above Equivalent Below

¹Not available.

Comment.--In 1989, U.S. imports from Peru were *\$11,000, as classified under HTS subheading 0701.90.00(pt). The bulk of these shipments are assumed to be yellow solano potatoes. As one of only a small number of countries producing the solano potato, Peru is assumed to be a competitive producer of such potatoes. Although these potatoes are unique in color, taste, and texture, in the long run they are substitutable with other potatoes and are price elastic in terms of demand and supply.

Competitiveness indicators for Colombia for all digest products

Ranking as a U.S. import supplier, 1989..... 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. products¹..... Above Equivalent Below

Other foreign products¹..... Above Equivalent Below

Quality compared with--

U.S. products¹..... Above Equivalent Below

Other foreign products¹..... Above Equivalent Below

¹Not available.

Comment.--In 1989, U.S. imports from Colombia were \$0, as classified under HTS subheading 0701.90.00(pt). The petitioner cites U.S. phytosanitary regulations as the reason for the lack of imports. In 1988, U.S. imports were \$3,000 and the bulk of these shipments are assumed to be yellow solano potatoes. Colombia is assumed to be a competitive producer of solano potatoes because it is one of only a small number of countries producing them. Although these potatoes are unique in color, taste, and texture, in the long run they are substitutable with other potatoes and are price elastic in terms of demand and supply.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No ___
 What is the price elasticity of U.S. demand?..... High 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. products¹..... Above ___ Equivalent ___ Below ___
 Other foreign products¹..... Above ___ Equivalent ___ Below ___

Quality compared with--

U.S. products¹..... Above ___ Equivalent ___ Below ___
 Other foreign products¹..... Above ___ Equivalent ___ Below ___

¹Not available.

V. Position of interested parties

Petitioner.--The Government of Colombia requests that the U.S. Trade Representative grant duty-free treatment to imports of yellow solano potatoes under GSP. The petitioner states that GSP treatment for these potatoes will benefit some of the most economically depressed regions of the country. In addition, the petition states that there are no known similar varieties produced in the United States.

VI. Summary of probable economic effects--Addition

* * * * *

DIGEST NO. 0710.30.00

FROZEN SPINACH

Frozen Spinach

I. Introduction

x Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0710.30.00	Frozen spinach, including New Zealand and orache (garden) spinach.....	17.5%	Yes	***

Description and uses.--This digest covers frozen spinach, including New Zealand or orache (garden) varieties. Frozen spinach can be used as a substitute for canned or even fresh spinach in most recipes. The frozen product is generally regarded as higher quality than the canned product.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number)..... ³	*20	*20	*20	*20	*-	*20
Employment (1,000 employees) ³ ...	**1	**1	**1	**1	*-	**1
Shipments (1,000 dollars).....	*60,900	*62,900	*64,800	*66,800	*3	*63,000
Exports (1,000 dollars).....	2,190	2,700	2,830	4,258	25	2,030
Imports (1,000 dollars).....	1,120	1,235	1,435	2,028	22	382
Consumption (1,000 dollars).....	*59,830	*61,435	*63,405	*64,570	*3	*61,352
Import-to-consumption ratio (percent).....	*2	*2	*2	*3	*50	*1
Capacity utilization (percent)...	*90	*80	*90	*90	*-	*80

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³This figure represents an average annual estimate of the number of workers that are engaged in the processing of spinach in the frozen vegetable industry.

Comment.--Vegetable processors which produce frozen spinach are located primarily in California, where most of the domestic spinach crop is grown. California typically accounts for two thirds of U.S. production of both fresh and frozen spinach. Production declined in 1989 owing to the rather high production levels in 1988, which led to some accumulated inventories. The following summarizes production of frozen spinach during 1985-89 (in thousands of pounds):

	1985	1986	1987	1988	1989
South, East and Midwest...	42,548	46,042	53,742	69,870	54,881
California.....	132,254	111,077	117,466	102,979	105,010
Total.....	174,802	157,119	171,208	172,849	159,891

Source: Frozen Food Pack Statistics, American Frozen Food Institute, 1989.

The U.S. industry is internationally competitive, with the value of exports exceeding imports by a ratio of 5-to-1. The United States has a cost advantage in terms of raw-product availability and climate; it is at a disadvantage in terms of labor costs, seasonality, and the degree of regulation. U.S. producers have some advantage in terms of economies of scale and the degree of automation; however, the most advanced freezing equipment is manufactured in Western Europe and is available worldwide. Several major competitors of the United States are in the process of developing modern, large-scale freezing facilities; these same countries also have the added advantage of low-cost labor, longer growing seasons, and less government regulation.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	382	100	-	*1
Imports from GSP countries:				
Total.....	314	82	100	*1
Mexico.....	302	79	96	*(1)
Jamaica.....	13	3	4	*(1)

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

¹Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 x No

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

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

Price level compared with--

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

Other foreign products..... Above Equivalent x Below

Quality compared with--

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

Other foreign products..... Above Equivalent x Below

Competitiveness indicators for Jamaica for all digest products

Ranking as a U.S. import supplier, 1989..... 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 x Below

Other foreign products..... Above Equivalent x Below

Quality compared with--

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

Other foreign products..... Above Equivalent x Below

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with--

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

Other foreign products..... Above Equivalent x Below

Quality compared with--

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

Other foreign products..... Above Equivalent x Below

V. Position of interested parties

Petitioner.--The Government of Mexico (GOM) has requested that frozen spinach, provided for under HTS subheading 0710.30.00, be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

A group of vegetable processing firms (Congelados Don Jose, S.A. de C.V.; Covemex, S.A. de C.V.; Empacadora General Agricola del Bajio; S.P.R.R.L., Expohort, S.A. de C.V.; MAR BRAN, S. de R.L. de C.V.; and Vegetales Congelados, S. de P.R) in the Bajio region of Mexico have requested that frozen spinach be added to the list of items eligible for GSP. The petition states that imports of frozen vegetables are important to U.S. processors, because it enables them to avoid the downswings associated with seasonal changes or bad weather. The petition states that Mexico is interested in diversifying its export-product mix, and that frozen spinach is just one example of the country's developing line of frozen vegetable products.

Opposition.--Patterson Frozen Foods, Inc., of Patterson, California, opposes the elimination of duties on frozen spinach for GSP-beneficiary countries. The company's written submission and oral testimony point to the substantial rise in imports of these frozen vegetable in the 1980s. Patterson Frozen Foods states that while the domestic processor is compelled to obey federal regulations regarding (for example) wages, employee safety, and pesticide residues, foreign processors do not have to obey such standards. In sum, the firm predicts that a significant number of jobs in the industry would be in jeopardy if GSP status were granted to this item.

VI. Summary of probable economic effects--Addition

[Faint, illegible text describing economic effects]

* * * * *

Table I.

Digest No.
07103000Digest Title: Frozen spinach
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	203	222	294	387	302
Belgium.....	8	11	7	14	48
Jamaica.....	0	1	1/	0	13
France.....	1	7	2	6	12
Canada.....	822	828	962	1,347	8
Guatemala.....	16	34	50	68	0
El Salvador.....	1	0	0	0	0
Costa Rica.....	1	7	4	1/	0
Dominican Rep....	14	20	9	26	0
Colombia.....	0	0	0	1/	0
Peru.....	0	1	0	0	0
Chile.....	2	13	0	2	0
Denmark.....	1	0	0	0	0
United Kingdom...	1	0	0	0	0
Netherlands.....	17	17	1	23	0
All other.....	34	75	106	154	0
Total.....	1,120	1,235	1,435	2,028	382
GSP Total 2/..	250	327	430	582	314
GSP+4 2/.....	259	364	436	604	314
Percent					
Mexico.....	18.1	18.0	20.5	19.1	79.0
Belgium.....	.7	.9	.5	.7	12.5
Jamaica.....	.0	1/	1/	.0	3.3
France.....	.1	.6	.1	.3	3.1
Canada.....	73.4	67.0	67.0	66.4	2.1
Guatemala.....	1.5	2.7	3.5	3.4	.0
El Salvador.....	.1	.0	.0	.0	.0
Costa Rica.....	1/	.5	.3	1/	.0
Dominican Rep....	1.2	1.6	.6	1.3	.0
Colombia.....	.0	.0	.0	1/	.0
Peru.....	.0	.1	.0	.0	.0
Chile.....	.2	1.0	.0	.1	.0
Denmark.....	.1	.0	.0	.0	.0
United Kingdom...	.1	.0	.0	.0	.0
Netherlands.....	1.5	1.4	.1	1.1	.0
All other.....	3.0	6.1	7.4	7.6	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	22.4	26.5	29.9	28.7	82.3
GSP+4 2/.....	23.1	29.5	30.4	29.8	82.3

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest Title: Frozen spinach
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	249	235	302	508	1,074
Australia.....	139	120	85	142	659
Japan.....	799	1,307	1,356	1,888	213
United Kingdom...	10	32	66	116	47
Korea.....	13	10	11	39	16
Denmark.....	0	0	4	5	10
Singapore.....	44	70	49	91	7
Hong Kong.....	101	107	109	242	5
Mexico.....	9	42	8	18	0
Guatemala.....	0	2	0	4	0
Belize.....	0	0	0	7	0
El Salvador.....	0	0	1/	0	0
Honduras.....	0	1	1	1	0
Costa Rica.....	0	0	0	62	0
Panama.....	36	24	26	79	0
All other.....	789	749	813	1,056	0
Total.....	2,190	2,700	2,830	4,258	2,030
GSP Total 2/..	594	575	601	915	0
GSP+4 2/.....	752	767	775	1,297	27
Percent					
Canada.....	11.4	8.7	10.7	11.9	52.9
Australia.....	6.3	4.5	3.0	3.3	32.5
Japan.....	36.5	48.4	47.9	44.4	10.5
United Kingdom...	.4	1.2	2.3	2.7	2.3
Korea.....	.6	.4	.4	.9	.8
Denmark.....	.0	.0	.2	.1	.5
Singapore.....	2.0	2.6	1.7	2.1	.3
Hong Kong.....	4.6	4.0	3.9	5.7	.2
Mexico.....	.4	1.5	.3	.4	.0
Guatemala.....	.0	.1	.0	.1	.0
Belize.....	.0	.0	.0	.2	.0
El Salvador.....	.0	.0	1/	.0	.0
Honduras.....	.0	1/	1/	1/	.0
Costa Rica.....	.0	.0	.0	1.5	.0
Panama.....	1.7	.9	.9	1.9	.0
All other.....	36.0	27.7	28.7	24.8	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	27.1	21.3	21.2	21.5	.0
GSP+4 2/.....	34.4	28.4	27.4	30.5	1.3

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 0710.80.95(pt)

FROZEN BROCCOLI, CAULIFLOWER,
AND OKRA

Frozen Broccoli, Cauliflower, and Okra¹

I. Introduction

x Addition to GSP ___ Removal from GSP x Competitive-need-limit waiver Mexico²

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0710.80.95(pt) ^{1,2}	Frozen broccoli spears, or other broccoli cuts reduced in size, in all container sizes.....	17.5%	Yes	***
0710.80.9530 ¹	Frozen cauliflower, reduced in size...	17.5%	Yes	***
0710.80.9540 ¹	Frozen okra, reduced in size.....	17.5%	Yes	***

1***

²Includes HTS subheadings 0710.80.9522, 0710.80.9524, and 0710.80.9526.

Description and uses.--This digest covers frozen broccoli, cauliflower, and okra, which has been cut, chopped, or otherwise reduced in size. Like most frozen vegetables, these items are either cooked as a sidedish or used in soups or other recipes. Frozen broccoli is the most important vegetable covered here in terms of domestic shipments and imports. Frozen okra is an insignificant item in international trade but an important item to the industry in terms of domestic shipments.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**35	**35	**35	**35	**-	**35
Employment (1,000 employees)....	**10	**10	**10	**10	**-	**10
Shipments (million dollars)....	**282	**291	**286	**280	** ⁽³⁾	**280
Exports (million dollars).....	**1	**1	**1	**1	**-	**4
Imports (million dollars).....	42	49	67	65	15	90
Consumption (million dollars)...	**323	**339	**352	**344	**2	**366
Import-to-consumption ratio (percent).....	**13	**14	**19	**19	**13	**25
Capacity utilization (percent)...	**80	**80	**80	**80	**-	**80

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Less than 0.5 percent.

¹This digest includes the following HTS subheadings: 0710.80.95(pt), 0710.80.9530, and 0710.80.9540.

²Competitive-need-limit waiver advice given for Mexico with respect to HTS subheadings 0710.80.95(pt) and 0710.80.9530.

Comment.--The U.S. vegetable freezing industry consists of many small regional producers competing with several large national and multinational operations. There are both primary and nonprimary freezers, the former of which cleans, grades, blanches, and freezes the vegetables, whereas the latter receives the bulk frozen product and processes it into retail foods. The majority of U.S. vegetable freezers are located in California, where about 70-90 percent of domestic production takes place. The following tabulation shows U.S. production of these frozen vegetables during 1985-89 (in thousands of pounds):

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Broccoli.....	356,806	324,519	312,460	289,446	290,566
Cauliflower.....	94,617	89,120	77,758	78,762	109,822
Okra.....	51,815	73,160	70,472	65,708	60,005
Total.....	503,238	486,799	460,690	433,916	460,393

Source: Frozen Food Pack Statistics, American Frozen Foods Institute, 1989.

Although frozen cauliflower and okra have made small production gains during the period, frozen broccoli has declined by 66 million pounds, or 5 percent annually. Some domestic sources have indicated that competition from imports is partly responsible for this decline. In general, the United States has a cost advantage in terms of raw-product availability and climate; it is at a disadvantage vis-a-vis other foreign suppliers in terms of labor costs, seasonality, and the degree of regulation. Although the United States possesses the most advanced freezing equipment, much of this equipment is foreign manufactured and widely used throughout the world. Several major competitors of the United States in Latin America are in the process of developing modern, large-scale freezing facilities; these same countries also have the added advantage of low-cost labor.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	90,151	100	-	**25
Imports from GSP countries:				
Total.....	89,551	99	100	**24
Mexico..... ¹	82,133	91	92	**22
Guatemala ¹	6,171	7	7	**2
El Salvador ¹	1,094	1	1	** ⁽²⁾
Dominican Republic ¹	153	(²)	(²)	** ⁽²⁾

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

¹Imports are currently eligible for duty-free entry under the CBERA.

²Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 x No

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

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

Price level compared with--

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

 Other foreign products..... Above Equivalent x Below

Quality compared with--

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

 Other foreign products..... Above Equivalent x Below

Comment.--In terms of value, frozen broccoli accounted for 79 percent of total digest imports from Mexico in 1989. Frozen broccoli, other than spears, shipped in bulk containers over 1.4 kg in size were more than half of all imports of frozen broccoli. Frozen cauliflower accounted for almost all of the remaining 21 percent of total digest imports.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Guatemala for all digest products

Ranking as a U.S. import supplier, 1989..... 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 Equivalent x Below

Other foreign products..... Above Equivalent x Below

Quality compared with--

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

Other foreign products..... Above Equivalent x Below

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with--

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

Other foreign products..... Above Equivalent x Below

Quality compared with--

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

Other foreign products..... Above Equivalent x Below

V. Position of interested parties

Petitioner.--The Government of Colombia has requested that frozen broccoli spears, cauliflower pieces, and okra pieces be added to the list of items eligible for GSP. The petitioner points to the fact that frozen broccoli spears and cauliflower were covered by GSP until 1989 when the Harmonized Tariff Schedule took effect. The Government of Colombia states that the agricultural and food sector is diversifying into other areas, and that frozen vegetable products are one among several of the country's potential export items.

The Government of Mexico (GOM) has requested that frozen broccoli, cauliflower and okra, provided for under HTS subheadings 0710.80.95(pt), 0710.80.9530, and 0710.80.9540, be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has also requested a waiver of the competitive need limit for frozen broccoli and cauliflower, provided under HTS subheadings 0710.80.95(pt) and 0710.00.9530. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

A group of vegetable processing firms (Congelados Don Jose, S.A. de C.V.; Covemex, S.A. de C.V.; Empacadora General Agricola del Bajio; S.P.R.R.L., Expohort, S.A. de C.V.; MAR BRAN, S. de R.L. de C.V.; and Vegetales Congelados, S. de P.R) in the Bajio region of Mexico have requested that frozen broccoli, cauliflower, and okra be added to the list of items eligible for GSP. The petition states that imports of frozen vegetables are important to U.S. processors who are unable to rely on domestic raw-product availability year-round. In addition, the petitioners state that their intention is to focus on supplying the frozen-gourmet-dinner market in the United States, which generally requires a higher quality, handcut (i.e., more labor-intensive) product.

Opposition.--Patterson Frozen Foods, Inc., of Patterson, California, opposes the elimination of duties on frozen broccoli and cauliflower for GSP-beneficiary countries. The company's written submission and oral testimony point to the substantial rise in imports of these frozen vegetable in the 1980s. Patterson Frozen Foods states that while the domestic processor is compelled to obey federal regulations regarding (for example) wages, employee safety, and pesticide residues, foreign processors do not have to obey such standards. In sum, the prehearing brief roughly estimates that 1,000 to 1,500 jobs would be in jeopardy if GSP status were granted to these items.

VI. Summary of probable economic effects--Addition

* * * * *

VI. Summary of probable economic effects--Competitive-need-limit waiver (Mexico)

* * * * *

Table I.

Digest Title: Frozen broccoli, cauliflower, and okra
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
	Value (1,000 dollars)				
Mexico.....	31,673	37,908	54,435	53,361	82,133
Guatemala.....	5,704	7,235	10,835	8,811	6,171
El Salvador.....	1,768	1,933	2,702	1,151	1,094
Canada.....	46	141	211	188	237
Spain.....	98	188	227	151	225
Dominican Republic..	2,687	1,683	965	1,195	153
All other.....	482	253	242	159	138
Total.....	42,458	49,341	69,617	65,016	90,151
GSP Total 2/.....	*42,172	*49,012	*69,179	*64,677	*89,689
GSP+4 2/.....	*42,172	*49,012	*69,179	*64,677	*89,689
	Percent				
Mexico.....	74.6	76.8	78.2	82.1	91.1
Guatemala.....	13.4	14.7	15.6	13.6	6.8
El Salvador.....	4.1	3.9	3.9	1.8	1.2
Canada.....	.0	.0	.0	.0	.0
Spain.....	.0	.0	.0	.0	.0
Dominican Republic..	6.3	3.4	1.3	1.8	.0
All other.....	1.1	.0	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/.....	*99.3	*99.3	*99.4	*99.5	*99.5
GSP+4 2/.....	*99.3	*99.3	*99.4	*99.5	*99.5

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest Title: Frozen broccoli, cauliflower, and okra
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	354	509	550	1,027	2,151
Canada.....	256	262	258	233	1,197
Hong Kong.....	26	27	31	80	505
Norway.....	11	20	25	39	283
United Kingdom...	10	11	22	65	210
Sweden.....	10	4	18	15	161
Australia.....	37	32	23	40	126
Singapore.....	11	18	12	54	108
Netherlands Ant..	0	0	0	25	99
Mexico.....	6	12	2	6	95
West Germany.....	1	6	1	13	40
Jamaica.....	1	1	2	6	40
Turks & Caic Is..	0	0	0	2	36
Korea.....	3	3	3	10	34
Netherlands.....	0	1/	1	9	34
All other.....	208	216	275	374	236
Total.....	934	1,120	1,225	1,997	5,356
GSP Total 2/..	168	194	199	264	411
GSP+4 2/.....	208	243	247	414	1,083
Percent					
Japan.....	37.9	45.4	44.9	51.4	40.2
Canada.....	27.5	23.4	21.1	11.7	22.4
Hong Kong.....	2.8	2.4	2.6	4.0	9.4
Norway.....	1.2	1.8	2.1	1.9	5.3
United Kingdom...	1.1	1.0	1.8	3.2	3.9
Sweden.....	1.0	.4	1.5	.7	3.0
Australia.....	4.0	2.9	1.9	2.0	2.4
Singapore.....	1.2	1.6	1.0	2.7	2.0
Netherlands Ant..	.0	.0	.0	1.2	1.9
Mexico.....	.6	1.0	.2	.3	1.8
West Germany.....	.1	.5	.1	.7	.8
Jamaica.....	.1	.1	.2	.3	.8
Turks & Caic Is..	.0	.0	.0	.1	.7
Korea.....	.3	.2	.2	.5	.6
Netherlands.....	.0	1/	.1	.4	.6
All other.....	22.3	19.3	22.5	18.7	4.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	18.0	17.3	16.2	13.2	7.7
GSP+4 2/.....	22.3	21.7	20.1	20.7	20.2

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 0802.90.15

SHELLED PECANS

Shelled Pecans

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheading	Short description	Col. 1 rate of duty (1/1/90)	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0802.90.15	Shelled pecans	22¢/kg	Yes	***

Description and uses.—Pecans are the nuts of a species of hickory tree native to a large part of southern and central United States. About 80 percent of the pecan crop is marketed in shelled form (pecan meats). Bakeries use about one-third of the shelled pecans followed by household consumers (retail packages) and confectioners. Shelled pecans are also used by ice cream manufacturers and nut mixers and salters.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	21,375	21,400	21,431	21,450	(³)	21,450
Employment (1,000 employees)....	(^{4})	(^{4})	(^{4})	(^{4})	(⁴)	(³)
Shipments (1,000 dollars).....	133,300	158,600	111,900	140,800	2	150,200
Exports (1,000 dollars).....	2,536	3,267	4,487	5,949	33	6,834
Imports (1,000 dollars).....	1,267	1,249	1,448	1,803	12	3,070
Consumption (1,000 dollars).....	132,031	156,582	108,861	136,654	1	146,436
Import-to-consumption ratio (percent).....	(⁵) ¹	(⁵) ²				
Capacity utilization (percent)...	(⁵)	(⁵)	(^{5})	(^{5})	(^{5})	(^{5})

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Less than 0.5 percent.

⁴Not available.

⁵Data are not meaningful in this agricultural industry.

Comment.—The domestic production of shelled pecans is dependent on domestic production of pecans which varies with weather conditions, horticultural practices, and the on-year off-year bearing habit of pecan trees. Domestic production, in terms of value, of shelled pecans peaked in 1986 at \$159 million, production declined sharply in 1987 to \$112 million because of lower supplies and substantially lower prices. Production recovered to \$150 million in 1989. There is no significant concentration of growers producing pecans. Georgia and Texas are the major pecan producing States, accounting for over 55 percent of pecan production in 1989. There are 35 major pecan shellers scattered throughout the pecan growing areas of the United States. U.S. pecans enjoy certain qualitative advantages over imported varieties such as year-around availability and

cleanliness. U.S. pecans also have an advantage over imports in that the pecan meats are larger. In particular, U.S. technology in the shelling industry gives domestic shellers a comparative advantage over foreign producers who, in many cases, hand shell pecans.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	3,070	100	-	2
Imports from GSP countries:				
Total.....	3,070	100	100	2
Mexico.....	3,070	100	100	2

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

Comment.—U.S. imports of shelled pecans, in recent years almost exclusively from GSP eligible countries, have increased steadily during 1985-89. Such imports totaled \$3 million in 1989. Mexico, a GSP eligible country, accounted for all of the imports in 1989. Imports from Mexico supplied 2 percent of U.S. consumption of shelled pecans in 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989.....	1		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/>
What is the price elasticity of U.S. demand?.....	High	<input type="checkbox"/>	Moderate <input checked="" type="checkbox"/> Low <input type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does the country have significant export markets besides the United States?.....	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/>
What is the price elasticity of import supply?.....	High	<input type="checkbox"/>	Moderate <input checked="" type="checkbox"/> Low <input type="checkbox"/>
Price level compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Quality compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>

Comment.—Imports of shelled pecans have been steadily increasing over the period 1985-89. Imports of shelled pecans from GSP eligible countries increased steadily over the period from less than \$200,000 in 1985 to over \$3 million in 1989. Mexico accounted for all of the imports in 1989. It should be noted that GSP eligible shelled pecan imports supplied only 2 percent of U.S. consumption in 1989. Mexico, the only U.S. supplier in 1989, has been steadily increasing import market share during 1985-89. Mexico's production of pecans is expected to increase dramatically over the next 5-10 years as existing orchards reach maturity.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) on behalf of Industrializadora De Nuez has requested a waiver of competitive need limit for shelled pecans provided under HTS subheading 0802.90.15 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Support.—Tracy-Luckey Co., Inc., a pecan sheller, supports the removal of all import duties on pecans. Tracy-Luckey Co., Inc., however, noted that to retain a duty on inshell pecans and remove it on shelled, will over the long haul, greatly increase the importation of shelled pecans and reduce the importation of inshell pecans.

Opposition.—The Texas Pecan Grower Association is opposed to the request by the government of Mexico and the Industrializadora De Nuez for a waiver of the competitive need limit for shelled pecans. The association opposed the request for the following reasons: (1) Existing U.S. tariffs on pecans do not represent a significant barrier to trade for Mexican producers. (2) Production and processing costs are lower in Mexico than in the United States. (3) American producers and processors of pecans are subject to tariffs and import restrictions by the Mexican government. (4) Because of the large capital costs of establishing a pecan orchard, and the years involved in bringing an orchard to production, the pecan producing and processing industry in Mexico largely consists of very well financed and sophisticated investors who do not need any additional aid.

Leonard Nut Company, Leonard Bend Farm, and the Hodges Companies are opposed to the request for a waiver of the competitive-need limit for shelled pecans. These firms stated that the current U.S. tariff does not represent a trade barrier to imports from Mexico. They noted that U.S. exports of pecans to Mexico encounter a much higher duty than that imposed by the United States. They also stated that granting a waiver would cause U.S. investment capital and jobs to go to Mexico and would give Mexico an unfair competitive advantage.

Atkinson Pecans is opposed to the granting of a waiver of the competitive need limit for shelled pecans. Atkinson Pecans stated that imports of shelled and inshell pecans from Mexico have been disastrous to U.S. pecan producers and processors and the adverse effects are going to increase dramatically in the next few years. They noted that Mexico's pecan producers can compete in the market place anywhere in the world because of labor costs. Also, Atkinson Pecans noted that the duty on inshell pecans places domestic shellers at a disadvantage because domestic shellers are confronted with higher costs than importers of shelled pecans.

San Saba Pecan, Inc. is opposed to the granting of a waiver of the competitive need limit for shelled pecans. San Saba Pecans, Inc. stated that U.S. imports of shelled and inshell pecans from Mexico have adversely affected their business, and threatens to be a greater problem in the near future. They noted that labor costs in Mexico are less than 60 cents per hour and all other costs are proportionately lower than U.S. costs hence Mexico's cost of production is much lower than U.S. production costs. They also noted that the disparity in the duty rates for inshell (11¢/kg.) and shelled (duty-free) pecans would force San Saba Pecan, Inc. to move its processing plant and facilities to Mexico.

Pecan and Agricultural Equipment, Inc. is opposed to the request by the government of Mexico and the Industrializadora De Nuez for a waiver of the competitive need limit for the U.S. duty on pecans under the Generalized System of Preferences. The firm is opposed to the waiver for the following reasons: (1) Existing U.S. tariffs on pecans do not represent a significant barrier to trade for Mexican producers. (2) Production and processing costs are lower in Mexico than in the United States. (3) American producers and processors of pecans are subject to tariffs and import restrictions by the Mexican government. (4) Because of the large capital costs of establishing a pecan orchard, and the years involved in bringing an orchard to production, the pecan producing and processing industry in Mexico largely consists of very well financed and sophisticated investors who do not need any additional aid.

Pecan Producers, Inc. (PPI), a cooperative with 250 pecan grower members, is opposed to allowing Mexico's shelled pecans to enter the United States duty-free. PPI stated that over the last 10 years it has been difficult to grow and sell pecans profitably. Part of the problem is the increased production experienced within the U.S. growing industry. But another part of the problem is the increased imports of pecans from Mexico. Furthermore PPI stated that Mexico's growers and shellers do not need any incentives in order to be profitable and to be able to compete in the U.S.

market. They are much more profitable than their U.S. counterpart and should not receive any other benefits.

Navarro Pecan Company is opposed to a waiver of the competitive need limit for shelled pecans. Navarro Pecan Company states that Mexico already enjoys an advantage over U.S. pecan producers due to the cheaper costs of growing and shelling pecans in Mexico. Furthermore, Navarro Pecan Company believes that the granting of the waiver will force U.S. shellers to move their operations to Mexico in order to compete. The U.S. domestic pecan industry is already experiencing some difficulties due to cheaper shelled pecans on the U.S. market.

NYM Corporation (NYM) states its agreement with the position of the Navarro Pecan Company and adds that Mexican pecans have already depressed the U.S. market. According to NYM, Mexican pecans have added to oversupply, and allowed U.S. processors leverage over growers through threats of moving shelling operations. NYM contends that Mexico's cost of production of inshell pecans (delivered to the U.S. border and ready to sell) is only 25 to 30 cents per pound compared to New Mexico, U.S.A. production cost of 60 to 70 cents per pound. Finally, the NYM statement points to the 1986 flood of Mexican pecans on the U.S. market due to the underestimation of Mexican production capacity.

Southeastern Pecan Growers Association stated its opposition to a competitive need limitation waiver for shelled pecans from Mexico and recommends that the waiver be rejected.

Yolanda Cortes, Inc. is opposed to a competitive need limitation waiver for shelled pecans from Mexico. The company stated that shelled pecans from Mexico are already hurting its business. Furthermore, according to the Yolanda Cortes, Inc., Mexico has thousands of young pecan trees ready to start production, and subsequently production will increase substantially over the next ten years. Yolanda Cortes, Inc. also stated that Mexico subsidizes their producers and that U.S. producers of shelled pecans must pay Mexico an import tariff of 30 to 50 cents per pound.

The Western Pecan Growers Association stated that it believes that GSP duty-free status for Mexican shelled pecans would be inappropriate. The association points out that government-subsidized Mexican pecan imports are already having a serious adverse impact on U.S. growers and processors, which indicates the ability of the Mexican industry to fully compete at the present time in the U.S. market. The Western Pecan Growers Association believes that all indicators of an import-sensitive industry are present in the U.S. pecan industry. These indicators include a fairly stable market, no government support, low profits, large capital costs, and a high level of competition. According to the petition, nine out of forty-four pecan processors already have gone out of business since 1986. The Western Pecan Growers Association states its concern that the duty-free entry of shelled Mexican pecans will force U.S. shellers to move their operations to Mexico. U.S. growers could not afford to move their operations to Mexico, and the re-entry tariff for U.S. pecans shelled in Mexico remains at ten-cents-per-pound. Furthermore, Mexican tariffs on pecans generally range between 20 to 30 percent. The Western Pecan Growers Association raises the concern that U.S. walnut growers and processors also may be adversely affected as walnuts and pecans are nearly perfect substitutes.

Road Runner Pecans, a pecan grower in Southern New Mexico, states its opposition to the Mexican request for a waiver on the competitive need limit for the U.S. duty on pecans under the G.S.P. As a pecan grower near the U.S./Mexican border, Road Runner Pecans states that it has felt the impact of imports of pecans from Mexico on its markets. Road Runner highlights in its statement the advantages Mexican growers have over U.S. growers. The advantages include lower wages, subsidized fertilizers, unrestricted pesticide use, and higher prices on early pecans. Road Runner Pecans point to the collapse in 1986 of the U.S. pecan market due to Mexican imports as an example of the damage Mexican imports can do to the U.S. industry.

David Salopek, a producer of pecans, states his opposition to the waiver of the competitive needs limitation on Mexican pecans. Mr. Salopek points to Mexican government subsidies, low wages, and unrestricted pesticide usages as advantages Mexico has over the United States in pecan production. Furthermore, Mr. Salopek points out for consideration that the U.S. markets have already softened due to the importation of Mexican pecans—most directly in 1987 when the market took a \$.10 a pound plunge.

VI. Summary of probable economic effects—/competitive-need-limit waiver (Mexico)

* * * * *

Table I.

Digest Title: Shelled pecans
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	188	933	1,413	1,794	3,070
Canada.....	1	7	16	0	0
Montserrat.....	0	3	0	0	0
France.....	0	0	1	2	0
West Germany.....	0	0	18	0	0
Italy.....	0	1	0	0	0
Israel.....	4	0	0	0	0
China.....	1	1	0	5	0
Hong Kong.....	14	0	0	0	0
Taiwan.....	0	0	0	1	0
Australia.....	1,059	263	0	0	0
New Zealand.....	0	6	1	1	0
Rep So Africa....	0	35	0	0	0
Total.....	1,267	1,249	1,448	1,803	3,070
GSP Total 2/..	192	936	1,413	1,794	3,070
GSP+4 2/.....	206	936	1,413	1,795	3,070
Percent					
Mexico.....	14.8	74.7	97.6	99.5	100.0
Canada.....	.1	.6	1.1	.0	.0
Montserrat.....	.0	.2	.0	.0	.0
France.....	.0	.0	1/	.1	.0
West Germany.....	.0	.0	1.3	.0	.0
Italy.....	.0	.1	.0	.0	.0
Israel.....	.3	.0	.0	.0	.0
China.....	.1	1/	.0	.3	.0
Hong Kong.....	1.1	.0	.0	.0	.0
Taiwan.....	.0	.0	.0	1/	.0
Australia.....	83.6	21.1	.0	.0	.0
New Zealand.....	.0	.5	1/	.1	.0
Rep So Africa....	.0	2.8	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	15.2	75.0	97.6	99.5	100.0
GSP+4 2/.....	16.3	75.0	97.6	99.5	100.0

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest Title: Shelled pecans
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	1,320	1,955	2,567	2,522	3,041
Netherlands.....	30	8	578	667	1,072
United Kingdom...	144	244	419	678	783
Mexico.....	78	148	50	324	318
France.....	0	4	0	68	287
Sweden.....	252	145	126	190	270
Japan.....	89	44	105	409	246
Israel.....	0	0	0	0	226
Australia.....	0	0	119	360	165
Denmark.....	135	74	46	64	147
Norway.....	61	73	28	46	68
West Germany.....	149	222	139	192	64
Belgium.....	80	263	256	0	40
Panama.....	4	16	4	7	21
Saudi Arabia.....	3	0	12	26	18
All other.....	190	69	41	395	67
Total.....	2,536	3,267	4,487	5,949	6,834
GSP Total 1/..	87	174	58	388	580
GSP+4 1/.....	99	177	88	425	604
Percent					
Canada.....	52.0	59.8	57.2	42.4	44.5
Netherlands.....	1.2	.3	12.9	11.2	15.7
United Kingdom...	5.7	7.5	9.3	11.4	11.5
Mexico.....	3.1	4.5	1.1	5.4	4.7
France.....	.0	.1	.0	1.2	4.2
Sweden.....	10.0	4.5	2.8	3.2	4.0
Japan.....	3.5	1.4	2.3	6.9	3.6
Israel.....	.0	.0	.0	.0	3.3
Australia.....	.0	.0	2.7	6.1	2.4
Denmark.....	5.3	2.3	1.0	1.1	2.2
Norway.....	2.4	2.2	.6	.8	1.0
West Germany.....	5.9	6.8	3.1	3.2	.9
Belgium.....	3.2	8.1	5.7	.0	.6
Panama.....	.2	.5	.1	.1	.3
Saudi Arabia.....	.1	.0	.3	.4	.3
All other.....	7.5	2.1	.9	6.6	1.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	3.4	5.3	1.3	6.5	8.5
GSP+4 1/.....	3.9	5.4	2.0	7.1	8.8

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 0804.50.40

FRESH GUAVAS, MANGOES, AND MANGOSTEENS

Fresh Guavas, Mangoes, and Mangosteens

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
0804.50.40 ¹	Fresh Guavas, Mangoes, and Mangosteens, entered September 1 to May 31	10.5%	Yes	***

¹ Mexico has been proclaimed by the President as non eligible for GSP treatment for articles included under HTS subheading 0804.50.40.

Description and uses.--This digest covers guavas, mangoes, and mangosteens marketed in the fresh form when entered into the Customs territory of the United States from September 1 to May 31.

Guavas are any of several tropical American plants of the myrtle family bearing a yellowish, round or pear-shaped edible fruit. The fruit generally ranges in size from that of a cherry to that of an orange, consisting of a layer of fine granular flesh surrounding a soft pulp in which small seeds are imbedded. Most guavas have a strong odor when ripe that, for many people, make them objectionable to eat as fresh fruit. Most guavas are prepared or preserved for use as dessert or salad purposes, confection, jelly, dessert toppings, juice, and other products.

The mango is an oblong tropical fruit with thick rind, somewhat acid and juicy pulp, and a single hard flattened stone that grows on a large, broadleafed, evergreen tree that is common in many tropical regions; the fruit ranges in size from several ounces to several pounds. Mangoes generally have a peachlike flesh but their own distinctive flavor. Virtually all the mangoes harvested commercially in the United States are from varieties developed in Florida for fruit of fresh-market quality. Ripe mangoes are used principally as fresh fruit, but some are marketed canned or frozen. Unripe fresh mangoes are used in the preparation of a variety of spiced products.

Mangosteens are a small edible East Indian fruit somewhat like an orange, with a thick, reddish-brown rind and sweet, white, juicy, segmented pulp that grow on trees of the Saint Johnswort family. Mangosteens are like watermelons in that they are juicy and not filling. They can be eaten with any meal and are used for production of juice, jelly, syrup, and canned fruit segments. There is a very limited production or consumption of fresh mangosteens in the United States.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number) ³	*500	*500	500	*500	-	*500
Employment (1,000 employees)....	(⁴)	(⁴)	(⁴)	(⁴)	-	(⁴)
Shipments (1,000 dollars) ⁵	*5,312	*4,400	*6,600	*5,250	-	**5,400
Exports (1,000 dollars).....	30	69	105	116	57	*120
Imports (1,000 dollars).....	7,914	9,465	19,187	12,760	17	17,585
Consumption (1,000 dollars).....	*13,196	*13,796	*25,682	*17,894	11	**22,865
Import-to-consumption ratio (percent).....	*60	*69	*75	*71	-	*77
Capacity utilization (percent)..	(⁶)	(⁶)	(⁶)	(⁶)	-	(⁶)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Estimated by the staff of the U.S. International Trade Commission.

⁴Not available

⁵Value of production for fresh mangoes at packing house door, as reported by the Florida Agricultural Statistics Reporting Service for 1985-88; 1989 is estimated. Separate data on domestic production for the select time period of this digest are not available.

⁶Not applicable to fresh crops.

Comment.--Guavas and mangoes are grown commercially in Florida, California, Hawaii, and Puerto Rico for fresh market sales and are generally harvested from April to September. The majority of such production is mangos which are reported for Florida only; the remaining areas of production are negligible. In 1986, the latest year for which data are available, mango production in Florida amounted to 22 million pounds, valued over \$4 million.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	17,585	100	-	*77
Imports from GSP countries:				
Total.....	17,585	100	100	*77
Mexico.....	13,303	76	76	*58
Haiti.....	4,262	24	24	*19

Comment.--Mexico and Haiti are the chief competitive foreign suppliers in the U.S. market for fresh mangoes during the June-August period, partly because of plant quarantine restrictions on imports of fresh mangoes. Both Mexican and Haitian exporters have plant health programs for fresh mango exports that are acceptable to the U.S. Department of Agriculture. The two countries are also the principal suppliers on an annual basis. Imports of this digest, those during September to May, accounted for 42 percent of the total annual imports in 1989. The current rate of duty for digest products entered during September-May is 8.27 cents per kilogram, equivalent to 8.12 percent of the unit value of imports entered in all of 1989. The ad valorem equivalent of the duty on imports from Mexico was 8.63 percent in 1989.

The rate of duty for digest products entered in other months (from June-August) is also 8.27 cents per kilogram.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes ___ No X
 What is the price elasticity of U.S. demand?..... High X Moderate ___ Low ___
 Can production in the country be easily expanded or contracted
 in the short term?.....^{1/} Yes X No ___
 Does the country have significant export markets besides the
 United States?..... Yes ___ No X
 Could exports from the country be readily redistributed among
 its foreign export markets?..... Yes ___ No X
 What is the price elasticity of import supply?..... High ___ Moderate X Low ___

Price level compared with--

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

Quality compared with--

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

^{1/}Shipments to the United States can be easily expanded or contracted in the short term (bearing average (production) of tree fruit does not change easily in the short term).

Comment.--Mexico is the largest producer of mangoes in the Western Hemisphere, and under supervision of plant quarantine programs of the U.S. Department of Agriculture, Mexican fresh mangoes have access to the U.S. fresh market. Price comparisons for Mexican fresh mangoes are only for the months of May and September when domestic (Florida) mangoes are available (the digest time period is September through May). The Mexican fresh mango shipping season starts in February in the southern part of Mexico's West coast and moves northward along the coast, essentially finishing in September in the state of Sinaloa. Most of the Mexican import supply is sold in the Western United States while most of Florida's sales are along the eastern seaboard.

Competitiveness indicators for Haiti for all digest products

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:

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

Price level compared with--

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

Quality compared with--

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

The principal mango variety produced in Haiti is smaller in size and of different skin color than those produced in the United States and Mexico; this quality comparison is based on these factors while price comparison is based on pound rates.

Competitiveness indicators for all GSP countries and for all digest products¹

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes ___ No X
What is the price elasticity of U.S. 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 ___

¹Competitiveness indicators for all GSP countries for all digest products are the same as the indicators for Mexico because three fourths of the digest imports are fresh mangoes from Mexico. See comments under Mexico.

V. Position of interested parties

Petitioner.--The Mexican Government and the Confederacion Nacional De Productores De Hortalizas (CNPH) believes that imports of these digest products from Mexico into the United States does not have an adverse competitive impact on the U.S. industries producing or selling like or directly competitive articles, since the subject digest products are a tropical fruit not produced in large quantities in the United States and domestic supply is not sufficient to meet the growing demand for these products.

Opposition.--The state of Hawaii is concerned over the granting of a waiver to Mexico of the competitive need limit for fresh quavas and mangoes. They state that the impact on the quava industry in Hawaii may be negligible for the time being, but should the situation change, the competitive need limit may have to be imposed again. Further, they state, that Hawaii is not currently a significant commercial producer of mangoes, but in the future a waiver for mangoes from Mexico may hamper expansion in Hawaii.

VI. Summary of probable economic effects--competitive-need-limit waiver (Mexico)

* * * * *

Table I.

Digest Title: Fresh guavas, mangoes, and mangosteens
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	4,339	6,374	15,098	10,163	13,303
Haiti.....	3,391	2,717	3,896	2,470	4,262
Thailand.....	6	3	2	16	8
India.....	8	5	10	5	5
Guatemala.....	20	0	0	1	4
Colombia.....	0	0	0	0	3
Canada.....	6	0	0	18	0
Belize.....	0	75	0	0	0
Costa Rica.....	0	0	0	3	0
Bahamas.....	5	0	0	0	0
Jamaica.....	0	0	0	31	0
Dominican Rep....	3	0	5	1	0
Grenada.....	0	0	0	10	0
Venezuela.....	8	0	46	0	0
Peru.....	0	0	97	0	0
All other.....	127	291	32	42	0
Total.....	7,914	9,465	19,187	12,760	17,585
GSP Total 2/..	7,907	9,447	19,177	12,740	17,585
GSP+4 2/.....	7,907	9,458	19,177	12,740	17,585
Percent					
Mexico.....	54.8	67.3	78.7	79.6	75.6
Haiti.....	42.9	28.7	20.3	19.4	24.2
Thailand.....	.1	1/	1/	.1	1/
India.....	.1	.1	.1	1/	1/
Guatemala.....	.3	.0	.0	1/	1/
Colombia.....	.0	.0	.0	.0	1/
Canada.....	.1	.0	.0	.1	.0
Belize.....	.0	.8	.0	.0	.0
Costa Rica.....	.0	.0	.0	1/	.0
Bahamas.....	.1	.0	.0	.0	.0
Jamaica.....	.0	.0	.0	.2	.0
Dominican Rep....	1/	.0	1/	1/	.0
Grenada.....	.0	.0	.0	.1	.0
Venezuela.....	.1	.0	.2	.0	.0
Peru.....	.0	.0	.5	.0	.0
All other.....	1.6	3.1	.2	.3	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	99.9	99.8	99.9	99.8	100.0
GSP+4 2/.....	99.9	99.9	99.9	99.8	100.0

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Fresh guavas, mangoes, and mangosteens
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Netherlands.....	1	5	13	23	2,041
United Kingdom...	1/	3	9	12	937
Japan.....	5	12	16	16	155
Canada.....	10	16	21	32	100
West Germany.....	1/	2	1	1/	36
Australia.....	1	1	1	1	32
Switzerland.....	1/	1/	1/	1/	31
France.....	1/	3	2	2	25
Taiwan.....	1/	1/	1	1	17
Austria.....	0	0	1	0	4
Bahamas.....	1	1	1	1/	3
Kuwait.....	1/	2	4	3	3
Dominican Rep....	1/	1	1/	1/	2
Belgium.....	1/	1/	0	0	2
Mexico.....	1	1	1/	2	1
All other.....	10	24	35	24	2
Total.....	30	69	105	116	3,390
GSP Total 2/..	8	20	23	15	7
GSP+4 2/.....	10	23	33	22	24
Percent					
Netherlands.....	2.5	7.4	12.0	19.7	60.2
United Kingdom...	1/	3.6	8.6	10.6	27.6
Japan.....	16.4	17.6	14.9	13.5	4.6
Canada.....	31.7	23.1	20.4	27.3	2.9
West Germany.....	1/	2.3	1.1	1/	1.0
Australia.....	1.9	.8	.6	.9	.9
Switzerland.....	1/	1/	1/	1/	.9
France.....	1/	4.0	1.9	1.4	.7
Taiwan.....	1/	1/	1.3	.8	.5
Austria.....	.0	.0	.5	.0	.1
Bahamas.....	3.9	.8	.6	1/	.1
Kuwait.....	1/	2.2	3.9	3.0	.1
Dominican Rep....	1/	1.7	1/	1/	.1
Belgium.....	1/	1/	.0	.0	.1
Mexico.....	1.7	1.4	1/	1.4	1/
All other.....	34.0	34.2	33.5	20.8	.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	27.2	29.0	22.2	13.1	.2
GSP+4 2/.....	33.5	33.5	31.9	19.1	.7

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 0807.10.60

OGEN AND GALIA MELONS, ENTERED JUNE 1-NOVEMBER 30

Ogen and Galia Melons, Entered June 1–November 30

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent</u> <u>ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
0807.10.60	Ogen and galia melons, entered June 1–Nov. 30.	14%	Yes	***

Description and uses.—This digest covers only fresh or chilled ogen and galia melons. Melons, which are virtually always sold as fresh or chilled products, are the fruit of a trailing vine having a limited seasonal harvest period within one crop year from any given production area. The storage life of fresh melons is relatively short, generally 1 to 4 weeks. Nearly all melon types (watermelons are the exception) have a thick, soft flesh and a central seed cavity, and belong to the botanical family cucumis melo. Such melon types differ from each other principally in the texture and color of their skin (rind), and the color and flavor of their flesh. In the United States, the two most popular melon types are cantaloupes (tan netted skin, ribbed, and orange flesh) and honeydew melons (smooth, greenish colored skin and white to greenish flesh). All other types are considered specialty melons, including casaba, crenshaw, Santa Clause, persian (dark netted skin, no ribs, and salmon–orange flesh), honeyloupe, honey rock, ogen, and galia. The characteristics of the galia melon (based on one advertising photo) include a netted skin lighter in color than the persian melon, no ribs, and green flesh. Ogen and galia melons compete most directly with the other specialty melons. All melons (except watermelons) are used principally as breakfast, snack, or dessert foods, or in fruit salads.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**5	**5	**5	**5	-	**5
Employment (1,000 employees)....	(3)	(3)	(3)	(3)	-	(3)
Shipments (1,000 dollars).....	(3)	(3)	(3)	(3)	-	(3)
Exports (1,000 dollars).....	(3)	(3)	(3)	(3)	-	(3)
Imports (1,000 dollars).....	68	119	89	45	-13	29
Consumption (1,000 dollars)....	(3)	(3)	(3)	(3)	-	(3)
Import-to-consumption ratio (percent).....	(3)	(3)	(3)	(3)	-	(3)
Capacity utilization (percent)..	(4)	(4)	(4)	(4)	-	(4)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

⁴Not meaningful for field-grown crops.

The U.S. production of specialty melons for interstate commerce, including ogen and galia melons, is virtually all in California. Other States that are likely producers of specialty melons include Arizona, Colorado, Michigan, South Carolina, and Texas, although data on such production are not available. In 1988, the value of production of specialty melons in California was reported by the County Agricultural Commissioners as follows:

<u>Melon type</u>	<u>Value (\$1,000)</u>
Casaba.....	2,221
Crenshaw.....	1,981
Unspecified.....	25,498

In comparison, the value of the California production of cantaloupes in 1988 was \$182 million and that for honeydew melons was \$31 million. The value of production of "unspecified" melon types may include cantaloupes, honeydew melons, and watermelons, as well as the specialty melon types. The U.S. production of ogen and galia melons is not reported separately, however it is believed to be very small.

The time period of this digest, from June 1 to November 30, is the period when nearly all of the U.S. production of specialty melons is marketed.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	29	100	-	(¹)
Imports from GSP countries:				
Total.....	29	100	100	(¹)
Israel ²	20	67	67	(¹)
Antigua ³	9	30	30	(¹)
Costa Rica ³	1	3	3	(¹)

¹Not available.

²Imports of digest products from Israel enter duty-free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.

³Imports of digest products from these suppliers enter duty-free under provisions of the Caribbean Basin Economic Recovery Act (CBERA) of 1983.

Comment.—In 1989, imports of digest products were all from GSP countries that also receive duty-free benefits under other U.S. programs. GSP countries that are potential suppliers of ogen and galia melons that do not otherwise receive duty-free benefits for this item include Mexico, Brazil, Chile, and Venezuela. There were no imports from the petitioner, Mexico, in 1989. Non-GSP countries known to produce ogen or galia melons include Spain, France, Italy, and South Africa.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Israel for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

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

What is the price elasticity of U.S. 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 with¹—

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

Other foreign products..... Above ___ Equivalent ___ Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

¹Not available.

Comment.—Imports from this supplier currently enter duty free under provisions of the United States-Israel Free Trade Area Act of 1985.

Competitiveness indicators for Antigua for all digest products

Ranking as a U.S. import supplier, 1989..... 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?¹..... Yes ___ 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?¹..... High ___ Moderate ___ Low ___

Price level compared with¹—

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

Other foreign products..... Above ___ Equivalent ___ Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

¹Not available.

Comment.—Imports from Antigua qualify for duty-free treatment under CBERA.

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... None

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?¹..... Yes ___ No ___

Could exports from the country be readily redistributed among its foreign export markets?¹..... Yes ___ No ___

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

Price level compared with²—

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

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with²—

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

Other foreign products..... Above ___ Equivalent X Below ___

¹Not available. Past production is believed to be very small and exports from Mexico insignificant.

²Anticipated of future supplies.

Comment.—Mexico is the petitioner for digest products. During the 5 years 1985–89 when digest products were dutiable, imports from Mexico totaled only \$3,000, the most recent imports supplied in 1987. Because of the small volume of trade from Mexico of ogen and galia melons, competitiveness indicators are based in part on cantaloupes and honeydew melons, which Mexico produces and exports in significant quantities.

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

Price level compared with¹—

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

Other foreign products..... Above ___ Equivalent ___ Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

¹Not available.

Comment.—In 1989, all imports were from GSP countries (when digest products were not GSP eligible) and entered free of duty under other U.S. trade agreements.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested that ogen and galia melons entered during the period June 1 to November 30, provided for under HTS subheading 0807.10.60 be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

The GOM is acting at the request of the association of agricultural producers of Sonora, Mexico (Asociacion Agricola Local de Productos de Nuez, Durazno y Manzana de Sonora) to add certain specified fresh melons to the list of GSP eligible articles, including ogen and galia melons entered during the period June 1 to November 30.

VI. Summary of probable economic effects—Addition

* * * * *

Table I.

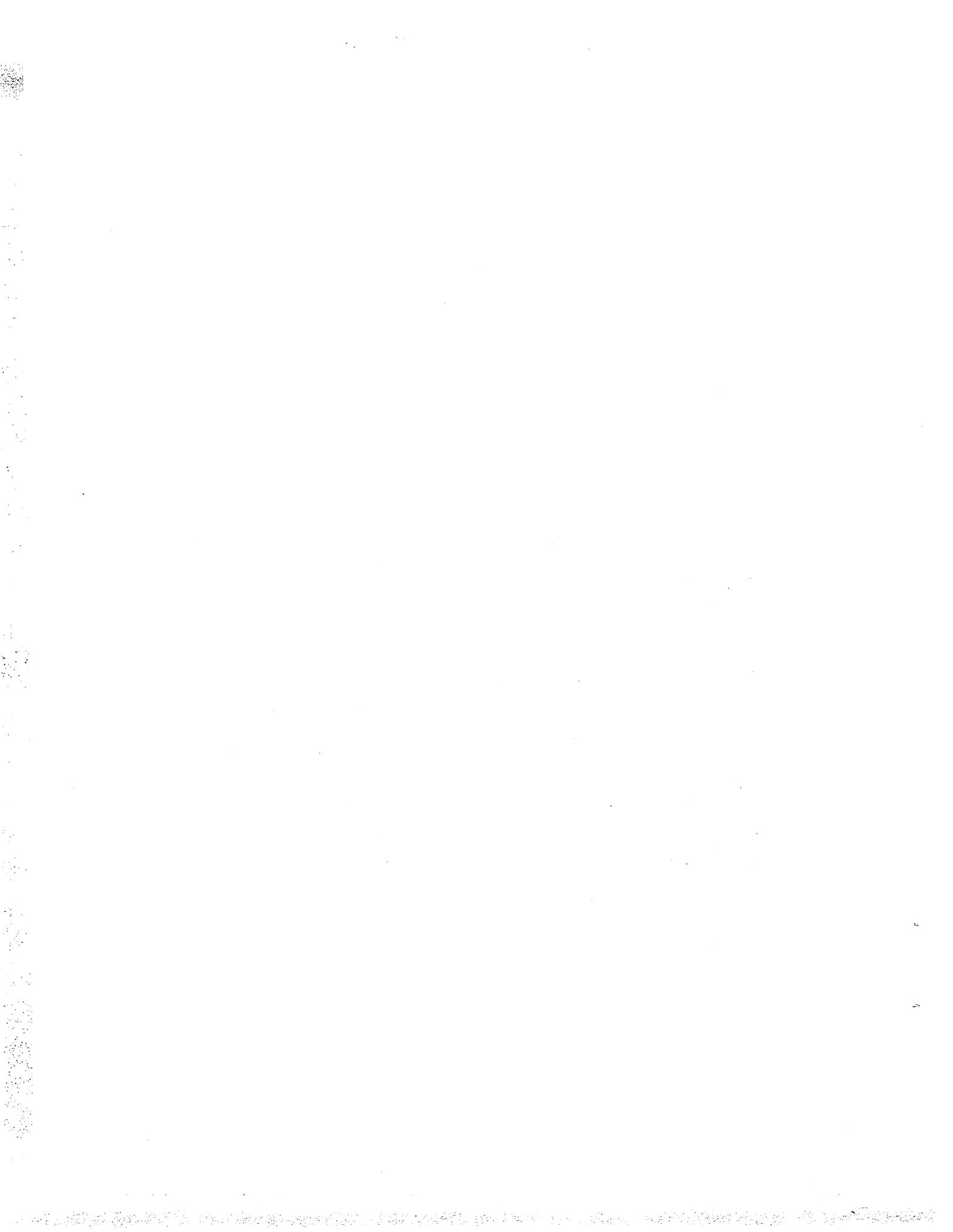
Digest Title: Ogen and galia melons, entered June 1-November 30
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Israel.....	57	60	31	32	20
Antigua.....	0	58	14	0	9
Costa Rica.....	0	2	0	0	1
Canada.....	10	0	0	0	0
Mexico.....	1	0	2	0	0
Honduras.....	0	0	19	13	0
Bahamas.....	0	0	3	0	0
Netherlands.....	0	0	1	0	0
Spain.....	0	0	1	0	0
Italy.....	0	0	17	0	0
Total.....	68	119	89	45	29
GSP Total 1/..	58	119	69	45	29
GSP+4 1/.....	58	119	69	45	29
Percent					
Israel.....	83.6	50.1	34.5	71.7	66.7
Antigua.....	.0	48.6	16.0	.0	29.7
Costa Rica.....	.0	1.3	.0	.0	3.6
Canada.....	14.6	.0	.0	.0	.0
Mexico.....	1.8	.0	2.6	.0	.0
Honduras.....	.0	.0	21.4	28.3	.0
Bahamas.....	.0	.0	3.2	.0	.0
Netherlands.....	.0	.0	1.2	.0	.0
Spain.....	.0	.0	1.7	.0	.0
Italy.....	.0	.0	19.4	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	85.4	100.0	77.7	100.0	100.0
GSP+4 1/.....	85.4	100.0	77.7	100.0	100.0

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 1602.41.20

PREPARED OR PRESERVED HAMS AND SHOULDERS

Prepared or Preserved Hams and Shoulders¹

I. Introduction

X Addition to GSP ___ Removal from GSP X Competitive-need-limit waiver Poland²

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
1602.41.20 ¹	Prepared or preserved hams, boned and packed in airtight containers	2.1% AVE	Yes	***
1602.42.20	Prepared or preserved pork shoulders, boned and packed in airtight containers	2.7% AVE	Yes	***

¹Competitive-need-limit waiver advice requested for Poland with respect to HTS subheading 1602.41.20.

Description and uses.--Included herein are prepared and preserved hams, shoulders and cuts thereof, boned and cooked and packed in airtight containers. At the retail level such items are sold as canned hams and pork shoulders and picnics and loins

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**9	**8	**7	**7	**8	**7
Employment (1,000 employees)....	**1	**1	**1	**1	**1	**1
Shipments (1,000 dollars).....	*241,990	*141,752	*183,556	*187,736	*-8	*194,475
Exports (1,000 dollars).....	1,468	689	837	722	-21	3,576
Imports (1,000 dollars).....	432,303	460,131	457,642	399,826	-3	317,329
Consumption (1,000 dollars)....	*672,825	*601,194	*640,361	*586,840	*-4	*508,227
Import-to-consumption ratio (percent).....	*64	*77	*71	*68	*-	*62
Capacity utilization (percent)..	**90	**70	**75	**75	**-	**80

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

¹This digest includes the following HTS subheadings: 1602.41.20 and 1602.42.20.

²Waiver of competitive-need limit for Poland requested only with respect to HTS subheading 1602.41.20.

Comment.--The domestic market for prepared and preserved hams and shoulders in airtight containers, better known as canned hams and shoulders, is characterized by several very large domestic and foreign manufacturers, producing very similar products that are marketed in much the same way. In the domestic market, the products from Denmark and Poland have traditionally been regarded by retail consumers as premium products for which they will pay a price premium. The staff is unaware of any data to support the "premium" concept for such products. Virtually all canned ham and shoulder products are available from a variety of highly competitive sources.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	317,329	100	-	*62
Imports from GSP countries:				
Total.....	146,619	46	100	*29
Poland.....	97,864	31	67	*19
Yugoslavia.....	32,031	10	22	*6
Hungary.....	16,511	5	11	*3
Uruguay.....	99	(¹)	(¹)	(¹)

¹Less than 0.5 percent.

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

Comment.--Poland, Yugoslavia, and Hungary are major world producers of canned hams and shoulders. Although the industries of Yugoslavia and Hungary are smaller than those in Poland or Denmark, the major non-GSP supplier to the U.S. market, all major suppliers are highly competitive in the world marketplace, producing virtually identical products.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Poland for all digest products

Ranking as a U.S. import supplier, 1989..... 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 X Equivalent Below

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

Quality compared with--

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

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

Comment.--According to data supplied by the petitioner, Animex Export-Import Ltd, Polish canned hams and shoulders sell at a premium price compared to the domestic product and the product of other import sources. The quality of the domestic and imported products are believed to be comparable, although there is an apparent retail purchasers preference for Danish and Polish canned hams and shoulders. The petitioners also supplied data showing that the United States receives 99 percent of Polish exports of canned hams and shoulders.

Competitiveness indicators for Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1989..... 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 X Equivalent Below

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.--According to data supplied by the petitioner, Animex Export-Import Ltd, Yugoslavian canned hams and shoulders sell at a premium price compared to the domestic product, at about the same price as the Hungarian product, but undercut the product of the other major import sources. Yugoslavian canned hams and shoulders are often sold at the retail level as specialty items, thereby garnering a premium price. The quality of the domestic and imported products are believed to be comparable, although there is an apparent retail purchasers preference for Danish and Polish canned hams and shoulders.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Hungary for all digest products

Ranking as a U.S. import supplier, 1989..... 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 X Equivalent ___ Below ___

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.--According to data supplied by the petitioner, Animex Export-Import Ltd, Yugoslavian canned hams and shoulders sell at a premium price compared to the domestic product, at about the same price as the Yugoslavian product, but undercut the product of other major import sources. Hungarian canned hams and shoulders are often sold at the retail level as specialty items, thereby garnering a premium price. The quality of the domestic and imported products are believed to be comparable, although there is an apparent retail purchasers preference for Danish and Polish canned hams and shoulders.

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

What is the price elasticity of U.S. demand?..... High 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 ___ Equivalent X Below ___

Quality compared with--

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

Other foreign products..... Above ___ Equivalent X Below ___

Comment.--Imports of canned hams and shoulders from GSP eligible countries are priced at and above the domestic price. The products of Denmark and Poland sell at the greatest premium.

V. Position of interested parties

Petitioner.--The petitioner, Animex Export-Import Ltd., has stated that the extension of GSP status for prepared and preserved hams and shoulders (canned hams and shoulders) would enable better utilization of Polish production capacities of the establishments producing the goods involved and would contribute to a moderate increase in exports, improved profitability as well as better competitiveness against other suppliers such as Denmark, the Netherlands, and Belgium.

VI. Summary of probable economic effects--Addition

* * * * *

VI. Summary of probable economic effects--Waiver (Poland)¹

* * * * *

¹Competitive-need-limit waiver advice requested for Poland with respect to HTS subheading 1602.41.20.

Table I.

Digest No.
16024120Digest Title: Prepared or preserved hams and shoulders
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Denmark.....	236,195	249,250	219,303	183,852	131,540
Poland.....	90,393	111,917	119,547	111,039	97,864
Yugoslavia.....	20,527	22,560	29,863	28,983	32,031
Hungary.....	35,439	33,158	34,723	25,301	16,511
Netherlands.....	25,484	9,565	10,484	13,170	11,952
Canada.....	4,847	8,336	9,849	11,937	8,913
Belgium.....	2,381	10,776	12,377	8,675	8,858
Romania.....	3,100	5,701	12,338	8,616	5,154
Czechoslovakia...	2,477	2,488	2,684	2,543	2,404
West Germany.....	6,657	4,393	5,361	3,992	1,378
Italy.....	0	26	40	169	172
Sweden.....	1,322	469	350	132	113
Ireland.....	0	0	0	12	111
Uruguay.....	0	0	0	0	99
France.....	154	0	0	31	61
All other.....	3,327	1,492	722	1,374	168
Total.....	432,303	460,131	457,642	399,826	317,329
GSP Total 2/..	147,605	168,012	184,464	166,305	146,619
GSP+4 2/.....	149,408	168,938	184,542	166,305	146,619
Percent					
Denmark.....	54.6	54.2	47.9	46.0	41.5
Poland.....	20.9	24.3	26.1	27.8	30.8
Yugoslavia.....	4.7	4.9	6.5	7.2	10.1
Hungary.....	8.2	7.2	7.6	6.3	5.2
Netherlands.....	5.9	2.1	2.3	3.3	3.8
Canada.....	1.1	1.8	2.2	3.0	2.8
Belgium.....	.6	2.3	2.7	2.2	2.8
Romania.....	.7	1.2	2.7	2.2	1.6
Czechoslovakia...	.6	.5	.6	.6	.8
West Germany.....	1.5	1.0	1.2	1.0	.4
Italy.....	.0	1/	1/	1/	.1
Sweden.....	.3	.1	.1	1/	1/
Ireland.....	.0	.0	.0	1/	1/
Uruguay.....	.0	.0	.0	.0	1/
France.....	1/	.0	.0	1/	1/
All other.....	.8	.3	.2	.3	.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	34.1	36.5	40.3	41.6	46.2
GSP+4 2/.....	34.6	36.7	40.3	41.6	46.2

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest Title: Prepared or preserved hams and shoulders
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	103	37	112	142	1,628
Korea.....	3	0	27	3	921
Singapore.....	2	14	3	0	271
Yugoslavia.....	0	0	0	0	170
Panama.....	192	178	245	171	118
Haiti.....	4	0	0	38	87
Mexico.....	40	36	14	38	82
Philippines.....	0	0	0	0	71
Hong Kong.....	0	4	14	7	60
Paraguay.....	0	0	0	0	51
Canada.....	40	29	11	43	48
Bahamas.....	15	8	0	3	32
Honduras.....	1	85	57	3	10
Netherlands Ant..	0	0	0	18	7
Taiwan.....	3	3	0	6	6
All other.....	1,067	295	355	249	14
Total.....	1,468	689	837	722	3,576
GSP Total 1/..	740	583	556	473	640
GSP+4 1/.....	747	605	600	490	1,898
Percent					
Japan.....	7.0	5.4	13.3	19.7	45.5
Korea.....	.2	.0	3.2	.5	25.8
Singapore.....	.1	2.0	.3	.0	7.6
Yugoslavia.....	.0	.0	.0	.0	4.8
Panama.....	13.1	25.8	29.3	23.7	3.3
Haiti.....	.3	.0	.0	5.3	2.4
Mexico.....	2.7	5.3	1.6	5.2	2.3
Philippines.....	.0	.0	.0	.0	2.0
Hong Kong.....	.0	.6	1.7	1.0	1.7
Paraguay.....	.0	.0	.0	.0	1.4
Canada.....	2.7	4.2	1.3	6.0	1.3
Bahamas.....	1.0	1.2	.0	.5	.9
Honduras.....	.1	12.3	6.8	.4	.3
Netherlands Ant..	.0	.0	.0	2.5	.2
Taiwan.....	.2	.5	.0	.8	.2
All other.....	72.7	42.8	42.4	34.5	.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	50.4	84.6	66.4	65.6	17.9
GSP+4 1/.....	50.9	87.7	71.6	67.8	53.1

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 1602.49.20

CERTAIN PREPARED OR PRESERVED PORK

Certain Prepared or Preserved Pork

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
1602.49.20	Prepared or preserved pork (except hams and shoulders) in airtight containers.	2.3% AVE	Yes	***

Description and uses.--This digest includes prepared or preserved meat of swine (pork) which has been boned and cooked and packed in airtight containers, (except hams, shoulders, and cuts thereof) not containing cereals or vegetables. Almost all of the imports considered herein are thought to consist of canned luncheon-style meats, including chopped ham, in retail-sized containers. Such products are typically used to make sandwiches.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**12	**10	**8	**7	** -17	**7
Employment (1,000 employees)....	**1	**1	**1	**1	** 0	**1
Shipments (1,000 dollars).....	**173,799	**163,288	**176,927	**165,904	** -2	**177,052
Exports (1,000 dollars).....	367	172	209	180	-21	527
Imports (1,000 dollars).....	14,652	17,163	27,952	27,502	23	23,662
Consumption (1,000 dollars).....	**188,084	**180,279	**204,670	**193,226	** 1	**200,187
Import-to-consumption ratio (percent).....	**8	**10	**14	**14	-	**12
Capacity utilization (percent)..	(³)	(³)	(³)	(³)		(³)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not meaningful

Comment.--U.S. producers of the items included in this digest are thought to be large-volume meat packing companies that produce various meat products. Some U.S. producers of the digest item probably have an advantage, especially compared to GSP countries, in terms of brand loyalty/preference through the well established product identification of products such as "Spam", "Treat" and "Preem". However, imports probably compete much more closely with "house brand" names. In general, the imported and domestic products are thought to be closely comparable in quality and price, especially with the "house brand" products. Domestic interests contend that foreign producers benefit from various types of Government support, including export restitution payments in the EC and Government production assistance in Eastern Europe. They also contend that producers in Eastern Europe benefit from relatively low cost wage rates.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	23,662	100	-	*12
Imports from GSP countries:				
Total.....	3,555	15	100	**2
Hungary.....	2,568	11	72	**1
Poland.....	961	4	27	** (1)

1 Less than 0.5 percent.

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

Comment.-- Poland, Yugoslavia, and Hungary are major world producers of canned luncheon meats. Although the industries in Poland, Yugoslavia, and Hungary are smaller than that in the United States, all major suppliers are highly competitive in the world marketplace, producing virtually identical products. ***

V. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Hungary for all digest products

Ranking as a U.S. import supplier, 1989..... 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 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 Below X

Quality compared with--

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

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

Comment.--According to data supplied by the petitioner, Animex Export-Import Ltd, Hungarian luncheon meat sells at a lower price than the Polish product. This may be because of consumer loyalty to Polish products among U.S. consumers of Polish background which allows the Polish product to sell at a higher price. The quality of the domestic and imported products are thought to be comparable, although there is an apparent retail purchaser preference among some consumers for domestic luncheon meat, possibly because of consumer brand identification. Because many major world markets for pork, including the EC, limit imports, exports can not readily be redistributed among foreign export markets.

Competitiveness indicators for Poland for all digest products

Ranking as a U.S. import supplier, 1989..... 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 X Equivalent ___ Below ___

Quality compared with--

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

Other foreign products..... Above ___ Equivalent X Below ___

Comment.--According to data supplied by the petitioner, Animex Export-Import Ltd, Polish luncheon meat sells at a higher price than the Hungarian product. This may be because of consumer loyalty to Polish products among U.S. consumers of Polish background which allows the Polish product to sell at a higher price. The quality of the domestic and imported products are thought to be comparable, although there is an apparent retail purchaser preference among some consumers for domestic luncheon meat, possibly because of consumer brand identification. Because many major world markets for pork, including the EC, limit imports, exports can not readily be redistributed among foreign export markets.

Competitiveness indicators for Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1989..... 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 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 ___

Comment.--Although Yugoslavia is not currently a supplier of U.S. imports of luncheon meat, it has been in the past. Trade sources report that it could be a supplier in the future.

¹No imports of the digest product from Yugoslavia were recorded in 1989.

Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No
What is the price elasticity of U.S. 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 the domestic and imported products are thought to be comparable, although there is an apparent retail purchaser preference among some consumers for domestic luncheon meat, possibly because of consumer brand identification.

V. Position of interested parties

Petitioner.--The petitioner, Animex Export-Import Ltd., has stated that the extension of GSP status for luncheon meat would enable better utilization of Polish production capacities of the establishments producing the goods involved. They also report that it would contribute to a moderate increase in exports, improved profitability, and better competitiveness against other suppliers such as Denmark, the Netherlands, and Belgium.

VI. Summary of probable economic effects--addition

* * * * *

Table I.

Digest Title: Certain other prepared or preserved pork
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Denmark.....	7,192	6,077	6,963	7,625	7,312
Canada.....	1,732	4,355	8,708	11,312	6,081
Netherlands.....	1,518	908	2,981	3,540	4,788
Hungary.....	1,453	2,545	3,536	2,454	2,568
Romania.....	765	1,669	3,596	808	1,565
Poland.....	1,250	796	1,420	828	961
West Germany.....	153	345	153	266	201
Sweden.....	65	83	3	144	114
Finland.....	0	0	24	23	45
Nauru.....	0	0	0	0	26
France.....	369	326	160	207	1
Chile.....	0	0	0	1	0
Falkland Is.....	0	0	38	0	0
Norway.....	29	0	0	0	0
United Kingdom...	21	0	0	20	0
All other.....	105	59	371	273	0
Total.....	14,652	17,163	27,952	27,502	23,662
GSP Total 2/..	2,712	3,342	5,191	3,368	3,555
GSP+4 2/.....	2,712	3,342	5,191	3,368	3,555
Percent					
Denmark.....	49.1	35.4	24.9	27.7	30.9
Canada.....	11.8	25.4	31.2	41.1	25.7
Netherlands.....	10.4	5.3	10.7	12.9	20.2
Hungary.....	9.9	14.8	12.6	8.9	10.9
Romania.....	5.2	9.7	12.9	2.9	6.6
Poland.....	8.5	4.6	5.1	3.0	4.1
West Germany.....	1.0	2.0	.5	1.0	.8
Sweden.....	.4	.5	1/	.5	.5
Finland.....	.0	.0	.1	.1	.2
Nauru.....	.0	.0	.0	.0	.1
France.....	2.5	1.9	.6	.8	1/
Chile.....	.0	.0	.0	1/	.0
Falkland Is.....	.0	.0	.1	.0	.0
Norway.....	.2	.0	.0	.0	.0
United Kingdom...	.1	.0	.0	.1	.0
All other.....	.7	.3	1.3	1.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	18.5	19.5	18.6	12.2	15.0
GSP+4 2/.....	18.5	19.5	18.6	12.2	15.0

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest No.
16024920Digest Title: Certain other prepared or preserved pork
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
	Value (1,000 dollars)				
Aruba.....	10	22	41	34	217
Panama.....	48	44	61	43	149
Japan.....	26	9	28	36	54
Netherlands Ant..	0	0	0	5	50
Netherlands.....	0	0	12	3	28
Palau.....	0	0	0	0	7
Sweden.....	5	0	0	0	7
Barbados.....	1/	1/	1	2	4
Antigua.....	0	0	0	1	3
Belize.....	3	6	3	2	3
F St Micronesia..	0	0	0	0	2
Mexico.....	10	9	3	9	2
Ghana.....	0	4	0	0	2
Canada.....	10	7	3	11	0
El Salvador.....	1/	1/	0	0	0
All other.....	254	71	58	36	0
Total.....	367	172	209	180	527
GSP Total 2/..	185	146	139	118	439
GSP+4 2/.....	187	151	150	122	439
	Percent				
Aruba.....	2.8	12.5	19.7	18.6	41.2
Panama.....	13.1	25.8	29.3	23.7	28.3
Japan.....	7.0	5.4	13.3	19.7	10.2
Netherlands Ant..	.0	.0	.0	2.5	9.5
Netherlands.....	.0	.0	5.7	1.5	5.3
Palau.....	.0	.0	.0	.0	1.4
Sweden.....	1.5	.0	.0	.0	1.2
Barbados.....	1/	1/	.3	1.2	.7
Antigua.....	.0	.0	.0	.3	.6
Belize.....	.9	3.3	1.2	1.2	.5
F St Micronesia..	.0	.0	.0	.0	.4
Mexico.....	2.7	5.3	1.6	5.2	.4
Ghana.....	.0	2.1	.0	.0	.3
Canada.....	2.7	4.2	1.3	6.0	.0
El Salvador.....	1/	1/	.0	.0	.0
All other.....	69.1	41.2	27.6	20.1	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	50.4	84.6	66.4	65.6	83.3
GSP+4 2/.....	50.9	87.7	71.6	67.8	83.3

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 1702.30.40

GLUCOSE AND GLUCOSE SYRUP, LESS THAN 20% FRUCTOSE

Glucose and glucose syrup, less than 20% fructose

I. Introduction

X Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
1702.30.40	Glucose and glucose syrup, less than 20% fructose	8.3	Yes	***

Description and uses.--The product is liquid glucose, which is a purified, concentrated, aqueous solution of nutritive saccharides obtained from edible starch--commercially this is understood to be corn--and possessing a dextrose equivalent of at least 20. In this case, the product has the limitation of having less than 20 percent fructose. Liquid glucose is characterized by a clean, sweet taste and is generally used in the United States in biscuit and breadmaking, confectionery, jams and jellies, canning and preserving foods, and producing some meat and milk products.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	8	8	8	8	-	8
Employment (1,000 employees).....	10,000	10,000	10,000	10,000	-	10,000
Shipments (1,000 dollars).....	480,174	459,818	463,842	447,430	-2	530,530
Exports (1,000 dollars).....	0	0	0	0	-	0
Imports (1,000 dollars).....	4,584	4,241	2,239	2,291	-21	2,679
Consumption (1,000 dollars).....	484,758	464,059	466,081	449,721	-2	533,209
Import to consumption ratio (percent).....	1	1	(³)	1	(³)	1
Capacity utilization (percent).....	80	85	90	90	11	92

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Less than 0.5 percent.

Comment.--The corn refining industry is highly capital intensive. In the United States, one refinery does not produce just corn syrup, but may also produce high-fructose corn syrup (HFCS) and dextrose, as well as market by-products of the processes.

Per capita glucose consumption in the United States increased from 14 lbs to 18 lbs in the past 20 years. The price for glucose as of May 1990 was averaging 13.35 cent per pound (dry weight) for the year.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	2679	100	-	1
Imports from GSP countries:				
Total.....	509	19	100	(¹)
Mexico.....	448	17	88	(¹)
Israel ²	46	2	10	(¹)
Pakistan.....	11	(¹)	2	(¹)
Malaysia.....	4	(¹)	1	(¹)

¹Less than 0.5 percent.

²Imports of glucose syrup containing less than 20 percent fructose from Israel entered duty-free under the provisions of the United States Free Trade Area Implementation Act of 1985.

Comment.--Mexico imports a large percentage of the corn used in its refineries from the United States. Of the four major GSP glucose syrup exporters to the United States, not one is a major producer of corn, the base for glucose production.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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

Competitiveness indicators for Israel for all digest products

Ranking as a U.S. import supplier, 1989..... 7

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.--Although extreme differences in quality between glucose imports are not known to exist, customs value of imports for consumption in 1989 indicated a wide gap in the price between Mexican and Israeli exports of glucose syrup. According to the imports for consumption value, Mexican imports averaged 20 cents per kilogram, while Israeli imports averaged over 44 cents per kilogram. The world average for this year for glucose imports for consumption was 42 cents per kilogram. The customs value difference between Mexican products and others may stem from the fact that Mexican producers of glucose syrup often have U.S. distributors, and the price reported may be a transfer price.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No
What is the price elasticity of U.S. 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 Mexico has requested a waiver of the competitive-need limit for glucose and glucose syrup articles appearing under the HTS subheading 1702.30.40 with respect to the list of articles eligible for duty-free treatment under the GSP. The Government of Mexico has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Arancia, S.A., a company located in Guadalajara, Jalisco, Mexico, filed a petition with the United States Trade Representative for the inclusion of glucose from Mexico under the Generalized System of Preferences. Arancia, a manufacturer of corn products, states in its petition that much of the corn utilized in its processes is imported from the United States. Furthermore, the company cites in its petition the increasing demand for glucose in the U.S. processed food industry and the steady increase in U.S. glucose consumption over the past few years. The petition also referred to anticipated benefit to the Mexican economy that the inclusion of glucose would have. These benefits include increased jobs for Mexicans and an influx of foreign exchange that would help the country with its financial commitments.

VI. Summary of probable economic effects--Addition

* * * * *

Table I.

Digest Title: Glucose and syrup less than 20% fructose
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
France.....	3,559	3,357	1,446	1,759	1,322
Mexico.....	0	18	16	0	448
West Germany.....	157	148	266	239	361
Canada.....	23	50	102	18	213
Netherlands.....	284		214	166	114
United Kingdom...	44		44	46	69
Israel.....	1	✓	25	0	46
Belgium.....	26	7	19	3	43
Korea.....	9	1	0	22	27
Japan.....	5	10	0	2	21
Pakistan.....	0	0	2	0	11
Malaysia.....	39	0	0	0	4
Switzerland.....	141	126	0	0	1
Bahamas.....	24	0	0	0	0
Jamaica.....	0	2	4	0	0
All other.....	271	338	102	36	0
Total.....	4,584	4,241	2,239	2,291	2,679
GSP Total 2/..	174	41	88	5	509
GSP+4 2/.....	203	47	95	41	536
Percent					
France.....	77.6	79.2	64.6	76.8	49.3
Mexico.....	.0	.4	.7	.0	16.7
West Germany.....	3.4	3.5	11.9	10.4	13.5
Canada.....	.5	1.2	4.5	.8	7.9
Netherlands.....	6.2	2.5	9.6	7.3	4.2
United Kingdom...	1.0	1.8	1.9	2.0	2.6
Israel.....	1/	.0	1.1	.0	1.7
Belgium.....	.6	.2	.9	.1	1.6
Korea.....	.2	1/	.0	1.0	1.0
Japan.....	.1	.2	.0	.1	.8
Pakistan.....	.0	.0	.1	.0	.4
Malaysia.....	.8	.0	.0	.0	.1
Switzerland.....	3.1	3.0	.0	.0	1/
Bahamas.....	.5	.0	.0	.0	.0
Jamaica.....	.0	1/	.2	.0	.0
All other.....	5.9	8.0	4.6	1.6	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	3.8	1.0	3.9	.2	19.0
GSP+4 2/.....	4.4	1.1	4.2	1.8	20.0

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 2003.10.00

CERTAIN PREPARED OR PRESERVED MUSHROOMS

Certain Prepared or Preserved Mushrooms

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2003.10.00	Certain prepared or preserved mushrooms.	12.9%	Yes	***

Description and uses.—Canned mushrooms, predominately *Agaricus bisporus*, are usually packed in a light brine solution and in three main styles: whole, sliced, and stems and pieces. Container sizes range from 2 to 68 ounces (drained weight). Most of the imported canned mushrooms are of the same species as those grown in the United States and are comparable in flavor and appearance to them. Some consumers will freely interchange canned with fresh mushrooms as they are used largely for the same purposes. Uses include: as a garnish with meats and other foods, in gravies, sauces, relishes, and soups.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number) ³	*20	*20	*20	*20	-	*20
Employment (1,000 employees)....	(⁴)	(⁴)	(⁴)	(⁴)	-	(⁴)
Shipments (1,000 dollars).....	100,886	88,179	88,621	99,333	-1	121,663
Exports (1,000 dollars).....	992	939	847	1,041	2	1,279
Imports (1,000 dollars).....	141,300	122,597	130,403	120,920	-5	135,904
Consumption (1,000 dollars).....	241,194	209,837	218,177	219,212	-3	256,388
Import-to-consumption ratio (percent).....	59	58	60	55	-2	53
Capacity utilization (percent)..	*45	*47	*49	*50	4	*50

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Official statistics of the U.S. Department of Commerce lists the number of producers as 12. This lists producers with production of \$100,000 or more only.

⁴Not available.

Comment.—In 1989, canned mushrooms were produced by approximately *20 firms, compared with 22 firms in 1982 and 29 firms in 1976. Most of the canners are in Pennsylvania;¹ with some firms located in the Midwest and the Pacific Northwest.

¹ Composed of southeastern Pennsylvania and nearby portions of Delaware and Maryland.

For the most part, domestic mushroom-canning operations are similar to the operations of small firms canning other products in the United States. However, unlike many small canners, which operate during only a few weeks or months of the year, mushroom canners generally operate throughout most of the year, with the principal canning season extending from October to the following May. Most mushroom canners process few other products and are located in close proximity to growers.

During marketing years 1985/86 to 1988/89,¹ U.S. shipments of processed mushrooms rose 21 percent ranging from \$88 million in 1985/86 to \$122 million in 1988/89. Most of this increase occurred during 1988/89, and the percentage distribution of mushrooms going to the fresh market vs processed was 72 and 28 percent, respectively. In the early 1970s, this percentage distribution was reversed, with the largest share going to processed. The gradual increase in U.S. shipments during this period mirrors their inverse relationship with U.S. imports.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

<u>Item</u>	<u>Imports</u> <u>1,000</u> <u>dollars</u>	<u>Percent</u> <u>of total</u> <u>imports</u>	<u>Percent</u> <u>of GSP</u> <u>imports</u>	<u>Percent</u> <u>of U.S.</u> <u>consumption</u>
Total.....	135,904	100	-	53
Imports from GSP countries:				
Total.....	16,168	12	100	6
Indonesia.....	11,140	8	69	4
India.....	3,262	2	20	1
Thailand.....	1,415	1	9	1

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

Comment.—Certain prepared or preserved mushrooms imports averaged approximately \$139,224 annually during 1985–89. The 1989 figure is more representative of the higher levels of imports during the early 1980's. The significant increases in exports to the United States from Indonesia, India, and Thailand is indicative of the growing potential of these countries as exporters of certain prepared or preserved mushrooms. Indonesia became the world's fourth largest exporter in 1988/89, expanding their U.S.-share of exports to almost a tenfold-increase. Total GSP imports for the 5-year period 1985–89 are listed below:

Certain prepared or preserved mushrooms: U.S. imports for consumption, principal sources, 1985–89

<u>Source</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
GSP total....	2,325	4,003	3,749	10,811	16,168

¹ A marketing year is July 1–June 30.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1989..... 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 products¹..... Above Equivalent Below

Quality compared with¹—

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

¹Not Available.

Competitiveness indicators for India for all digest products

Ranking as a U.S. import supplier, 1989..... 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 products¹..... Above Equivalent Below

Quality compared with¹—

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

¹Not available.

For the most part, domestic mushroom-canning operations are similar to the operations of small firms canning other products in the United States. However, unlike many small canners, which operate during only a few weeks or months of the year, mushroom canners generally operate throughout most of the year, with the principal canning season extending from October to the following May. Most mushroom canners process few other products and are located in close proximity to growers.

During marketing years 1985/86 to 1988/89,¹ U.S. shipments of processed mushrooms rose 21 percent ranging from \$88 million in 1985/86 to \$122 million in 1988/89. Most of this increase occurred during 1988/89, and the percentage distribution of mushrooms going to the fresh market vs processed was 72 and 28 percent, respectively. In the early 1970s, this percentage distribution was reversed, with the largest share going to processed. The gradual increase in U.S. shipments during this period mirrors their inverse relationship with U.S. imports.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	135,904	100	-	53
Imports from GSP countries:				
Total.....	16,168	12	100	6
Indonesia.....	11,140	8	69	4
India.....	3,262	2	20	1
Thailand.....	1,415	1	9	1

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

Comment.—Certain prepared or preserved mushrooms imports averaged approximately \$139,224 annually during 1985–89. The 1989 figure is more representative of the higher levels of imports during the early 1980's. The significant increases in exports to the United States from Indonesia, India, and Thailand is indicative of the growing potential of these countries as exporters of certain prepared or preserved mushrooms. Indonesia became the world's fourth largest exporter in 1988/89, expanding their U.S.-share of exports to almost a tenfold-increase. Total GSP imports for the 5-year period 1985–89 are listed below:

Certain prepared or preserved mushrooms: U.S. imports for consumption, principal sources, 1985–89

Source	1985	1986	1987	1988	1989
GSP total....	2,325	4,003	3,749	10,811	16,168

¹ A marketing year is July 1–June 30.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1989..... 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 products¹..... Above Equivalent Below

Quality compared with¹—

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

Other foreign products..... Above Equivalent Below

¹Not Available.

Competitiveness indicators for India for all digest products

Ranking as a U.S. import supplier, 1989..... 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 products¹..... Above Equivalent Below

Quality compared with¹—

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

Other foreign products..... Above Equivalent Below

¹Not available.

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ Moderate X Low ___

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

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with¹—

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

Other foreign products..... Above ___ Equivalent ___ Below ___

¹Not available.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

¹Not available.

Comment.—Imports of certain prepared or preserved mushrooms decreased erratically between 1985/86 to 1987/88, before rising again to more traditional levels in 1989. Historically, China, Taiwan, and Hong Kong have been the leading suppliers; they were again during this 5-year period. In 1989, they accounted for \$103 million; 76 percent of total imports. However, Taiwan's share of imports has declined significantly since 1986, and is expected to continue its downward trend. China and Hong Kong's imports also declined during this period; this is not expected to be permanent. The decrease in traditional suppliers, brought certain GSP countries into a position of significance. Indonesia became the fourth leading exporter; India and Thailand followed, respectively. Other countries, previously insignificant or non-existent as suppliers of certain prepared or preserved mushrooms, demonstrated their ability to become more significant suppliers in the near future.

V. Position of interested parties

Petitioners.—The petitioners are the Debrecen Canning Factory, Hungary and the Pillsbury Company (Pillsbury). Debrecen Canning Factory, the largest canning facility in Hungary, is interested in expanding its exports to the United States. HTS subheading 2003.10.00 was one of the items chosen. The purpose stated was to replace supplies of low-quality goods shipped to the United States in 1989 by several exporters. They stated that extending GSP eligibility to include processed mushrooms would benefit both countries.

Pillsbury, one of the U.S. multinationals with considerable investment in Indonesia, and the largest U.S. importer of processed mushrooms, also requested GSP eligibility for HTS subheading 2003.10.00. The petitioner claims U.S. processors cannot meet the demand for processed mushrooms in the market, and stated that was the reason imports have accounted for over 50 percent of processed mushrooms over the past several years. In addition, two traditional suppliers (Korea and Taiwan) have shifted their resources to more profitable production operations, leaving a need for new sources of supply. The petitioner also states that the addition of processed mushrooms to the list of GSP-eligible imports would not have an adverse impact on the U.S. mushroom industry for the following reasons: 1) the U.S. industry has moved to the fresh market, processing only those unsuitable to sell fresh; 2) U.S. imports for 1989 shows the major sources of imported processed mushrooms are non-GSP eligible countries; 3) there is an overall tightening of supply that has resulted in price increases; and 4) the decrease in duties would benefit U.S. consumers, as well as expand the economy of Indonesia by creating jobs for its processed mushroom industry.

In the event the Commission remains concerned over the effect of granting GSP eligibility to processed mushrooms classified under HTS subheading 2003.10.00, Pillsbury requested, as an alternative, the Commission provide advice to the President on a proposed alternative to granting GSP eligibility to all processed mushrooms, i.e., granting GSP eligibility to only the "fancy" type mushrooms (whole and sliced button mushrooms, and whole straw mushrooms, which are tightly veiled, having a cap diameter of between 10-35mm, imported in glass jars) sourced by Pillsbury contends such "fancy" mushrooms imported in glass jars constitute their own unique segment of the processed mushroom market and, therefore, would have no adverse effect on the U.S. mushroom industry.

Opposition.—The American Mushroom Institute is opposed to granting GSP status to processed mushrooms requested by the Hungarian Government and the Pillsbury Company. The petitioner stated that granting duty-free treatment would only enhance Pillsbury's already substantial profits and cause great harm to domestic processors and growers, with no measurable benefit to consumers. PT Mantrust of Indonesia who supplies the British Company Grant Metropolitan PLC, owner of Pillsbury/Green Giant, is the largest, fastest growing exporter of processed mushrooms in the world today. Indonesia and Thailand, without the advantage of GSP, have made dramatic gains in exports to the United States; gains that far outpace increases from non-GSP importers, and gains that can be expected to continue.

In addition, if GSP status were granted, it would encompass all imported processed mushrooms under HTS 2003.10.00 from GSP countries. Duty-free treatment would be afforded not only to Pillsbury's Green Giant whole mushrooms in jars, but also Pillsbury's B in B brand mushrooms in retail size cans (sourced in Indonesia, the retail size cans of many different private labels originating in Indonesia, and thousands of tons of #10 size cans for institutional or wholesale use from Indonesia, Thailand, and possibly other eligible countries. Many of these processed mushrooms are interchangeable with fresh. For example, either fresh or processed mushrooms can be used by restaurants or home consumers in such foods as pizzas, omelets, and salads.

VI. Summary of probable economic effects—Addition

* * * * *

Table I.

Digest No.
20031000Digest Title: Certain prepared or preserved mushrooms
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
China.....	37,549	31,099	41,718	48,902	58,562
Taiwan.....	57,200	51,380	58,216	30,757	26,926
Hong Kong.....	22,444	24,119	16,055	18,041	17,567
Indonesia.....	1,063	1,857	2,907	9,083	11,140
Spain.....	7,973	2,695	4,069	6,595	8,091
India.....	26	212	32	186	3,262
Korea.....	8,786	6,120	4,024	3,785	2,372
Netherlands.....	2,087	528	361	201	2,164
Thailand.....	158	347	375	571	1,415
Canada.....	40	136	80	53	1,291
Austria.....	0	0	0	0	661
Japan.....	715	468	496	342	593
France.....	888	586	548	520	425
Mexico.....	33	50	266	701	327
United Kingdom...	8	16	0	0	326
All other.....	2,328	2,986	1,257	1,181	781
Total.....	141,300	122,597	130,403	120,920	135,904
GSP Total 2/..	2,342	4,003	3,749	10,924	16,168
GSP+4 2/.....	90,773	85,727	82,045	63,520	63,101
Percent					
China.....	26.6	25.4	32.0	40.4	43.1
Taiwan.....	40.5	41.9	44.6	25.4	19.8
Hong Kong.....	15.9	19.7	12.3	14.9	12.9
Indonesia.....	.8	1.5	2.2	7.5	8.2
Spain.....	5.6	2.2	3.1	5.5	6.0
India.....	1/	.2	1/	.2	2.4
Korea.....	6.2	5.0	3.1	3.1	1.7
Netherlands.....	1.5	.4	.3	.2	1.6
Thailand.....	.1	.3	.3	.5	1.0
Canada.....	1/	.1	.1	1/	.9
Austria.....	.0	.0	.0	.0	.5
Japan.....	.5	.4	.4	.3	.4
France.....	.6	.5	.4	.4	.3
Mexico.....	1/	1/	.2	.6	.2
United Kingdom...	1/	1/	.0	.0	.2
All other.....	1.6	2.4	1.0	1.0	.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	1.7	3.3	2.9	9.0	11.9
GSP+4 2/.....	64.2	69.9	62.9	52.5	46.4

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest Title: Certain prepared or preserved mushrooms
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Hong Kong.....	66	15	113	123	564
Spain.....	85	0	0	79	149
Mexico.....	3	4	9	67	109
Canada.....	285	47	280	157	104
Panama.....	0	0	0	0	44
China.....	0	0	0	33	37
El Salvador.....	0	0	3	26	35
West Germany.....	123	230	49	69	30
France.....	125	29	61	0	29
Singapore.....	0	6	1	4	23
Belgium.....	0	0	0	7	23
Trin & Tobago....	0	5	0	0	21
Honduras.....	3	29	0	0	18
Australia.....	58	144	78	2	13
United Kingdom...	106	94	3	2	13
All other.....	138	337	250	472	66
Total.....	992	939	847	1,041	1,279
GSP Total 1/..	69	96	68	205	267
GSP+4 1/.....	137	156	203	336	860
Percent					
Hong Kong.....	6.7	1.6	13.3	11.8	44.1
Spain.....	8.5	.0	.0	7.6	11.7
Mexico.....	.3	.4	1.1	6.4	8.5
Canada.....	28.7	5.0	33.1	15.1	8.2
Panama.....	.0	.0	.0	.0	3.4
China.....	.0	.0	.0	3.2	2.9
El Salvador.....	.0	.0	.3	2.5	2.7
West Germany.....	12.4	24.5	5.8	6.7	2.4
France.....	12.6	3.0	7.2	.0	2.3
Singapore.....	.0	.6	.2	.4	1.8
Belgium.....	.0	.0	.0	.7	1.8
Trin & Tobago....	.0	.5	.0	.0	1.6
Honduras.....	.3	3.1	.0	.0	1.4
Australia.....	5.9	15.3	9.2	.2	1.0
United Kingdom...	10.7	10.0	.4	.2	1.0
All other.....	13.9	35.9	29.5	45.4	5.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	7.0	10.3	8.1	19.7	20.8
GSP+4 1/.....	13.8	16.7	24.0	32.3	67.3

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 2005.20.0020

POTATO CHIPS

Potato Chips

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2005.20.0020 ¹	Potato chips	10%	Yes	***

¹***

Description and uses.--Potato chips are prepared from washed, peeled, raw potatoes which are then sliced or chipped, deep fried for about 2 minutes, and then seasoned. They are one of the most popular snackfoods in the country, with sales generally in the \$4-billion range (after retail mark-up).

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	*160	*158	*155	*152	*-2	*150
Employment (1,000 employees)....	*15	*15	*15	*15	*-	*15
Shipments (million dollars).....	*2,012	*2,197	*2399	*2,620	*9	*2,861
Exports (million dollars).....	11	11	13	14	10	21
Imports (million dollars).....	* ⁽³⁾	* ⁽³⁾	* ⁽³⁾	* ⁽³⁾	*35	⁽³⁾
Consumption (million dollars)...	*2,002	*2,186	*2386	*2,606	*9	*2,866
Import-to-consumption ratio (percent).....	* ⁽⁴⁾	* ⁽⁴⁾	* ⁽⁴⁾	* ⁽⁴⁾	*-38	* ⁽⁴⁾
Capacity utilization (percent)...	*75	*80	*80	*85	*4	*85

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Less than \$500,000.

⁴Less than 0.5 percent.

Comment.--Although there are many small firms producing potato chips in the United States, the bulk of U.S. production is concentrated in a few very large firms. Most of these larger firms produce other snackfood items as well. Establishments producing potato chips are located throughout the United States, with perhaps some concentration in the mid-atlantic region.

The United States is one of the largest, most competitive producers of potato chips in the world. The domestic industry is dominant in the U.S. market, with imports supplying only a fraction of consumption. In the U.S. market, the domestic industry has the advantage in terms of fresh-potato supply, market proximity, lower transportation costs, and production technology. At the marketing level, brand loyalty, quality, product freshness, and certain product attributes such as flavoring and texture may influence consumer-purchasing decisions. In the long-run, however, consumers perceive little difference in the products, and price is likely to be the sole determinant in purchasing decisions.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	126	100	-	(¹)
Imports from GSP countries:				
Total.....	(²)	(¹)	100	(¹)
Mexico.....	0	0	0	0

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

¹Less than 0.5 percent.

²Less than \$500.

Comment.--There were no reported imports of potato chips from GSP suppliers during 1989. In the past, U.S. imports have usually been from Canada and Western Europe. During the first six months of 1990, U.S. imports of potato chips reached \$1.7 million (compared to \$69,000 during the same period in 1989). The sudden increase in imports is the result of a new, U.S.-owned plant in Mexico, which began operations in the spring of 1990. Since the opening of the plant, Mexico has been the largest supplier of potato chips to the U.S. market, accounting for about *** percent of total U.S. imports during the first half of 1990.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-June 1990¹..... 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 Moderate x Low

Price level compared with--

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

Other foreign products..... Above Equivalent x Below

Quality compared with--

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

Other foreign products..... Above Equivalent x Below

Comment.--U.S. imports of potato chips from Mexico were \$0 in 1989; however, because of the opening of the new plant, exports have increased *** during January-June 1990, reaching ***, or *** percent, of total U.S. imports of potato chips. Potato chips are a bulky, perishable product that do not lend themselves to large amounts of international trade; therefore, it is unlikely that Mexico will develop export markets other than the United States.

V. Position of interested parties

Petitioner.--The Government of Mexico has requested a competitive-need-limit waiver for HTS subheading 2005.20.0020. The petitioner states that the new plant has brought new jobs to Mexico and will be a source of much-needed export earnings.

Pepsico Worldwide Foods, owner of Frito-Lay, Inc., has also requested a competitive-need-limit waiver for imports from Mexico under HTS subheading 2005.20.0020. According to the petition, the company has recently opened a plant in Tijuana and plans to export its products to a geographically limited area of the U.S. market.

Opposition.--The National Potato Council (NPC), which represents approximately 13,000 potato growers nationwide, opposes granting a waiver to Mexico on U.S. imports of potato chips. The submission states that the duty savings will simply benefit one U.S. company over another and will provide little or no benefit to Mexican producers, which is one of the primary intentions of the GSP statute. Noting that Mexican growers have been increasing their potato production, NPC is concerned that a trend for producing potato chips in Mexico is about to begin, and that the practice of sourcing fresh potatoes from Mexico will follow shortly.

The North Florida Growers Exchange and the Florida Fruit and Vegetable Association are opposed to granting a waiver to Mexico for the digest products. Both parties state that the GSP program should not be used simply to generate profits for one single U.S. company. They refer to repeated statements in Pepsico's submitted briefs that show the company's desire to operate efficiently and profitably. They state that Pepsico offers little or no support to passing the duty savings on to the U.S. consumer. More importantly, both associations are concerned about the intermediate and long-run effects on the U.S. potato growers, particularly in Florida. They are concerned that large potato chip companies, like Pepsico, will begin moving their operations to Mexico and purchasing their chip potatoes from Mexican growers.

VI. Summary of probable economic effects--Competitive-need-limit waiver (Mexico)

* * * * *

Table II.

Digest Title: Potato chips
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	851	1,516	3,284	4,152	4,361
Philippines.....	66	525	792	1,016	2,934
Bahamas.....	1,399	1,516	1,881	2,103	2,168
Singapore.....	390	857	612	564	1,014
Mexico.....	6	7	7	2	969
Taiwan.....	35	172	219	446	949
Saudi Arabia.....	2,705	1,137	2,079	789	924
Hong Kong.....	331	681	344	582	891
Malaysia.....	1,336	881	454	718	758
Brazil.....	71	286	297	263	690
Korea.....	29	3	10	50	616
Thailand.....	0	0	77	34	497
Netherlands Ant..	0	0	0	207	447
Japan.....	200	324	336	920	421
Kuwait.....	658	460	273	373	296
All other.....	1,976	2,272	2,093	1,575	2,797
Total.....	10,054	10,638	12,757	13,795	20,731
GSP Total 2/..	4,025	5,051	5,277	5,517	10,421
GSP+4 2/.....	4,811	6,763	6,462	7,159	13,890
Percent					
Canada.....	8.5	14.3	25.7	30.1	21.0
Philippines.....	.7	4.9	6.2	7.4	14.2
Bahamas.....	13.9	14.3	14.7	15.2	10.5
Singapore.....	3.9	8.1	4.8	4.1	4.9
Mexico.....	.1	.1	.1	1/	4.7
Taiwan.....	.3	1.6	1.7	3.2	4.6
Saudi Arabia.....	26.9	10.7	16.3	5.7	4.5
Hong Kong.....	3.3	6.4	2.7	4.2	4.3
Malaysia.....	13.3	8.3	3.6	5.2	3.7
Brazil.....	.7	2.7	2.3	1.9	3.3
Korea.....	.3	1/	.1	.4	3.0
Thailand.....	.0	.0	.6	.2	2.4
Netherlands Ant..	.0	.0	.0	1.5	2.2
Japan.....	2.0	3.0	2.6	6.7	2.0
Kuwait.....	6.5	4.3	2.1	2.7	1.4
All other.....	19.7	21.4	16.4	11.4	13.5
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	40.0	47.5	41.4	40.0	50.3
GSP+4 2/.....	47.8	63.6	50.7	51.9	67.0

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 2005.90.5510

CERTAIN PREPARED PEPPERS

Certain Prepared Peppers¹

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2005.90.5510 ¹	Sweet capsicum peppers (<u>Capsicum frutescans grossum</u>) ²	17.5%	Yes	***

¹The petition for removal from GSP is for that part of other peppers, n.e.s.o.i. (HTS subheading 2005.99.55) that is covered by HTS subheading 2005.90.5510; Mexico has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 2005.90.55. ²Owing to an Interagency 484e Committee meeting on nomenclature in September 1990, there is a decision to replace this description with another, to read "Sweet bell-type peppers," without change in the HTS subheading number 2005.90.5510.

Description and uses.—The products for removal from GSP benefits are canned sweet bell peppers, either red or green in color and cut in strips, slices, or diced. These products are most frequently packed in institutional-size containers.

The products covered under HTS subheading 2005.90.55 that are currently GSP-eligible are otherwise prepared or preserved peppers (as defined by tariff classification headnotes and structure), other than pimientos. The broader class than the petition, that is subheading 2005.90.55, includes canned sweet bell peppers as well as other sweet peppers and hot or pungent (spicy) peppers when prepared in ways subject to this subheading (principally canned). Hot or pungent peppers of this subheading, and sweet peppers other than bell peppers, are most frequently packed in retail-size containers. Overall, the types of peppers in this subheading include the following: sweet bell peppers, Jalapenos, banana wax and sweet banana peppers, green and red and yellow chili peppers, hot and sweet cherry peppers, cayenne peppers, and yellow peppers.

Pimientos, which are canned as a red pepper and are sweet, are considered to be a premium class of pepper because of their unique (cone) shape, no ribs, and thick flesh. The petitioners for GSP removal on canned sweet bell peppers are also producers of canned pimientos. Pimientos (capsicum annum) are separately provided for in the HTS under subheading 2005.90.50, at a column 1 general rate of duty of 9.5 percent ad valorem, and are not GSP eligible. Pimientos are packed in both institutional-size and retail-size containers as whole (cored) peppers, halves, or cut into strips, slices, or diced.

Canned sweet bell peppers are used predominately by institutional buyers, such as meat packers and cheese processors to add color and flavor to their products, packers of pickle relish, salad dressings and similar products, and by restaurants or other food service businesses to add to salads or salad bars. Some firms (buyers) that use pimientos in their products may also use red sweet bell peppers in the same product for reasons of cost. When cut into pieces and canned, sweet bell peppers and pimientos are similar in appearance. However, for reasons of flavor, canned pimientos are generally peeled and canned sweet bell peppers always come with the peel on them.²

¹This digest focuses on prepared (canned) sweet peppers of the type produced by the domestic petitioners and requested for removal from GSP as included in the following HTS subheading: 2005.90.5510.

²Transcript of Hearing on Oct. 2, 1990, in response to a question, p. 87.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988, over 1985 ²	1989
Producers (number).....	11	10	11	10	-3	10
Employment (1,000 employeegs)....	*2	*2	*2	*2	-	*2
Shipments (1,000 dollars) ³	**14,500	**14,500	*14,500	*14,500	-	*14,500
Exports (1,000 dollars) ⁴	*3	*3	*3	*3	-	*3
Imports (1,000 dollars).....	**833	**1,010	**1,435	**1,800	**29	**1,708
Consumption (1,000 dollars).....	**15,330	**15,507	**15,932	**16,287	**2	**16,205
Import-to-consumption ratio (percent).....	**5	**7	**9	**11	**30	**11
Capacity utilization (percent)...	*50	*50	*50	*50	-	*50

¹Trade data for 1985-1988 * * * were converted from the TSUSA import statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989. See comment under imports for estimated imports of petitioned products.

²This figure represents the average annual rate of change during 1985-1988.

³Canned sweet bell-type peppers (estimates by industry sources).

⁴Sweet bell-type peppers of the type covered by the petition are not separately reported; the level of exports is estimated in keeping with comments from industry sources.

Comment.—The domestic industry producing canned sweet bell-type peppers consists of relatively small-volume processors of selected vegetables located predominately in the Southeastern United States. The petitioners process sweet bell peppers in Georgia, Florida, North Carolina, Tennessee, Delaware, Pennsylvania and California. None of these processors are known to be multinational firms. A significant portion of the firms in the industry operate in Counties designated as "labor surplus areas" by the U.S. Department of Labor.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports ¹ 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	1,708	100	-	**11
Imports from GSP countries:				
Total.....	1,575	92	100	**10
Mexico.....	659	39	42	(²)
Colombia ³	401	24	25	(²)
Venezuela ³	236	14	15	(²)
Honduras.....	130	8	8	(²)

¹Estimated for sweet bell-type peppers, see comment, at 40 percent of the imports under HTS subheading 2005.90.55.

²Not available for sweet bell-type peppers on an individual country basis.

³Not a recorded supplier of prepared or preserved peppers prior to 1989; imports are believed to be other than digest products.

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

Comment.—Prepared sweet bell-type peppers became eligible for GSP benefits in 1980 when GSP eligibility was granted to nonenumerated vegetables, otherwise prepared or preserved, as covered under the former Tariff Schedules of the United States (TSUS) and defined by U.S. classification rulings. In 1985, a statistical breakout was added to the former TSUS under "other vegetables, otherwise prepared or preserved" for "prepared/preserved peppers" (former TSUSA item 141.9820). The statistical classification included sweet bell-type peppers as well as all varieties of hot or spicy peppers (such as chili and jalapeno peppers), but did not include pimientos (a sweet pepper type) or pickled peppers. Under the HTS, digest subheading 2005.90.55 closely parallels the product coverage of the former statistical class TSUSA 141.9820 (with minor exceptions); that is, subheading 2005.90.55 provides for otherwise prepared or preserved (except frozen) sweet bell-type peppers as well as all varieties of hot or spicy peppers that are prepared or preserved in ways dutiable under chapter 20 of the HTS. In the HTS, fruits of the genus Capsicum (peppers) "that are dried or crushed or ground" are dutiable in Chapter 9, as spices.

Data are not available on the U.S. imports for 1985-89 of sweet bell-type peppers of the type included in the petition for removal from GSP. However, it is estimated that about 40 percent of the imports of prepared or preserved peppers n.e.s.o.i., based on industry and Government sources, consists of sweet bell-type peppers, as shown in the following tabulation:

Year	<u>Imports of otherwise prepared or preserved peppers, n.e.s.o.i.</u>	
	<u>All types¹</u> (\$1,000)	<u>Sweet bell-type peppers²</u> (\$1,000)
1985.....	2,082	833
1986.....	2,524	1,010
1987.....	3,588	1,435
1988.....	4,501	1,800
1989.....	4,269	1,708

¹Former TSUSA item 141.9820 (1985-88), and HTS subheading 2005.90.55 (1989).

²Estimated by Commission staff as 40 percent of the imports of "all types" of peppers.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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?¹..... 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 products¹..... Above Equivalent Below

Quality compared with—

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

¹Not available.

Comment.—The prices for imported digest products from this source compete at lower prices with domestic digest products, according to documents submitted in the investigation.

Competitiveness indicators for Colombia for all digest products¹

Ranking as a U.S. import supplier, 1989..... 2

Price elasticity:¹

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

¹Not available.

Comment.—This source was not a recorded supplier during 1985–88 of prepared or preserved peppers, including the sweet bell-type peppers under review. Based on * * *, it is believed that imports from Colombia in 1989 were other than sweet bell-type peppers. Therefore, estimates of competitiveness indicators are not available.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

Could exports from the country be readily redistributed among
its foreign export markets?..... Yes 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

Comment.—In 1989, GSP suppliers accounted for 92 percent of the imports of the prepared peppers of this digest subheading, and by extension, GSP suppliers presumably provided 92 percent of the imports of the preserved sweet bell-type peppers under review. In 1985, GSP suppliers accounted for 73 percent of the prepared pepper imports, the share increasing each year from 1985 to 1989. The principal non-GSP suppliers are Greece, Spain, China, and Italy. Among GSP suppliers during 1985-89, Israel lost market share from 54 percent in 1986 to 4 percent in 1989, primarily to Mexico, whose share increased from 12 percent in 1986 to 48 percent in 1988, and then dropped to 39 percent in 1989. Mexico lost duty-free status owing to competitive need limitations on July 1, 1988.

A comparison of average prices between imported canned sweet bell-type peppers and pimientos is not available, however, a comparison of average prices between HTS subheading 2005.90.55 imports and pimientos (HTS 2005.90.50) may be useful in examining competitiveness. The following tabulation shows the average annual import unit values for prepared peppers and pimientos from 1985 to 1989, and the value of imports of prepared pimientos:

Year	U.S. imports of—		
	Pimientos Value (\$1,000)	Unit value (cents/pound)	Peppers, n.e.s.o.i. unit value (cents/pound)
1985.....	7,283	43	28
1986.....	9,841	45	29
1987.....	9,997	55	32
1988.....	10,243	57	35
1989.....	8,850	55	47

Effective with the HTS, pimientos and peppers not elsewhere specified or included (n.e.s.o.i.) became located under the same superior heading in the tariff schedules, whereas prior to the HTS they were treated as entirely separate articles. To some degree, there may be cross-overs in classification between pimientos and other peppers under the HTS nomenclature. It is observed that in 1989, the average unit values for peppers, n.e.s.o.i. became much closer to those for pimientos than were they prior to 1989.

V. Position of interested parties

Petitioners.—The petitioners are ten U.S. companies engaged in the production and sale of prepared and preserved (canned) sweet peppers in the United States. The names and location of the petitioning firms are as follows:

Cherokee Products Company, Haddock, GA
Del Mar Food Products Corporation, Watsonville, CA
Draper-King Cole, Inc., Milton, DE
Dunbar Foods Corporation, Dunn, NC
Moody Dunbar, Inc. Limestone, TN
Furman Foods, Inc., Northumberland, PA
The Mancini Packing Company, Zolfo Springs, FL.
G. L. Mezzetta, Inc., Sonoma, CA
Monticello Canning Company, Crossville, TN
Saticoy Foods Corporation, Saticoy, CA

The petitioners state that their production accounts for substantially all of the production of canned sweet peppers in the United States. The petitioners assert that prices and sales of domestically grown and processed canned sweet peppers are undercut by duty-free imports (the petition named 14 GSP beneficiary countries of concern). GSP imports of canned sweet peppers have more than doubled, they stated. Prices are also undercut, they assert, by imports from CBI origins and Israel.

Support.—Senator Sam Nunn wrote concerning the investigation on the removal of canned sweet capsicum peppers from GSP eligibility and submitted the correspondence of his constituent, the Cherokee Products Company of Haddock, Georgia, including a copy of the petition for GSP removal.

Congressman J. Roy Rowland urges that sweet peppers, HTSUS 2005.90.5510, be taken off the list of GSP-eligible imports because if left on the list, it could negatively impact the Nation's producers of prepared or preserved sweet capsicum peppers.

Congressman George W. Gekas strongly urges that HTS subheading 2005.90.5510 be modified to achieve the removal of prepared or preserved sweet capsicum peppers from the list of GSP-eligible articles, so as to protect an industry that may suffer elimination without such relief from duty-free imports. Congressman Gekas states that GSP imports of prepared or preserved sweet capsicum peppers have more than doubled from 1985 to 1988 and duty-free imports are undercutting prices and displacing U.S. grown and processed sweet peppers in the market. Imports are underselling U.S. sweet peppers by 25 to 35 percent, he said, and restoration of the 17.5 percent duty rate would eliminate that portion of the price difference and would help to reduce the pricing advantage now enjoyed by duty-free imports.

The National Grange, a general farm organization that representing hundreds of commercial vegetable growers in several states, supports withdrawing prepared or preserved sweet capsicum peppers, HTSUS 2005.90.5510, from the list of articles that are eligible for GSP treatment. Imports are underselling U.S.-grown and processed sweet peppers by 25 to 35 percent the Grange stated. Restoration of the MFN 17.5 percent duty would eliminate that portion of the price-free imports.

The Department of Agriculture of the Commonwealth of Pennsylvania supports removal of GSP benefits for sweet capsicum peppers. Price discrepancies make it very difficult for Pennsylvania businesses processing sweet peppers to compete with imported products. This is especially true when these products enter into the United States without duty. Given the sensitivity of peppers to importation, the Department urges in the strongest terms the removal of this product from GSP eligibility.

Furman Foods, Inc., of Northumberland, PA requests that prepared or preserved sweet capsicum peppers, HTS subheading 2005.90.5510, be withdrawn from the list of GSP-eligible articles. Peppers are very important to us, the firm stated, with food service vegetables accounting for over 60 percent of profits. Peppers and crushed tomatoes are two of the chief ingredients of pizza pie and customers want to buy their peppers from the same source that they buy their crushed tomatoes. Since import prices on peppers are so low compared to our prices, we are losing business on crushed tomatoes, they stated. It is very difficult to operate at a profit unless the firm can make money on the two products, canned sweet peppers and crushed tomatoes, Furman asserts.

VI. Summary of probable economic effects—

* * * * *

DIGEST NO. 2007.99.05

CERTAIN JAMS

Certain Jams¹

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2007.99.05	Raspberry and lingonberry jam	7.0%	Yes	***
2007.99.10	Strawberry jam	4.9%	Yes	***
2007.99.20	Apricot jam	35.0%	Yes	***
2007.99.25	Cherry jam	15.4% ¹	Yes	***

(¹) The compound rate of duty is 15.4¢/kg + 10%.

Description and uses.--This digest covers jams made from raspberry and lingonberry, strawberry, apricot, and cherry. The types of products covered here are governed by various customs rulings and court decisions which are not necessarily the same in scope as the Federal standards of product identity for jams, although such standards have been used as guides by the courts.

The Food and Drug Administration (FDA) has established standards of identity for jams. According to these standards, jams consist of 45 percent fruit (by weight) and 55 percent sugar. No distinction is made between a jam and a preserve by the FDA or by the trade, but for tariff purposes, a fruit processed and packed in a manner which substantially retains the shape of the fruit is classified as "prepared or preserved fruit" and not included under the provisions for tariff provisions for jams.² A jam is defined for tariff purposes under the HTS as "being a cooked preparation", a product "of moderately firm consistency and contain pieces of fruit.

The concept and criteria of "being a cooked preparation" and a jam as stated in heading 2007 is new to the tariff schedules of the United States in the HTS. Until sufficient experience is gained on the issues involved, it is uncertain as to what fruit products, including jams, could be changed to qualify as a cooked preparation under this heading.

¹This digest includes the following HTS subheadings: 2007.99.05, 2007.99.10, 2007.99.20, and 2007.99.25.

²Goldfarb & Mechaca v. U.S., Cust. Ct. 120 (1965).

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	*28	*28	*28	*28	*-	*28
Employment (1,000 employees)....	*3,200	*3,200	*3,200	*3,200	*-	*3,200
Shipments (1,000 dollars).....	*272,200	*293,200	*312,300	*334,900	*7	*355,300
Exports (1,000 dollars).....	1,380	1,358	1,629	1,911	11	2,573
Imports (1,000 dollars).....	6,642	9,244	9,944	12,056	22	12,733
Consumption (1,000 dollars)....	*277,462	*301,086	*320,615	*345,045	*8	*365,460
Import-to-consumption ratio (percent).....	*2	*3	*3	*3	-	*3
Capacity utilization (percent)..	(³)	(³)	(³)	(³)	-	(³)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

Comment.--Shipment data, except for 1987, are extrapolated from the Bureau of the Census Data; "1987 Census of Manufactures-Industry Series." The data represents all "pure jams and preserves" as reported by Census. Imports for 1989 are of "jams" for only five fruits; 1985-88 imports are estimates for these 5 fruits. Thus, the imports-to-consumption ratios are understated because domestic shipments include a broader range of fruits than the 5 digit digest products. The 5 digit fruits likely account for the majority of the U.S. shipments of "pure jams and preserves." Other important, non-digest, fruits used in pure jams and preserves include blackberry, logonberry, peach, pineapple, and plum.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	12,733	100	-	*2
Imports from GSP countries:				
Total.....	2,548	20	100	*(1)
Poland.....	861	7	34	*(1)
Yugoslavia.....	730	6	29	*(1)
Israel.....	380	3	15	*(1)
Lebanon.....	81	1	3	*(1)

¹Less than 0.5 percent.

Comment.--U.S. imports of digest products are predominately from Europe, and GSP imports are predominately from the Eastern European countries.

The rates of duty applicable to certain digest products (and other jams, pastes, purees, and fruit jellies) were contested by U.S. importers within months after the HTS became effective in January 1989. Citing "inadvertent errors," importers sought relief through U.S. legislation. The Customs and Trade Act of 1990 was signed into law on August 20, 1990, wherein section 312 temporarily revised (reduced) the rates of duty for certain jams, pastes, purees, and fruit jellies under the HTS, until December 31, 1992. Section 312 provides that:

"The column 1 rate of duty for goods entered under heading 9902.20.07 is a rate that would have applied for such goods if they had been entered at the column 1 rate of duty under the former Tariff Schedules of the United States (19 U.S.C. 1202) on December 31, 1988, unless otherwise proclaimed by the President before December 31, 1992."

The products covered under heading 9902.20.07 are: "Jams, pastes, and fruit purees, and fruit jellies, the foregoing of peaches, apricots, raspberries, or cherries (provided for in subheading 2007.99). The legislation further provides that:

"If before December 31, 1992, the President determines that appropriate trade concessions, including the correction of errors and oversights in foreign tariff schedules, have been obtained, the President may proclaim such modifications to the column 1 rates of duty on jams, pastes, and purees, and fruit jellies falling under subheading 2007.99, as are necessary and appropriate to restore with respect to such goods the tariff treatment that applied under the former Tariff Schedules of the United States (19 U.S.C. 1202) on December 31, 1988."

The effective date of the duty rate changes for products of section 312 is October 1, 1990, however, the lower duty rates also apply retroactively to January 1, 1989.

The product coverage of the provisions for jams under the former TSUS and under the HTS are not the same. Under the former TSUS, "all jellies, jams, marmalades, and fruit butters" were grouped under one provision with separate rate-of-duty lines for different fruits; jams were defined by Customs Court decision to be distinguished from fruit preserves (containing recognizable pieces of fruit). Under HTS subheading 2007, "jams" (except for citrus fruit) are provided for separately from fruit jellies and fruit or nut pastes and purees, with the principal criterion of all such products "being cooked preparations." In the Explanatory Notes to the Harmonized System, indicating the scope and content of the subheadings, jams under subheading 2007 are defined as "made from boiling whole fruit or fruit pulp of certain vegetables or other products with sugar in approximately equal proportions. When cool they are of moderately firm consistency and contain pieces of the fruit."¹ Thus, a difference in definition for jams exists between the former TSUS and the HTS, whereas the HTS definition is more inclusive and covers products that had higher rates than "jams" under the former TSUS.

¹Published as official text by the Customs Co-operation Council, Brussels, Belgium.

A comparison of the essential tariff structure and column 1 rates of duty for digest products under the HTS and under the former TSUS, as temporarily made effective by section 312 of the Customs and Trade Act of 1990, is shown in the following tabulation (the TSUS terminology compares with the HTS rate lines):

<u>Article</u>	<u>Under the HTS</u>	<u>Duty rate</u>	<u>Article</u>	<u>Under the former TSUS</u>	<u>Duty rate</u>
Jams:			All jellies, jams, marmalades, and fruit butters:		
	Lingonberry ¹ and raspberry.....	7%	Currant and other berry: other.....		3%
	Strawberry ¹	4.9%	Strawberry.....		3%
	Apricot.....	35%	Other.....		7%
	Cherry.....	15.4¢/kg + 10%	Other.....		7%

¹ Rate of duty not changed by Section 312 of the Customs and Trade Act of 1990.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Poland for all digest products

Ranking as a U.S. import supplier, 1989..... 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

Comment.--Products are believed to be comparable, although "brand" recognition is high.

Competitiveness indicators for Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1989..... 7

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.--Products are believed to be comparable, although "brand" recognition is high.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Hungary for all digest products

Ranking as a U.S. import supplier, 1989..... 8

Price elasticity:

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

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

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

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

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

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

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--Products are believed to be comparable, although "brand" recognition is high.

Competitiveness indicators for Lebanon for all digest products

Ranking as a U.S. import supplier, 1989..... 15

Price elasticity:

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

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

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

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

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

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

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--Products are believed to be comparable, although "brand" recognition is high.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

- Can the U.S. purchaser easily shift among GSP 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.--Products are believed to be comparable, although "brand" recognition is high.

V. Position of interested parties

Petitioner.--Fructal p.o. Ajdovscina ("Fructal"), of Ajdovscina, Yugoslavia, believes that granting GSP status will enable them to "...increase capacity utilization, production levels, and export earnings thus, raising the standard of living for Yugoslav citizens and assisting Yugoslavia in its initiatives to establish a free market economy."

Support.--In testimony and brief, legal representation for Fructal Foods Industry presented arguments in support of the petition. they stated that in Europe, the name "Fructal" is synonymous with the highest quality fruit drinks, jams, and fruit-based products. Fructal asserts that restoring GSP status to strawberry, apricot, and sour cherry jam could not have a negative economic effect on U.S. industries and that the roll back of U.S. duty rates until December 31, 1992, by the Customs and Trade Act of 1990 would be more significant than the current request for GSP treatment. In the case of raspberry jam, they argue, the roll back rate of 3 percent "bestows minimal protection to the domestic industry, has little economic effects, and is a nuisance to the trading community and tariff administrators." Fructal contends that the U.S. industry is financially healthy and submitted publicly available financial report of the J.M. Smucker company to support their statement. Fructal made note of the difference in the statistical data for jams under HTS compared with the former TSUS and submitted statistics for January-May 1990 for U.S. imports worldwide and from Yugoslavia; the data showed U.S. imports of \$5.4 million with an average unit value of \$1.01 per kilogram, of which 7 percent were from Yugoslavia with a unit value of \$0.44 per kilogram.

Opposition.--The International Jelly and Preserve Association (ISPA), in testimony and briefs, opposed the inclusion of digest products for GSP eligibility. They assert that the average cost of production for jams and jellies in the United States is 62 cents per pound (\$1.37 per kilogram) and that U.S. producers face an apparent cost disadvantage of approximately 300 percent when compared with the average unit value of jams and jellies imported from Yugoslavia in 1989. Further, they state, that the world price for sugar is 16.5 cents per pound compared to 26 cents per pound in the United States. GSP eligibility would only further exacerbate the price undercutting in the market, ISPA claims. They assert that petitioners have already received a very significant portion of the relief that the petitioners seek by application of the temporary duty reductions on jams.

VI. Summary of probable economic effects--Addition

* * * * *

Table I.

Digest No.
20079905Digest Title: Certain jams
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
West Germany.....	1,561	1,784	2,620	3,542	3,090
France.....	859	1,192	1,003	1,260	1,823
Denmark.....	74	1,421	1,162	1,378	1,695
United Kingdom...	881	909	1,073	1,209	1,485
Switzerland.....	311	500	585	526	1,135
Poland.....	52	18	234	1,283	861
Yugoslavia.....	69	117	411	484	730
Hungary.....	423	765	422	318	480
Israel.....	352	350	547	401	380
Canada.....	1,063	849	518	624	279
Sweden.....	104	129	160	143	236
Ireland.....	7	8	20	49	111
Italy.....	51	63	82	44	90
Netherlands.....	155	248	140	68	90
Lebanon.....	6	6	9	13	81
All other.....	672	883	956	715	168
Total.....	6,642	9,244	9,944	12,056	12,733
GSP Total 1/..	1,143	1,426	2,194	2,769	2,548
GSP+4 1/.....	1,148	1,449	2,222	2,805	2,576
Percent					
West Germany.....	23.5	19.3	26.4	29.4	24.3
France.....	12.9	12.9	10.1	10.5	14.3
Denmark.....	1.1	15.4	11.7	11.4	13.3
United Kingdom...	13.3	9.8	10.8	10.0	11.7
Switzerland.....	4.7	5.4	5.9	4.4	8.9
Poland.....	.8	.2	2.4	10.6	6.8
Yugoslavia.....	1.0	1.3	4.1	4.0	5.7
Hungary.....	6.4	8.3	4.2	2.6	3.8
Israel.....	5.3	3.8	5.5	3.3	3.0
Canada.....	16.0	9.2	5.2	5.2	2.2
Sweden.....	1.6	1.4	1.6	1.2	1.9
Ireland.....	.1	.1	.2	.4	.9
Italy.....	.8	.7	.8	.4	.7
Netherlands.....	2.3	2.7	1.4	.6	.7
Lebanon.....	.1	.1	.1	.1	.6
All other.....	10.1	9.6	9.6	5.9	1.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	17.2	15.4	22.1	23.0	20.0
GSP+4 1/.....	17.3	15.7	22.4	23.3	20.2

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Certain jams
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	313	251	238	331	942
Japan.....	404	378	489	671	738
Korea.....	14	12	25	43	163
Mexico.....	7	15	12	32	161
Singapore.....	24	14	43	68	117
Hong Kong.....	27	47	78	79	76
Israel.....	1	2	30	32	67
Austria.....	0	0	0	10	53
Saudi Arabia.....	100	100	97	68	51
Bahamas.....	9	9	8	14	27
Netherlands.....	34	110	118	68	26
Taiwan.....	8	35	75	62	19
Netherlands Ant..	0	0	0	3	19
Aruba.....	3	18	3	1/	14
Costa Rica.....	20	16	30	41	13
All other.....	416	352	392	388	86
Total.....	1,380	1,358	1,629	1,911	2,573
GSP Total 2/..	257	201	235	276	354
GSP+4 2/.....	330	310	456	527	728
Percent					
Canada.....	22.6	18.5	14.6	17.3	36.6
Japan.....	29.3	27.8	30.0	35.1	28.7
Korea.....	1.0	.9	1.5	2.3	6.3
Mexico.....	.5	1.1	.7	1.7	6.3
Singapore.....	1.8	1.1	2.6	3.6	4.5
Hong Kong.....	1.9	3.4	4.8	4.1	3.0
Israel.....	1/	.2	1.8	1.7	2.6
Austria.....	.0	.0	.0	.5	2.1
Saudi Arabia.....	7.3	7.4	5.9	3.6	2.0
Bahamas.....	.7	.7	.5	.7	1.1
Netherlands.....	2.5	8.1	7.3	3.5	1.0
Taiwan.....	.6	2.6	4.6	3.2	.8
Netherlands Ant..	.0	.0	.0	.2	.7
Aruba.....	.2	1.3	.2	1/	.6
Costa Rica.....	1.5	1.2	1.8	2.2	.5
All other.....	30.2	25.9	23.5	20.3	3.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	18.6	14.8	14.4	14.4	13.7
GSP+4 2/.....	23.9	22.8	28.0	27.6	28.3

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 2204.21.4030

CERTAIN TABLE WINE

Certain Table Wine

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) ¹ <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
2204.21.40.30	Still red table wine made from grapes, of alcoholic content less than 14 percent volume, in containers holding 2 liters or less, valued over \$1.05 per liter	2.5	Yes	***
2204.21.40.45	Still white table wine made from grapes, of alcoholic content less than 14 percent volume, in containers holding 2 liters or less, valued over \$1.05 per liter	3.6	Yes	***

¹The column 1 rate of duty is 9.9 cents per liter; percentages shown are ad valorem equivalents in 1989. Imports under this subheading may be subject to Federal Excise Tax (26 U.S.C. 5001 and 5041) of 17 cents per wine gallon on still wines containing not more than 14 percent alcohol by volume.

Description and uses.--Table wine is defined by regulations of the Department of the Treasury, Bureau of Alcohol, Tobacco, and Firearms as wine produced by the normal alcoholic fermentation of the juice of sound, ripe grapes, having an alcoholic content not in excess of 14 percent by volume. Table wine is used to complement meals and in cooking, entertaining, and religious ceremonies.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over	
					1985 ²	1989
Producers ³ (number).....	1,367	1,455	1,453	1,541	9	*1,541
Employment ⁴ (1,000 employees)....	*11	*11	*11	*11	*-	*11
Shipments (1,000 dollars).....	*1,186,297	*1,196,361	*1,318,350	*1,351,309	*4	*1,390,497
Exports (1,000 dollars).....	6,547	8,930	15,686	21,788	49	56,557
Imports (1,000 dollars).....	489,432	546,515	509,873	517,954	2	515,376
Consumption (1,000 dollars).....	*1,669,182	*1,733,946	*1,812,537	*1,847,475	*3	*1,849,316
Import to consumption ratio (percent).....	*26	*28	*26	*26	*-	*28
Capacity utilization (percent)...	*74	*70	*72	*70	*-2	*70

¹Trade data for 1985-88 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental differences between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-88.

³Bonded wine cellars, as reported by the U.S. Department of the Treasury.

⁴Direct employment in winemaking, based on statistics of the U.S. Department of Commerce.

Employment in wine wholesaling and retailing for 1987 is estimated at 238,150 by Steve Barsby and Associates in a report prepared for the National Wine Coalition, 1989.

Comment.--A few large firms account for the majority of U.S. wine production, and the remaining portion is divided among many small wineries. Shipments of table wine are similarly dominated by large firms, with one firm accounting for about one-third of total shipments. In the so-called "popular-priced premium" wine segment, which is the segment most directly comparable with many wines imported from GSP sources, the top five producers account for about two-thirds of sales volume. Most of the remaining wine producers are small, specialize in premium varietal wines, and often produce solely for a local market.

The U.S. wine market has been stagnant in recent years when measured in sales volume. Wine coolers provided a temporary boost to sales. But even as table wine sales declined in volume, the value of sales has risen because consumers have purchased higher-priced wine. Domestically produced generic wines are about one-half of the U.S. table wine market measured in quantity of sales, and the market share of generic wines has been declining.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	515,376	100	-	*27
Imports from GSP countries:				
Total.....	7,341	1	100	*(1)
Brazil.....	1,827	(1)	25	*(1)
Israel ²	1,785	(1)	24	*(1)
Hungary.....	1,522	(1)	21	*(1)
Argentina.....	1,193	(1)	16	*(1)
Yugoslavia.....	577	(1)	8	*(1)

¹Less than 0.5 percent.

²Imports from Israel have been granted duty-free status as a result of the United States-Israel Free Trade Area Implementation Act of 1985.

Comment.-- Although the value of table wine imports from GSP sources is small compared with the value of table wine imports from Western Europe, table wine imports from GSP beneficiaries, particularly Brazil, have increased significantly in recent years. The unit value of most wine supplied by GSP countries is less than the unit value of wine from major European countries. Consequently, the ad valorem equivalent (AVE) duty faced by GSP countries differs from that for all wine imports. GSP countries and AVEs for 1989 are shown below, in percent:

Brazil.....	7.8
Yugoslavia.....	6.9
Cyprus.....	6.7
Hungary.....	6.6
Morocco.....	6.2
Mexico.....	5.6
Argentina.....	5.0
Israel.....	3.9

For GSP countries in 1989, white wine imports (HTS item 2204.21.4045) were valued at \$4,566,000, and red wine imports (HTS 2204.21.4030) were valued at \$2,775,000. The average unit value of red wine from GSP sources was higher than the unit value of imported white wine from the same sources.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 8

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 Below X

Quality compared with--

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

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

Competitiveness indicators for Israel for all digest products

Ranking as a U.S. import supplier, 1989..... 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 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 X Below

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

Quality compared with--

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

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

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Hungary for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ 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 X Below ___
 Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with--

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

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1989..... 13

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 X Below ___
 Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with--

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

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

What is the price elasticity of U.S. 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.--Table wine is produced throughout the world and factors such as grape variety, soil type, climate, and method of production can alter the flavor of the wine. These taste variations occur among the wines of domestic producers as well as among those of foreign producers. Many table wine imports are specialty wines, proprietary types, or wines with prestigious geographic appellations that retail at prices in excess of domestic brands. The competitive position of many wines in this segment of the market depends more on consumer taste preferences than price; these specialty wines are thought to have low to moderate price elasticity of demand.

Products covered in this digest include only wines valued over \$1.05 per liter, which excludes the least expensive segment of the market, but includes most of the price-competitive varietal wines produced in countries such as Chile, Brazil, and Hungary. The price elasticity of demand for these wines is thought to be moderate to high. Moreover, the elasticity of U.S. demand for wine from any particular GSP country is high because other sources produce comparable wine.

Comparing price levels of wine from different countries is complex, since prices of wine are linked with brand images and the reputation of a particular type of wine. While certain brands or varieties of wine from GSP countries have the reputation of high quality and can command higher market prices, in general the wines from GSP sources are less costly than the well-known wines from Western Europe. Most wine from GSP sources is equivalent in price to many of the leading brands produced in the United States, although certain premium domestic wines are generally higher in price than wines produced in GSP countries.

V. Position of interested parties

Petitioner.--The Association of Hungarian Wine Traders and the Egervin Winery of Eger-Matra region have requested GSP status for certain table wines. The petitioners state that GSP status would increase the volume and value of exports to the United States, and would allow wine producers to invest in improved production technologies and expand the number of producers and employment. Because the wines presented in the request are Hungarian specialties, the petitioner states that only Hungary would gain from granting GSP benefits.

Opposition.--The Wine Institute and the Winegrape Growers of America oppose granting duty-free treatment for table wine imports from GSP countries. These organizations express concern that, although Hungary petitioned for GSP treatment for certain specialties, the petitions as accepted encompass all wine from GSP countries. According to the wine organizations, GSP status will have a detrimental impact on the U.S. industry, as imports from GSP countries will increase 5 to 10 percent above the current level of growth. GSP-eligible countries have mature wine-producing industries, often government subsidized, that already export to many world markets. These countries have a comparative advantage in costs of labor and land over U.S. producers, in the wine industry's view. U.S. table wine sales volume has declined since 1983. More sales loss is expected, according to the industry statements, as a result of excise tax increases and higher prices for certain grapes. The large wineries have lost market share due to the shift in consumer tastes to premium wines. The profitability of the largest wine companies has been affected by stagnant prices for wine. Duty-free status for GSP imports will exacerbate the problems of the industry in the declining lower-priced segment. Large producers are increasing production of premium wines, which will place more pressure on the smaller wineries that had found some success from specializing in premium wine. According to the wine industry statement, U.S. producers have made a concentrated effort to develop export markets, although most small wineries still rely on the home market. Moreover, according to the wine organizations, some of the most restrictive barriers to wine exports from the United States are maintained by countries that would benefit from GSP status.

VI. Summary of probable economic effects--Addition

* * * * *

Table I.

Digest Title: Certain table wine
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
France.....	264,421	310,501	269,885	274,604	274,827
Italy.....	103,115	116,554	129,597	138,604	137,671
West Germany.....	86,133	81,498	61,086	51,810	44,751
Australia.....	1,839	3,670	14,872	15,859	15,350
Spain.....	6,909	9,163	10,674	11,630	11,413
Portugal.....	10,102	10,061	9,852	9,419	9,341
Chile.....	2,111	2,531	3,646	4,257	8,062
Brazil.....	87	217	99	486	1,827
Israel.....	1,534	1,242	1,046	1,454	1,785
Greece.....	965	1,060	1,190	1,783	1,746
Hungary.....	866	675	472	780	1,522
Bulgaria.....	671	394	717	531	1,269
Argentina.....	838	713	834	1,067	1,193
Romania.....	377	520	618	1,234	709
China.....	221	517	598	938	671
All other.....	9,243	7,199	4,687	3,498	3,239
Total.....	489,432	546,515	509,873	517,954	515,376
GSP Total ¹	6,392	7,038	6,853	8,766	15,403
GSP+4 ¹	6,409	7,162	6,883	8,835	15,416
Percent					
France.....	69.9	69.6	63.2	62.4	62.9
Italy.....	21.8	21.9	25.0	26.3	25.7
West Germany.....	2.3	3.1	3.8	3.7	3.4
Australia.....	.3	.6	2.9	2.9	2.5
Spain.....	.6	.7	1.1	1.2	1.9
Portugal.....	1.7	1.3	1.3	1.1	1.1
Chile.....	.3	.2	.1	.3	.3
Brazil.....	.3	.2	.3	.3	.3
Israel.....	.3	.2	.1	.3	.3
Greece.....	.2	(²)	.1	.1	.3
Hungary.....	(²)	.1	.2	.2	.2
Bulgaria.....	.2	.2	.2	.2	.2
Argentina.....	.7	.5	.2	.2	.2
Romania.....	.1	.1	.2	.3	.1
China.....	.1	.1	.1	.1	.1
Switzerland.....	(²)	.1	.1	.1	.1
Brazil.....	(²)	(²)	(²)	(²)	.1
Lebanon.....	(²)	(^{2})	(^{2})	(^{2})	(^{2})
All other.....	1.2	1.1	1.0	(²)	(²)
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total ¹	1.7	1.4	1.9	2.2	3.1
GSP+4 ¹	1.7	1.4	1.9	2.2	3.1

¹These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

²Less 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.

Table II.

Digest Title: Certain table wine
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
United Kingdom.....	1,161	1,390	3,089	4,916	14,911
Canada.....	1,982	2,072	3,370	3,967	11,147
Japan.....	1,022	1,929	3,578	5,410	10,237
Sweden.....	61	198	474	905	2,058
West Germany.....	195	295	346	542	1,797
Switzerland.....	126	204	424	860	1,595
Netherlands.....	98	79	132	176	1,346
Denmark.....	100	191	373	456	1,332
Belgium.....	0	0	0	748	1,323
France.....	62	166	292	389	1,231
Hong Kong.....	147	236	288	380	819
Mexico.....	16	14	638	176	681
Taiwan.....	51	73	744	271	674
Norway.....	11	18	18	68	621
Netherlands Antilles.....	181	243	155	160	596
All other.....	1,334	1,822	2,365	2,364	6,189
Total.....	6,547	8,930	15,686	21,788	56,557
GSP Total ¹	797	1,007	1,135	1,812	4,900
GSP+4 ¹	995	1,316	2,167	2,463	6,393
Percent					
United Kingdom.....	17.7	15.6	19.7	22.6	26.4
Canada.....	30.3	23.2	21.5	18.2	19.7
Japan.....	15.6	21.6	23.8	24.8	18.1
Sweden.....	.9	2.2	3.0	4.2	3.6
West Germany.....	3.0	3.3	2.2	2.5	3.2
Switzerland.....	1.9	2.3	2.7	4.0	2.8
Netherlands.....	1.5	.9	.8	.8	2.4
Denmark.....	1.5	2.1	2.4	2.1	2.4
Belgium.....	0	0	0	3.4	2.3
France.....	1.0	1.9	1.9	1.8	2.2
Hong Kong.....	2.3	2.6	1.8	1.7	1.5
Mexico.....	.2	.2	.2	.8	1.2
Taiwan.....	.8	.8	4.7	1.2	1.2
Norway.....	.2	.2	.1	.3	1.1
Netherlands Antilles.....	2.8	2.7	1.0	.7	1.1
All other.....	20.4	20.4	15.1	10.9	10.9
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total ¹	12.2	11.3	7.2	8.3	8.7
GSP+4 ¹	15.2	14.7	13.8	11.3	11.3

¹These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

²Less 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 NO. 2204.21.8060

CERTAIN DESSERT WINE

Certain Dessert Wine

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) ¹ <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
2204.21.8060	Still grape wine in containers holding 2 liters or less, of an alcoholic strength over 14 percent volume, not including Marsala or sherry	3.1	Yes	***

¹The column 1 rate of duty is 26.4 cents per liter, which was equivalent to 3.1 percent ad valorem in 1989. Imports under this subheading may be subject to Federal Excise Tax (26 U.S.C. 5001 and 5041) of 67 cents per wine gallon on still wines containing more than 14 percent and not exceeding 21 percent alcohol by volume, or \$2.25 per wine gallon on still wines containing more than 21 percent and not exceeding 24 percent alcohol by volume.

Description and uses.--Grape wine of an alcoholic content in excess of 14 percent, but not in excess of 24 percent, is defined as dessert wine in regulations of the Department of the Treasury, Bureau of Alcohol, Tobacco, and Firearms. Dessert wines generally have high sugar content, which results from the addition of alcohol to arrest the conversion of natural sugars in the grapes. Certain types of dessert wine, such as sherry, port, and madeira, have individual standards of identity in U.S. regulations. This digest covers port, madeira, and other dessert wines not specified, but excludes sherry and Marsala. Dessert wines, some of which are also called fortified wines, often are used as cocktail beverages or as after-dinner drinks.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	*100	*100	*100	*100	*-	*100
Employment (1,000 employees).....	*2	*2	*2	*2	*-	*2
Shipments (1,000 dollars).....	*96,712	*99,734	*103,885	*96,656	*(³)	*94,635
Exports (1,000 dollars).....	*637	*799	*1,294	*1,841	*42	*3,079
Imports (1,000 dollars).....	9,844	11,457	15,483	16,556	19	12,732
Consumption (1,000 dollars).....	*105,919	*110,392	*118,074	*111,371	*2	*104,288
Import-to-consumption ratio (percent)..	*9	*10	*13	*15	*17	*12
Capacity utilization (percent).....	*74	*70	*72	*70	*-2	*70

¹Trade data for 1985-88 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental differences between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-88 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-88.

³Less than 0.5 percent.

Comment.--Producers of dessert wines include a few leading firms that control most of the market and a large number of small wineries that generally produce premium or specialty brands. Most firms that produce dessert wine also make table wine.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	12,732	100	-	*12
Imports from GSP countries:				
Total.....	6	(¹)	100	*(¹)
Yugoslavia.....	2	(¹)	33	*(¹)
Cyprus.....	2	(¹)	33	*(¹)
Colombia.....	2	(¹)	33	*(¹)

¹Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1989..... 15

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 X Below

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

Quality compared with--

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

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

Competitiveness indicators for Cyprus for all digest products

Ranking as a U.S. import supplier, 1989..... 16

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 X Below

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

Quality compared with--

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

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

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Colombia for all digest products

Ranking as a U.S. import supplier, 1989..... 17

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 X Below

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

Quality compared with--

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

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

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

What is the price elasticity of U.S. demand?..... High 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 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 Association of Hungarian Wine Traders, an organization of 44 companies, has requested GSP status for a dessert wine produced in the Tokaj region of northeastern Hungary, under the brand name "Tokaji Aszu." The wine contains a certain fixed portion of over-ripe grapes. The quantity of such grapes used is stated on the label (termed "puttonyos") and affects the quality of the wine. Higher levels of over-ripe grapes result in sweeter and more expensive grades of wine. The petitioner anticipates that GSP status would increase the volume and value of exports to the United States, and would allow wine producers in the special regions to invest in improved production technologies and expand the number of producers in the special wine area. Because the wines presented in the request are Hungarian specialties, the petitioner states that only Hungary would gain from granting GSP benefits to this item.

Opposition.--The Wine Institute and the Winegrape Growers of America oppose granting duty-free treatment for wine imports from GSP countries. These organizations express concern that, although Hungary petitioned for GSP treatment for certain specialties, the petitions as accepted encompass all wine from GSP countries. According to the wine organizations, GSP status will have a detrimental impact on the U.S. industry, as imports from GSP countries will increase 5 to 10 percent above the current level of growth. GSP-eligible countries have mature wine-producing industries, often government subsidized, that already export to many world markets. These countries have a comparative advantage in costs of labor and land over U.S. producers, in the wine industry's view. U.S. table wine sales volume has declined since 1983, and the dessert wine market has been in decline for decades. According to the wine industry statement, U.S. producers have made a concentrated effort to develop export markets, although most small wineries still rely on the home market. Moreover, according to the wine organizations, some of the most restrictive barriers to wine exports from the United States are maintained by countries that would benefit from GSP status.

VI. Summary of probable economic effects--Addition

* * * * *

Table I.

Digest title: Certain dessert wine
U.S. imports for consumption, principal sources

Source	1985	1986	1987	1988	1989
	Value (1,000 dollars)				
Portugal.....	6,149	7,597	11,370	12,645	9,464
United Kingdom.....	730	375	685	496	923
Italy.....	487	682	1,178	644	687
France.....	1,396	1,358	1,378	1,294	618
Australia.....	32	97	333	412	280
Spain.....	441	360	249	627	262
Denmark.....	133	56	0	59	196
West Germany.....	33	11	7	30	84
Ireland.....	0	6	0	68	58
Canada.....	1	1	1	20	52
Greece.....	88	88	60	32	45
China.....	11	3	11	3	32
New Zealand.....	2	2	1	7	20
Japan.....	5	4	15	0	5
Yugoslavia.....	4	10	7	0	2
All other.....	341	821	210	219	4
Total.....	9,844	11,457	15,483	16,556	12,732
GSP Total ¹	75	164	40	33	6
GSP+4 ¹	77	164	43	44	6
	Percent				
Portugal.....	62.5	66.3	73.4	76.4	74.3
United Kingdom.....	7.4	3.3	4.4	3.0	7.3
Italy.....	5.0	6.0	7.6	3.9	5.4
France.....	14.2	11.9	8.9	7.8	4.9
Australia.....	.3	.9	2.1	2.5	2.2
Spain.....	4.5	3.1	1.6	3.8	2.1
Denmark.....	1.4	.5	0.0	.4	1.5
West Germany.....	.3	.1	.1	.2	.7
Ireland.....	0.0	.1	0.0	.4	.5
Canada.....	(²)	(²)	(²)	.1	.4
Greece.....	.9	.8	.4	.2	.4
China.....	.1	(²)	.1	(²)	.3
New Zealand.....	(²)	(²)	(²)	(²)	.2
Japan.....	.1	(²)	.1	0.0	(²)
Yugoslavia.....	(²)	.1	.1	0.0	(²)
All other.....	3.4	7.0	1.2	1.3	(²)
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total ¹.....	.8	1.4	.3	.2	(²)
GSP+4 ¹.....	.8	1.4	.3	.3	(²)

¹These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

²Less 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.

Table II.

Digest title: Certain dessert wine
U.S. exports of domestic merchandise, by principal market

Market	1985	1986	1987	1988	1989
	Value (1,000 dollars)				
United Kingdom.....	88	96	167	290	709
Canada.....	74	100	86	142	414
Japan.....	15	104	199	552	398
Netherlands Antilles.....	61	75	73	60	185
Mexico.....	13	12	46	36	179
Cayman Islands.....	5	5	14	25	128
Denmark.....	4	5	47	140	126
Belize.....	5	8	5	13	112
Bahamas.....	51	63	38	21	109
Haiti.....	32	14	18	31	84
St. Lucia.....	0	0	0	23	78
Netherlands.....	0	10	31	8	74
Italy.....	5	4	41	27	74
Taiwan.....	1	4	140	28	59
St. Vincent & Grenadines.....	0	0	0	6	53
All other.....	284	300	391	438	298
Total.....	637	799	1,294	1,841	3,079
GSP Total ¹	275	273	287	392	1,115
GSP+4 ¹	278	290	437	424	1,175
	Percent				
United Kingdom.....	13.8	12.1	13.0	15.8	23.0
Canada.....	11.6	12.5	6.7	7.7	13.5
Japan.....	2.4	13.1	15.4	30.0	12.9
Netherlands Antilles.....	9.6	9.4	5.6	3.3	6.0
Mexico.....	2.0	1.5	3.6	2.0	5.8
Cayman Islands.....	.9	.7	1.1	1.4	4.2
Denmark.....	.6	.7	3.6	7.6	4.1
Belize.....	.7	1.0	.4	.7	3.6
Bahamas.....	8.0	7.9	2.9	1.1	3.5
Haiti.....	4.9	1.7	1.4	1.7	2.7
St. Lucia.....	0	0	0	1.3	2.5
Netherlands.....	0	1.2	2.4	.4	2.4
Italy.....	.7	.5	3.1	1.5	2.4
Taiwan.....	.1	.5	10.8	1.5	1.9
St. Vincent & Grenadines.....	0	0	0	.3	1.7
All other.....	44.6	37.5	30.2	23.8	9.7
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total ¹	43.1	34.1	22.2	21.3	36.2
GSP+4 ¹	43.6	36.3	33.8	23.0	38.2

¹These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

²Less 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 NO. 2208.90.50

TEQUILA IN CONTAINERS HOLDING 4 LITERS OR LESS

Tequila in Containers Holding 4 Liters Or Less

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) ¹ <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
2208.90.50	Tequila in containers holding 4 liters or less	9.2%	Yes ²	***

¹ Imports of this article may also be subject to Federal Excise Tax (26 U.S.C. 5001) of \$12.50 per proof gallon.

² Tequila is not distilled in the United States; however, tequila is bottled in the United States from imported shipments of tequila in bulk. The U.S. International Trade Commission (USITC) is required by law to make a determination of whether a like or directly competitive product was produced in the United States on January 3, 1985, for the purposes of Section 504(d)(1) of the Trade Act of 1974. USITC staff believe that the activities of the U.S. bottling industry constitute production of bottled tequila in the United States. This statement relates to bottling of tequila, and therefore is not in conflict with U.S. obligations under the agreement between the United States and Mexico regarding recognition of tequila as a distinctive product of Mexico.

Description and uses.--Tequila is an alcoholic distillate from a fermented mash derived principally from the agave plant (Agave Tequilana Weber, blue variety), which takes about 10 years to mature. As of January 1, 1974, the United States granted exclusive designation to tequila as a product of Mexico. Tequila often is consumed in mixed alcoholic beverages, such as margaritas. This digest covers tequila bottled in containers holding not over 4 liters.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over	
					1985 ²	1989
Producers ³ (number).....	*38	*38	*38	*38	*-	*38
Employment ⁴ (1,000 employees).....	**1	**1	**1	**1	**-	**1
Shipments ⁵ (1,000 dollars).....	*112,977	*124,479	*126,048	*158,237	*12	*217,205
Exports (1,000 dollars).....	0	0	0	0	-	0
Imports ⁶ (1,000 dollars).....	626	739	795	2,038	48	3,565
Consumption (1,000 dollars).....	*113,603	*125,218	*126,843	*160,275	*12	*220,770
Import to consumption ratio (percent)..	*1	*1	*1	*1	*32 ⁷	*2
Capacity utilization (percent).....	**75	**75	**75	**75	**-	**75

¹Trade data for 1985-88 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental differences between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-88 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-88.

³Information on producers is number of U.S. companies that bottle tequila imported in bulk from Mexico, estimated by the staff of the U.S. International Trade Commission.

⁴Information on employment is employment in U.S. companies that bottle tequila imported in bulk, estimated by the staff of the U.S. International Trade Commission.

⁵Information on shipments is estimated value of tequila bottled for domestic use in the United States, estimated by the staff of the U.S. International Trade Commission.

⁶Data show imports of bottled tequila. Bulk tequila (HTS 2208.90.55) is eligible for duty-free imports under GSP. U.S. imports during 1985-89 in \$1,000 were:

	1985	1986	1987	1988	1989
Bulk tequila	31,691	33,421	35,859	33,301	37,818

⁷Calculated from unrounded data.

Comment.-- Because tequila is a distinctive product of Mexico, domestic distillation of tequila is nil. However, a substantial quantity of tequila enters the United States in bulk form and is bottled by large distilled beverage companies. Data on the domestic industry reflect the U.S. bottling industry.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

<u>Item</u>	<u>Imports</u> <u>1,000</u> <u>dollars</u>	<u>Percent</u> <u>of total</u> <u>imports</u>	<u>Percent</u> <u>of GSP</u> <u>imports</u>	<u>Percent</u> <u>of U.S.</u> <u>consumption</u>
Total.....	3,565	100	-	*2
Imports from GSP countries:				
Total.....	3,565	100	100	*2
Mexico.....	3,565	100	100	*2

Comment.--Although U.S. imports of bottled tequila are currently very small, imports of bottled product increased at an annual average rate of over 100 percent since 1987.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 NA Equivalent Below

Other foreign products..... Above NA Equivalent Below

Quality compared with--

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

Other foreign products..... Above NA Equivalent Below

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes 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 NA Equivalent Below

Other foreign products..... Above NA Equivalent Below

Quality compared with--

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

Other foreign products..... Above NA Equivalent Below

V. Position of interested parties

Petitioner.--The Government of Mexico (GOM), on behalf of Construexport S.A. de C.V. and Satisfactoros S.A., has requested that tequila in containers holding 4 liters or less, provided for under HTS subheading 2208.90.50, be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

The petitioners are Construexport, S.A. de C.V., a consortium that assists companies with export and commercial activities; and Satisfactoros, S.A., a producer of bottled tequila. The petitioners request that HTS item 2208.90.50 be granted GSP status to permit Mexican exporters of bottled tequila the same duty-free treatment that is now being received by exporters of bulk tequila. Mexican tequila producers who want to export bottled product are unfairly penalized by the difference in GSP status between bottled and bulk tequila, the producers state. Petitioners maintain that the duty on bottled imports also penalizes U.S. consumers who are denied access to the wider range of authentic tequila bottled in Mexico, which generally contains more agave (the plant from which tequila is distilled), is aged longer, and made available in different proofs than the product bottled in the United States. While the duty is the main disadvantage that limits their ability to sell in the United States, the tequila producers state that freight and packaging costs make the bottled tequila imports more costly than tequila bottled in the United States. In addition, only a few of the petitioners have significant name brand recognition in the U.S. market. The lowering of the duty will eliminate part of the additional costs, but according to the Mexican producers, tequila bottled from bulk exports will still likely be less expensive than tequila bottled in Mexico. The tequila producers claim that there is no U.S. industry producing a like or competitive product that would be harmed by the granting of GSP benefits, and that U.S. companies that import and bottle bulk tequila will not be injured by removal of the duty.

Support.--Other Mexican tequila producers have joined with the original petitioners in support of the objectives of the petition and testified at the USITC hearing. These producers are: Instituto del Tequila, an association of producers, and the following firms: Tequila Herradura, S.A.; Tequila Rio de la Plata, S.A.; Tequilena, S.A.; Tequila Cazadores, S.A.; Viuda de Romero, S.A.; Tequila San Matias, S.A.; Tequila Caballito Cerrero, S.A.; Eucario Gonzalez, S.A.; Tequila Sauza, S.A.; and Tequila Tapatio, S.A.

The Camara Regional de la Industria Tequilera de Guadalajara, Jalisco, Mexico (Camara), endorses the continuation of the exportation of tequila in bulk from Mexico and subsequent bottling in the United States, and supports the continuation of GSP eligibility for bulk tequila. The Camara also endorses the request for tequila bottled in Mexico to be included within GSP. GSP status for tequila bottled in Mexico will expand the export of tequila from Mexico without diminishing the export of bulk tequila, the Camara states. The increased exports will expand employment in Mexico and offer the American consumer a greater selection of tequila products. Tequila produced in Mexico for domestic consumption or export is regulated by very stiff standards of the Mexico Department of Commerce, which according to the Camara will ensure that tequila bottled in the United States and in Mexico will continue to be of optimum quality.

Opposition.--The Distilled Spirits Council of the U.S. (DISCUS) opposes granting GSP benefits to tequila in containers holding not over 4 liters. One DISCUS member is in favor of granting GSP status to bottled tequila. DISCUS states that the growth of tequila sales in recent years is attributable to investment in production and marketing facilities by U.S. bottlers of bulk tequila. Continued investment and employment in the United States is based on the present tariff schedule. DISCUS also states that the current bottling procedures are important in maintaining product consistency and protecting brand images.

Heublein Inc., the largest U.S. importer of bulk tequila, opposes granting GSP treatment to bottled tequila. Heublein contends that its bottling operations qualify it as a domestic producer of a "like or directly competitive article" whose interests must be taken into account. Heublein's tequila operations accounted for *** in U.S. sales during fiscal 1990, nearly *** percent of its total revenues. Heublein states that its tequila brands have grown mostly because of the company's investments in production and marketing. Heublein feels that the U.S. tequila industry is threatened by a shift to imports of bottled product, and eventually bulk exports would be eliminated if GSP benefits were available to bottled tequila. According to Heublein, the duty is the principal factor preventing Mexican tequila producers from switching from bulk to bottled exports, and the duty is believed to be the major reason why the Government of Mexico has not expanded its export ban to cover all bulk tequila, in place of the current ban on bulk tequila containing 100 percent agave.

Heublein claims that duty-free treatment will result in a significant increase in bottled tequila imports to the United States. Transportation costs are not a major factor, in Heublein's view, because most U.S. markets are in the West and Southwest, and transport costs can be reduced with bottling plants near the U.S. border. Heublein is also concerned about quality control of bottled imports, and of the tequila producers in Mexico that are unable to bottle tequila.

VI. Summary of probable economic effects--Addition

* * * * *

Table I.

Digest Title: Tequila in containers holding 4 liters or less
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	626	739	795	2,038	3,565
Total.....	626	739	795	2,038	3,565
GSP Total 1/..	626	739	795	2,038	3,565
GSP+4 1/.....	626	739	795	2,038	3,565
Percent					
Mexico.....	100.0	100.0	100.0	100.0	100.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	100.0	100.0	100.0	100.0	100.0
GSP+4 1/.....	100.0	100.0	100.0	100.0	100.0

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 2529.22.00

ACID-GRADE FLUORSPAR

Acid-grade Fluorspar

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Ad valorem equivalent</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2529.22.00	Acid-grade fluorspar	1.9%	Yes	***

Description and uses.—Fluorspar is a crystalline nonmetallic mineral that is traditionally divided into acid-grade (containing over 97 percent by weight of calcium fluoride) and metallurgical-grade (containing not over 97 percent by weight of calcium fluoride). Almost all acid-grade fluorspar consumed in the United States in 1989 went into the manufacture of hydrofluoric acid, a key ingredient in the aluminum, fluoro-chemical, and uranium industries.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number) ³	3	3	2	3	-	3
Employment (employees) ³	300	200	200	200	-13	200
Shipments (1,000 dollars) ³	*11,400	*13,500	*12,000	*12,000	*2	**11,000
Exports (1,000 dollars).....	319	540	102	114	-29	474
Imports (1,000 dollars).....	38,711	35,644	37,350	50,872	10	60,706
Consumption (1,000 dollars).....	*49,792	*48,604	*49,248	*62,758	*8	**71,232
Import-to-consumption ratio (percent).....	*78	*73	*76	*81	*1	**85
Capacity utilization (percent).....	*83	*98	*98	*95	*5	*89

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Compiled from official statistics of the U.S. Department of the Interior.

Comment.—Although there are three U.S. producers of acid-grade fluorspar, U.S. production and capacity are dominated by a single producer whose production is almost exclusively required for internal use. The U.S. market for such fluorspar, therefore, is dominated by imported material. Imported fluorspar has been able to gain a dominant position in the U.S. market due to the declining quality and higher prices of domestic resources. Mexican acid-grade fluorspar is regarded as the least-expensive material in the U.S. market. U.S. consumption of fluorspar has increased at an average annual rate of 8 percent during 1985-88 to \$63 million due to strengthened demand by the aluminum industry.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	60,706	100	-	**85
Imports from GSP countries:				
Total.....	24,640	41	100	**35
Mexico.....	19,439	32	79	**27
Morocco.....	4,742	8	19	**7
Kenya.....	459	1	2	**1

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 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.—Mexico is able to produce fluorspar equal in quality to U.S. fluorspar but lower in price because of the availability of higher quality fluorspar reserves in Mexico which reduces production costs. The only significant U.S. producer of acid-grade fluorspar consumes this material internally for use in the production of hydrofluoric acid.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested a waiver of competitive need limit for acid-grade fluorspar provided under HTS subheading 2529.22.00 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Aimcor de Mexico S.A. de C.V. also petitioned for a waiver of the competitive need limit on imports of acid-grade fluorspar from Mexico. According to Aimcor, Mexico's level of economic development is still far below that of the major industrialized economies. Fluorspar is a primary industry in Mexico and the United States is an important market for fluorspar.

VI. Summary of probable economic effects—Competitive-need-limit waiver Mexico

* * * * *

Table I.

Digest Title: Acid-grade flourspar
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	16,342	17,362	14,529	16,833	19,439
Rep So Africa....	15,044	13,947	14,522	17,873	15,173
China.....	451	0	2,625	5,530	14,834
Morocco.....	1,422	1,296	2,480	0	4,742
Canada.....	43	2	548	2,853	4,518
Spain.....	2,785	2,525	1,992	4,600	1,526
Kenya.....	0	475	608	1,671	459
West Germany....	0	1	4	3	9
France.....	143	35	42	0	6
United Kingdom...	2	0	0	0	0
Austria.....	0	0	1	0	0
Italy.....	1,527	0	0	1,509	0
Cyprus.....	426	0	0	0	0
Saudi Arabia.....	527	0	0	0	0
Total.....	38,711	35,644	37,350	50,872	60,706
GSP Total 2/..	18,190	19,133	17,617	18,504	24,640
GSP+4 2/.....	18,190	19,133	17,617	18,504	24,640
Percent					
Mexico.....	42.2	48.7	38.9	33.1	32.0
Rep So Africa....	38.9	39.1	38.9	35.1	25.0
China.....	1.2	.0	7.0	10.9	24.4
Morocco.....	3.7	3.6	6.6	.0	7.8
Canada.....	.1	1/	1.5	5.6	7.4
Spain.....	7.2	7.1	5.3	9.0	2.5
Kenya.....	.0	1.3	1.6	3.3	.8
West Germany....	.0	1/	1/	1/	1/
France.....	.4	.1	.1	.0	1/
United Kingdom...	1/	.0	.0	.0	.0
Austria.....	.0	.0	1/	.0	.0
Italy.....	3.9	.0	.0	3.0	.0
Cyprus.....	1.1	.0	.0	.0	.0
Saudi Arabia.....	1.4	.0	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	47.0	53.7	47.2	36.4	40.6
GSP+4 2/.....	47.0	53.7	47.2	36.4	40.6

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Acid-grade fluorspar
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	255	464	65	72	291
United Kingdom...	0	0	0	0	90
India.....	0	0	0	0	38
Korea.....	0	0	0	0	28
Mexico.....	1	0	0	3	27
Dominican Rep....	56	74	20	29	0
Venezuela.....	6	1	8	0	0
Gibraltar.....	0	0	0	3	0
Indonesia.....	0	0	0	1	0
Taiwan.....	0	0	0	1	0
Australia.....	1	1	0	2	0
Ghana.....	0	1	9	4	0
Total.....	319	540	102	114	474
GSP Total 1/..	62	76	37	40	65
GSP+4 1/.....	62	76	37	40	92
Percent					
Canada.....	80.1	85.9	63.6	63.1	61.4
United Kingdom...	.0	.0	.0	.0	19.1
India.....	.0	.0	.0	.0	7.9
Korea.....	.0	.0	.0	.0	5.9
Mexico.....	.2	.0	.0	2.8	5.7
Dominican Rep....	17.5	13.6	19.2	25.1	.0
Venezuela.....	1.8	.2	7.9	.0	.0
Gibraltar.....	.0	.0	.0	2.5	.0
Indonesia.....	.0	.0	.0	.5	.0
Taiwan.....	.0	.0	.0	.8	.0
Australia.....	.3	.1	.0	1.6	.0
Ghana.....	.0	.2	9.3	3.6	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	19.5	14.0	36.4	34.5	13.6
GSP+4 1/.....	19.5	14.0	36.4	35.3	19.5

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 2836.92.00

STRONTIUM CARBONATE

Strontium Carbonate

I. Introduction

___ Addition to GSP ___ Removal from GSP X Competitive-need-limit waiver Mexico

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2836.92.00 ¹	Strontium carbonate	4.2%	Yes	***

¹Mexico has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 2836.92.00.

Description and uses.—Strontium carbonate, the most commercially important compound of strontium, is an inorganic salt recovered from the mineral celestite. Most celestite used domestically is imported from Mexico. The principal use of strontium carbonate is to block x-rays in faceplate glass used in color televisions, computer monitors and other devices which make use of cathode ray tubes. The second-largest use of strontium carbonate is in the manufacture of permanent ceramic magnets for use in refrigerator doors, and in small dc motors used in windshield wipers, loudspeakers, and other applications.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	1	1	1	1	0	1
Employment (1,000 employees)....	***	***	***	***	***	***
Shipments (1,000 dollars).....	(³)	***	***	***	(³)	***
Exports (1,000 dollars)(⁴).....	***	***	***	***	***	***
Imports (1,000 dollars)(⁴).....	*3,118	*3,193	*3,956	*7,033	31	*10,455
Consumption (1,000 dollars)....	(³)	***	***	***	(³)	***
Import to consumption ratio (percent).....	(³)	***	***	***	(³)	***
Capacity utilization (percent)..	(³)	***	***	***	(³)	***

¹Mexico has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 2836.92.00. Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available

⁴Estimated by the staff of the U.S. International Trade Commission.

Comment.—In early 1984, there were two domestic producers of strontium carbonate. By the end of 1985, one of these two producers had shut down because of escalating freight, energy, and environmental costs and because of increasing foreign competition. The sole significant domestic producer of strontium carbonate, Chemical Products Corp., operates a plant in Cartersville, GA, with an annual production capacity of an estimated 23,000 metric tons.

* * * * *

To meet steadily rising demand primarily in television glass applications and to compensate for reduced production capacity in the United States, imports of strontium carbonate primarily from Mexico and West Germany rose from 4,656 metric tons in 1985 to 18,478 metric tons in 1989. Imports continued to rise during the first half of 1990 relative to the first half of 1989, increasing from 7,848 to 9,991 metric tons. Imports from Mexico were able to compete favorably with domestic production because Mexico has much lower labor costs than in the United States, because Mexican production capacity has been increasing, and because Mexico enjoys raw materials advantages (Celestite, the mineral which is used to make strontium carbonate, is not currently mined domestically but instead is imported primarily from Mexico).

There are currently two major strontium carbonate producers in Mexico, Sales Y Oxidos and Cia. Minera La Valenciana. Mexican production of strontium carbonate began in 1987. Current Mexican annual production capacity is about 37,000 metric tons and is expected to increase especially when Chemical Products Corp. installs new capacity.

During the period of consideration of this digest (1985-1989), strontium carbonate from Mexico was eligible for duty-free treatment under the GSP. Because strontium carbonate imports from Mexico exceeded the competitive need limit in 1989, the duty-free status of strontium carbonate from Mexico was revoked in July 1990.

* * * * *

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	10,455	100	-	***
Imports from GSP countries:				
Total.....	6,670	64	100	***
Mexico.....	6,670	64	100	***

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

V. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ Moderate X Low ___

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

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

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

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

Price level compared with—

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

 Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

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

 Other foreign products..... Above ___ Equivalent X Below ___

Comment.—***.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested a waiver of competitive need limit for strontium carbonate provided under the HTS subheading 2836.92.00 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

The petitioners, Sales Y Oxidos and Compania Minera La Valenciana, who are the Mexican producers of strontium carbonate, have requested that the USTR waive the competitive need limit on strontium carbonate from Mexico. These petitioners believe that waiver of the 50 percent competitive need limit would not hurt Chemical Products Corp (CPC), the sole U.S. producer, because CPC is operating at near capacity and is still unable to supply domestic demand which has increased in the last 4 years. Loss of GSP for strontium carbonate from Mexico would adversely affect not only the Mexican producers but also U.S. TV glass component producers, U.S. picture tube manufacturers, and U.S. ferrite magnet manufacturers who use substantial amounts of strontium carbonate in their manufacturing processes.

Support.—***.

Three domestic users/importers of strontium carbonate, Owens-Illinois, Corning Inc. and Hoosier Magnetics, Inc. have submitted letters supporting the petition to waive the competitive need limit on imports of strontium carbonate from Mexico. These users/importers claim that domestic production of strontium carbonate is not sufficient to meet domestic demand and thus U.S. consumers of strontium carbonate must rely on imports from Mexico to meet their needs. In addition, Corning Inc. believes that waiver of the competitive need limit would promote the competitiveness of U.S. picture tube manufacturers who are facing stiff import competition.

VI. Summary of probable economic effects—competitive-need-limit waiver Mexico

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DIGEST NO. 2843.21.00

SILVER NITRATE

Silver Nitrate

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2843.21.00	Silver nitrate	3.7%	Yes	***

Description and uses.—By far the most commercially important silver chemical is silver nitrate, which is produced from metallic silver and which is used in the preparation of virtually all other silver chemicals. Most silver nitrate is used to make silver halides for use in photographic or x-ray film emulsions. Other commercially important silver chemicals made from silver nitrate include silver oxide which is used in batteries and silver cyanide which is used in electroplating.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number)..... ³ ...	4	4	4	4	*0	*4
Employment (1,000 employees)...	***	***	***	***	***	***
Shipments (1,000 dollars) ⁽⁴⁾	**398,000	**355,000	**485,000	**473,000	**6	**418,000
Exports (1,000 dollars) ⁽⁵⁾	*4,367	*3,549	*2,568	*5,786	*10	2,880
Imports (1,000 dollars) ⁽⁵⁾	*11,307	*13,235	*7,799	*8,539	*-9	4,243
Consumption (1,000 dollars)....	**404,940	**364,686	**490,231	**475,753	**6	**419,363
Import to consumption ratio (percent).....	*3	*4	*2	*2	*-33	*1
Capacity utilization (percent)..	(⁶)	(⁶)	(^{6})	(^{6})	(^{6})	(^{6})

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Production workers employed by merchant producers.

⁴Shipments value is principally determined by the price of silver.

⁵Estimated by staff of the U.S. International Trade Commission.

⁶Not available.

Comment.—Eastman Kodak, the largest U.S. producer of silver chemicals, manufactures silver nitrate for internal use by Kodak in the manufacture of photographic film. ***. Three other domestic producers manufacture silver nitrate for sale to photographic manufacturers ***.

According to industry sources, ***. Although domestic consumption of silver nitrate has been growing steadily (according to the U.S. Bureau of Mines, demand for silver in photographic applications increased at an average annual rate of about 3.5 percent during 1984-87), industry sources expressed concern that future consumption of silver nitrate would be adversely affected by

rising demand for electro-optical devices such as camcorders which do not use silver-emulsion technology.

Compared to domestic production of silver nitrate, imports are small. During 1985-88, imports accounted for, at most, 4 percent of U.S. consumption of silver nitrate. U.S. imports of silver nitrate, most of which come from Mexico, the United Kingdom, and Venezuela, declined from an estimated \$30 million in 1984 to \$11 million in 1985, but then remained relatively stable during 1985-88. During 1989, U.S. imports of silver nitrate, which accounted for an estimated 1 percent of domestic consumption, amounted to \$4 million.

During 1985-88, annual U.S. imports of silver nitrate from Mexico, the principal GSP supplier, fluctuated between an estimated \$3 and \$7 million. During 1989, U.S. imports of silver nitrate from Mexico amounted to \$4 million compared with an estimated \$7 million in 1988. Virtually all of the silver chemicals imported from Mexico during the period of consideration of this investigation consisted of silver nitrate which was produced in Mexico by a subsidiary of Eastman Kodak and was used by Kodak at its Rochester, NY, facility in the manufacture of photographic film. According to a Kodak representative, the primary reason for exporting silver nitrate from Mexico to the United States was to meet ***.

Silver chemicals from Mexico were first excluded from the GSP in July of 1987 on the ground that imports of silver chemicals from Mexico had exceeded the competitive need limit in the previous year. During the period July 1, 1987 through July 1, 1990, imports of silver chemicals or silver nitrate (after January 1, 1989) from Mexico remained dutiable because the President declined to grant a de minimis waiver on these imports. On July 1, 1990 a de minimis waiver was granted to Mexico for these imports.

During 1985-89, annual U.S. exports of silver nitrate, most of which went to Japan, Canada, Western Europe, and Australia, fluctuated between an estimated \$3 million and \$6 million. Presumably, most of, the silver nitrate was exported for use in the manufacture of photographic film.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	4,243	100	-	1
Imports from GSP countries:				
Total.....	4,179	98	100	1
Mexico.....	4,179	98	100	1

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes ___ No X¹

What is the price elasticity of U.S. demand?²..... High ___ 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 ___ 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?²..... High ___ Moderate ___ Low ___

Price level compared with—

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

Other foreign products²..... Above ___ Equivalent ___ Below ___

Quality compared with—

U.S. products..... Above ___ Equivalent X³ Below ___

Other foreign products..... Above ___ Equivalent X³ Below ___

¹***.
²***.
³***.

V. Position of interested parties

Petitioner.—The petitioners, Metz Metallurgical Corp. (Degussa) and Ames Goldsmith Corp. (supported by Engelhard Corp.), which constitute the merchant silver nitrate industry, have requested the USTR to remove GSP eligibility for silver nitrate imported from Mexico. They are deeply concerned about the threat of competition from Mexican producers because Mexico, in addition to its proximity to the United States, is one of the world's largest producers of silver bullion and appears to enjoy lower production costs for silver chemicals than the United States because of lower environmental and labor costs. The U.S. merchant industries' concern is heightened because the 3.7 percent ad valorem duty on silver nitrate is not relatively minor but because of the high value of the silver in silver nitrate, the duty approximates the processing costs of converting silver to silver nitrate. According to these merchant producers, maintaining duty-free status on imports of silver nitrate from Mexico could have an especially severe detrimental effect on their operations in the near future because currently the industry is only marginally profitable and is suffering from overcapacity.

James Curran, the representative from Degussa and Ron Davies, the representative from Ames Goldsmith Corp. have also expressed concern that European or Japanese producers attempting to export to the United States could circumvent U.S. import duties by using Mexico as a conduit where imports of silver nitrate to remain eligible for duty-free treatment under the GSP. Although these spokesmen acknowledge that current GSP imports of silver nitrate appear to be internal shipments from within the Kodak system, they fear that continued duty-free treatment for imports of silver nitrate from Mexico could encourage other Mexican producers of silver nitrate to flood the United States with imports of silver nitrate. Should this occur, these spokesmen fear that the domestic merchant silver nitrate industry might suffer irreparable harm that could not then be readily remedied by removing GSP eligibility on imports of silver nitrate from Mexico at that later date.

Support.—Congressman Michel from Illinois requests that the petition to reimpose the 3.7 percent tariff on U.S. imports of silver nitrate from Mexico be given careful consideration. Congressman Michel wrote to the Commission on behalf of Mr. William Dart, Vice President of the Illinois Manufacturers' Association. Mr. Dart supports the petition to reimpose the 3.7 percent duty on U.S. imports of silver nitrate from Mexico because he contends that the domestic market for silver nitrate is already saturated with U.S. production capacity greatly exceeding production. Mr. Dart also asserts that reimposing the duty on silver nitrate can be justified because Mexico imposes a much higher tariff on silver nitrate than does the United States.

Opposition.—According to a spokesman for Eastman Kodak, the sole importer of silver nitrate from Mexico, imposition of the 3.7 percent ad valorem duty on silver nitrate imports from Mexico, would hurt the competitive position of the company relative to foreign competition without affecting the amount of silver nitrate imported by the company from Mexico. According to the Kodak representative, imports of silver nitrate are determined by ***, and these imports would not decrease were the 3.7 percent ad valorem duty on imports of silver nitrate from Mexico imposed. According to Eastman Kodak, the domestic merchant silver nitrate industry would not be adversely affected by imports of silver nitrate from Mexico because all these shipments represent internal transfers from within the Kodak system.

VI. Summary of probable economic effects--Removal Mexico

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DIGEST NO. 2901.10.20(pt)

n-PENTANE AND ISOPENTANE

(n-Pentane and Isopentane)

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
2901.10.20(pt)	n-Pentane and isopentane	5%	Yes	***

Description and uses.—n-Pentane and isopentane are saturated aliphatic hydrocarbons containing 5 carbon atoms. These materials are recovered either from certain fractions of natural gas (in which they naturally occur) or from certain petroleum product flows produced in the petroleum refining process. n-Pentane is more plentiful in the naturally occurring natural gas fractions, while isopentane is more abundant in the petroleum product fractions.

The major use for n-pentane and isopentane is in gasoline intended for internal combustion engines. While isopentane is added directly to the motor fuel blend, most lower octane n-pentane (61.8 research octane-clear) is upgraded to higher octane isopentane (93.0 research octane-clear) for use as an octane booster for unleaded fuels. However, the high purity pentanes that are the subject of this digest are also now being used as a substitute for chlorofluorocarbons in the production of polystyrene packaging and insulating materials.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**100	**99	*97	**97	-1.1	**97
Employment (1,000 employees)....	**13.0	**12.9	*12.7	**12.6	-1.1	**12.6
Shipments (billion dollars) ³	**30.0	**25.0	*20.4	**19.5	-8.4	**17
Exports (1,000 dollars) ⁴	0	0	0	0	0	0
Imports (1,000 dollars) ⁵	0	0	0	0	0	0
Consumption (billion dollars)...	**30.0	**25.0	*20.4	**19.5	-8.4	**17
Import to consumption ratio (percent).....	**0	**0	*0	**0	-	**0
Capacity utilization (percent).. ⁶	(⁶)	(⁶)	(^{6})	(^{6})	(^{6})	(^{6})

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Represents shipments of all products of producers of natural gas liquids.

⁴Exports are believed to be negligible.

⁵Imports are believed to be negligible.

⁶Not applicable.

Comment.—The volatile nature of natural gas products such as n-pentane and isopentane makes it very difficult and very expensive to transport such products. As a result of the limited availability of international trade of these materials (with the exception of trade between nations connected by pipelines), domestic producers generally supply a captive domestic market.

III. GSP import situation, 1989

There are currently believed to be no significant imports of these materials from GSP-eligible nations, or any other nations. However, there could possibly be imports from Mexico (under the GSP) or from Canada as these nations are considered rich in the natural resources necessary to produce the pentanes.

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	0	100	-	0
Imports from GSP countries:				
Total.....	0	0	100	0

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

IV. Competitiveness profiles, GSP suppliers

There are currently no GSP-eligible suppliers of these materials.

Competitiveness indicators for Mexico for all digest products¹

Ranking as a U.S. import supplier, 1989..... (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?³..... High Moderate Low

Price level compared with—

U.S. products.....⁴ Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

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

Other foreign products..... Above Equivalent Below

¹There were no imports of these items in 1989.

²Not a supplier in 1989.

³Supply elasticity is meaningless, since there was no import supply in 1989.

⁴Estimated based on transportation costs.

Comment.—Mexico has the reserves and resources to increase production, but currently is barely able to supply its own industrial demands for most petrochemicals. However, because of Mexico's proximity and potential access to U.S. markets via pipeline transportation, there is a likelihood of developing U.S. imports of Mexican high purity pentanes if GSP is granted.

Competitiveness indicators for all GSP countries and for all digest products¹

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?²..... High Moderate Low

Price level compared with—

U.S. products.....³ Above Equivalent Below

Other foreign products..... Above Equivalent Below

Quality compared with—

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

Other foreign products..... Above Equivalent Below

¹There were no imports of these items in 1989.

²Supply elasticity is meaningless, since there was no import supply in 1989.

³Estimated based on transportation costs.

Comment.—Mexico has the reserves and resources to increase production, but currently is barely able to supply its own industrial demands for most petrochemicals. However, because of Mexico's proximity and potential access to U.S. markets via pipeline transportation, there is a likelihood of developing U.S. imports of Mexican high purity pentanes if GSP is granted. Mexico would probably be the only GSP supplier of any consequence.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested that n-pentane and isopentane, provided for under HTS subheading 2901.10.20, be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Harold Feren, of the International Commodities Export Corporation, spoke on behalf of Productos Quimicos Coin, the company beginning production of the items being considered in this digest. This firm will have enough capacity to export a significant share of the its production to the United States. However, this volume would represent only a very small share of the U.S. market. Such Mexican exports to the United States would provide Mexico with the currency needed to increase its own imports of other necessary U.S.-produced petrochemicals.

VI. Summary of probable economic effects—Addition

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DIGEST NO. 2903.61.10

CERTAIN BENZENOID CHEMICALS AND MIXTURES

Certain Benzenoid Chemicals and Mixtures¹

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2903.61.10	Chlorobenzene	20%	Yes	***
2903.61.30	p-Dichlorobenzene	6.8%	Yes	***
2903.69.50(pt)	Certain other halogenated aromatic hydrocarbons.	9.1%	***	***
2904.90.10(pt)	Monochloromononitrobenzenes	10%	Yes	***
2904.90.45(pt)	Certain other nitrated aromatic hydrocarbons.	18% (AVE)	***	***
2907.29.50(pt)	4,4'-Biphenol	7.2%	***	***
2907.29.50(pt)	tert-Butylhydroquinone	7.2%	***	***
2908.10.30(pt)	Certain derivatives of phenol or phenol-alcohols.	13.5%	Yes	***
2908.90.10(pt)	Certain nitrophenols	8.1%	Yes	***
2916.39.10(pt)	4-Chloro-3-nitrobenzoic acid and certain other aromatic monocarboxylic acids.	6.7%	Yes	***
2916.39.30(pt)	4-Chloro-3,5-dinitro-benzoic acid and certain other aromatic monocarboxylic acids and derivatives.	13.5%	Yes	***
2916.39.50(pt)	4-Chlorobenzoic acid and certain other aromatic monocarboxylic acids.	18.8% (AVE)	Yes	***
2921.42.50(pt)	3,4-Dichloroaniline	19.3% (AVE)	***	***
2921.42.50(pt)	Metanilic acid and sulfanilic acid	19.3% (AVE)	***	***
2921.43.50(pt)	Certain toluidine derivatives	19.4% (AVE)	***	***
2924.29.45(pt)	2-Methoxy-5-acetamino-N,N-bis(2-acetoxyethyl)aniline.	18.3% (AVE)	***	***
2924.29.45(pt)	Acetanilide	18.3% (AVE)	***	***
3823.90.29(pt)	Certain mixtures containing 5 percent or more by weight of aromatic or modified aromatic substances.	14.4% (AVE)	Yes	***

Description and uses.—The chemicals covered in this digest are synthetic organic chemicals manufactured from other aromatic chemicals. These products are used as intermediate chemicals in the dyes and pigments, pharmaceutical, flavor and fragrance, and plastic resins industries.

¹This digest includes the following HTS subheadings: 2903.61.10, 2903.61.30, 2903.69.50(pt), 2904.90.10(pt), 2904.90.45(pt), 2907.29.50(pt), 2908.10.30(pt), 2908.90.10(pt), 2916.39.10(pt), 2916.39.30(pt), 2916.39.50(pt), 2921.42.50(pt), 2921.43.50(pt), 2924.29.45(pt), 3823.90.29(pt).

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**10	**10	**10	**10	**0	**10
Employment (1,000 employees)....	(^{3})	(^{3})	(^{3})	(^{3})	(³)	(³)
Shipments (million dollars).....	**7,980	**8,300	**8,630	**8,980	**4	**9,200
Exports (million dollars).....	*20	*22	*26	*29	*13	*13
Imports (million dollars).....	238	147	121	140	-16	126
Consumption (million dollars)...	**8,198	**8,425	**8,726	**9,090	**3	**9,313
Import to consumption ratio (percent).....	**3	**2	**1	**2	** ⁻⁷	**1
Capacity utilization (percent)...	(³)	(³)	(^{3})	(^{3})	(^{3})	(^{3})

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

Comment.—U.S. manufacturers of these products include large multinational chemical producers as well as medium-sized and small specialty chemical manufacturing firms. Imports, during 1989, represented **1 percent of domestic consumption of these chemicals.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	125,728	100	-	**1
Imports from GSP countries:				
Total.....	1,961	1	100	**(¹)
India.....	1,066	1	54	**(¹)

¹Less than 0.5 percent.

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

Comment.—GSP imports from India in 1989 were primarily benzenoid intermediate chemicals used to manufacture dyes and pigments.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for India for all digest products

Ranking as a U.S. import supplier, 1989..... 10

Price elasticity:

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

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

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

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Although the U.S. market for several of the chemicals covered by this digest can be characterized as having a high price elasticity of demand, the market for the majority of these products would have a moderate price elasticity of demand.

Competitiveness indicators for Israel for all digest products

Ranking as a U.S. import supplier, 1989..... (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 ___ Moderate X Low ___

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

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

¹Although there were no imports of biphenol from Israel during 1989, Israel is expected to become a source for this chemical should this product be granted GSP eligibility.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... (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

¹Although there were no imports from Mexico of the products covered by this digest during 1989, Mexico is expected to become a source for some of these chemicals should these products be granted GSP eligibility.

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... (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

¹Although there were no imports from Brazil of the products covered by this digest during 1989, Brazil is expected to become a source for some of these chemicals should these products be granted GSP eligibility.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Hungary for all digest products

Ranking as a U.S. import supplier, 1989..... (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

¹Although there were no imports from Hungary of the products covered by this digest during 1989, Hungary is expected to become a source for some of these chemicals should these products be granted GSP eligibility.

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

- Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No
- What is the price elasticity of U.S. 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 Mexico (GOM) has requested that tert-butylhydroquinone, 2-methoxy-5-acetamino-N,N-bis(2-acetoxyethyl)aniline, and aqueous mixtures of triphenylsulfonium chloride, diphenyl-(4-phenylthio)phenylsulfonium chloride, and (thio-4,1-phenylene)-bis-(diphenylsulfonium dichloride) provided for under HTS subheadings 2907.29.50(pt), 2924.29.45(pt), and 3823.90.29(pt) respectively be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to the support of Mexico's efforts to comply with its international financial commitments."

Novaquim, S.A. de C.V., a Mexican producer of the chemical, tert-butylhydroquinone (2907.29.50(pt)), requested that the chemical be added to the list of GSP-eligible products. Novaquim stated that it must purchase raw materials to manufacture this chemical from a U.S. firm, and, therefore, must pay in U.S. dollars for these raw materials. The duty savings from granting GSP-eligibility would enable Novaquim to compete in the U.S. market with large multinational firms.

In a petition the Hungarian firms Chemolimpex, a trading company, and the Budapest Chemical Works, and Nitrokemia Ipartelepek, Hungarian chemical producers, requested that the GSP-eligibility be granted to the following chemicals: 3-bromo- α,α,α -trifluorotoluene (2903.69.50(pt)); 2-chloro-5-bromo- α,α,α -trifluorotoluene (2903.69.50(pt)); α -chloro-3-methyltoluene (2903.69.50(pt)); 4-chloro-3-nitro- α,α,α -trifluorotoluene (2904.90.45(pt)); 2-chloro-5-nitro- α,α,α -trifluorotoluene (2904.90.45(pt)); 4-chloro-3,5-dinitro- α,α,α -trifluorotoluene (2904.90.45(pt)); 3-hydroxy- α,α,α -trifluorotoluene (2908.10.30(pt)); 4-chloro-3-nitrobenzoic acid (2916.39.10(pt)); 4-chloro-3,5-dinitrobenzoic acid and its esters (2916.39.30(pt)); 4-chlorobenzoic acid (2916.39.50(pt)); metanilic acid (2921.42.50(pt)); sulfanilic acid (2921.42.50(pt)); α,α,α -trifluoro-o-toluidine (2921.43.50(pt)), α,α,α -trifluoro-6-chloro-m-toluidine (2921.43.50(pt)) (2921.43.50(pt)); and acetanilide (2924.29.45(pt)). The Hungarian Government states that granting GSP-eligibility to these products would promote the Hungarian economy without adversely impacting any U.S. company.

Nitroclor Produtos Quimicos, S.A., a Brazilian firm producing synthetic organic intermediate chemicals, requested that the following chemicals be added to the list of GSP-eligible products: monochlorobenzene (2903.61.10); p-dichlorobenzene (2903.61.30); o-nitrochlorobenzene (2904.90.10(pt)); p-nitrochlorobenzene (2904.90.10(pt)); p-nitrophenol (2908.90.10(pt)); and 3,4-dichloroaniline (2921.42.50(pt)). Nitroclor states that since it must compete in the international market with chemical producers from industrialized countries, the firm needs to have preferential tariff treatment to become competitive.

Ameribrom, Inc., a U.S. importer of chemicals and a wholly owned subsidiary of the Israeli firm, the Dead Sea Bromine Group, in a petition to the U.S.T.R. requested that the chemical, 4,4'-biphenol (2907.29.50(pt)), be added to the list of products eligible for GSP-treatment. Ameribrom states that the GSP has been an important trade development mechanism for Israel and could continue to help Israel convert new technology into commercially viable products.

The Mexican chemicals producer, Ciba-Geigy Mexicana, S.A. de C.V., a wholly owned subsidiary of Ciba-Geigy, A.g., Switzerland, requested that 2-methoxy-5-acetamino-N,N-bis(2-acetoxyethyl)aniline (2924.29.45(pt)) be added to the list of GSP-eligible products. The principal reason for this request was that it will enable this Mexican firm to maintain an acceptable level of capacity utilization as well as contribute to the economic growth of Mexico.

Aceto Corporation, a U.S. importer of chemicals, requested in a petition to the U.S.T.R. that aqueous mixtures of triphenyl sulfonium chloride, diphenyl-(4-phenylthio)phenylsulfonium chloride, and (thio-4,1-phenylene)-bis-(diphenylsulfonium dichloride) (3823.90.29(pt)) be added to the list of GSP-eligible products. Aceto has entered into an exclusive manufacturing arrangement with the Mexican chemicals producer, Complex Quimica, to produce this product with Aceto providing the manufacturing technology. The product would be produced solely for Aceto. Aceto stated that approval of this request would benefit Complex, a small independent company, and the Mexican economy on the whole.

Opposition.—In a letter to the Commission, Eastman Kodak Company stated that the firm would have no objection to tert-butylhydroquinone being added to the list of GSP-eligible products provided that the Mexican government would similarly allow duty-free treatment for U.S. exports of raw materials to manufacture this chemical as well as for the chemical itself.

Monsanto Company, a U.S. multinational chemicals producer, objected to the request made by the Brazilian firm, Nitroclor Produtos Quimicos, S.A., to add the following chemicals to the list of

GSP-eligible products: Monochlorobenzene (2903.61.10); p-dichlorobenzene (2903.61.30); o-nitrochlorobenzene (2904.90.10(pt)); p-nitrochlorobenzene (2904.90.10(pt)); and p-nitrophenol (2908.90.10(pt)). Monsanto produces these chemicals domestically and stated that their production facility is currently operating at less than full capacity and inventories are high. Monsanto claims that removal of the duties for these chemicals from Brazil and other GSP-eligible countries could substantially disrupt the U.S. market.

VI. Summary of probable economic effects--Addition

* * * * *

Table I.

Digest Title: Certain benzenoid chemicals and mixtures
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	13,488	21,296	20,729	22,619	28,479
West Germany.....	26,405	32,564	32,047	33,265	26,566
France.....	8,224	13,960	11,646	14,782	21,559
United Kingdom...	5,748	6,829	8,686	10,859	20,961
Switzerland.....	2,934	4,161	6,912	7,188	8,619
Ireland.....	115	50	913	1,621	6,407
Italy.....	6,541	6,793	6,820	5,865	2,969
Canada.....	5,599	3,683	5,004	3,626	2,632
Korea.....	1,122	3,612	2,249	1,829	1,933
India.....	183	253	560	596	1,066
Netherlands.....	1,486	2,732	2,379	1,981	792
China.....	319	391	646	719	791
Belgium.....	470	736	490	642	609
Spain.....	35	13	68	261	388
Sweden.....	969	1,484	1,705	2,758	373
All other.....	165,109	48,758	20,886	31,011	1,585
Total.....	238,747	147,316	121,741	139,620	125,728
GSP Total 2/..	122,413	26,443	21,234	29,752	1,961
GSP+4 2/.....	123,663	30,347	23,495	33,088	3,950
Percent					
Japan.....	5.6	14.5	17.0	16.2	22.7
West Germany.....	11.1	22.1	26.3	23.8	21.1
France.....	3.4	9.5	9.6	10.6	17.1
United Kingdom...	2.4	4.6	7.1	7.8	16.7
Switzerland.....	1.2	2.8	5.7	5.1	6.9
Ireland.....	1/	1/	.7	1.2	5.1
Italy.....	2.7	4.6	5.6	4.2	2.4
Canada.....	2.3	2.5	4.1	2.6	2.1
Korea.....	.5	2.5	1.8	1.3	1.5
India.....	.1	.2	.5	.4	.8
Netherlands.....	.6	1.9	2.0	1.4	.6
China.....	.1	.3	.5	.5	.6
Belgium.....	.2	.5	.4	.5	.5
Spain.....	1/	1/	.1	.2	.3
Sweden.....	.4	1.0	1.4	2.0	.3
All other.....	69.2	33.1	17.2	22.2	1.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	51.3	18.0	17.4	21.3	1.6
GSP+4 2/.....	51.8	20.6	19.3	23.7	3.1

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest No.
29036110Digest Title: Certain benzenoid chemicals and mixtures
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	2,792	3,544	4,697	4,161	3,923
Belgium.....	2,425	3,298	3,916	3,137	1,375
Canada.....	1,014	1,532	938	1,120	1,159
France.....	482	342	1,055	1,324	1,126
Netherlands.....	1,576	1,062	883	916	884
Indonesia.....	105	121	130	119	713
Mexico.....	1,698	890	1,103	1,245	540
United Kingdom...	847	1,359	1,925	2,990	327
China.....	80	71	941	3,451	242
Taiwan.....	364	453	734	440	241
Korea.....	912	1,712	1,891	2,482	215
Brazil.....	2,618	1,439	1,318	1,860	208
West Germany.....	239	308	153	344	205
Philippines.....	33	42	86	50	198
Rep So Africa....	46	70	94	61	181
All other.....	5,356	6,059	6,153	5,740	1,488
Total.....	20,588	22,302	26,018	29,439	13,025
GSP Total 1/..	5,191	3,145	3,466	5,180	2,541
GSP+4 1/.....	7,366	5,636	7,364	8,361	3,153
Percent					
Japan.....	13.6	15.9	18.1	14.1	30.1
Belgium.....	11.8	14.8	15.1	10.7	10.6
Canada.....	4.9	6.9	3.6	3.8	8.9
France.....	2.3	1.5	4.1	4.5	8.6
Netherlands.....	7.7	4.8	3.4	3.1	6.8
Indonesia.....	.5	.5	.5	.4	5.5
Mexico.....	8.2	4.0	4.2	4.2	4.1
United Kingdom...	4.1	6.1	7.4	10.2	2.5
China.....	.4	.3	3.6	11.7	1.9
Taiwan.....	1.8	2.0	2.8	1.5	1.8
Korea.....	4.4	7.7	7.3	8.4	1.6
Brazil.....	12.7	6.5	5.1	6.3	1.6
West Germany.....	1.2	1.4	.6	1.2	1.6
Philippines.....	.2	.2	.3	.2	1.5
Rep So Africa....	.2	.3	.4	.2	1.4
All other.....	26.0	27.2	23.7	19.5	11.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	25.2	14.1	13.3	17.6	19.5
GSP+4 1/.....	35.8	25.3	28.3	28.4	24.2

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 2916.39.15

IBUPROFEN

Ibuprofen

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2916.39.15	Ibuprofen	6.8%	Yes	***

Description and uses.—Ibuprofen is a nonsteroidal antiinflammatory agent (NSAIA) that is used in the symptomatic treatment of acute and chronic rheumatoid arthritis and osteoarthritis, as well as for treatment of antiinflammatory 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 any patients who are allergic to aspirin.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	***	***	***	***	***	***
Employment (1,000 employees)....	***	***	***	***	***	***
Production (1,000 dollars).....	***	***	***	***	***	***
Exports (1,000 dollars) ⁵	***	***	***	***	***	***
Imports (1,000 dollars).....	33,946	43,940	55,072	47,243	39	59,849
Consumption (1,000 dollars).....	***	***	***	***	***	***
Import to consumption ratio (percent).....	***	***	***	***	***	***
Capacity utilization (percent)...	***	***	***	***	***	***

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

⁵Data for 1985-86 estimated by Commission staff.

Comment.—***.

According to recent articles in trade journals, domestic ibuprofen production capacity will increase by about 2,750 tons per year in 1992-93, ***, as a result of a Boots Company PLC (United Kingdom) and Hoechst Celanese (United States) joint venture. The new capacity will be brought onstream 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 Boots is also expanding its ibuprofen capacity in England to 3,000 metric tons per year. According to a representative of Ethyl Corp. and to articles in trade journals, within the past 5 years Ethyl Corp. has expanded its domestic capacity to approximately 2,700 tons per year.² World production capacity for ibuprofen, approximately 8,800 tons per year, is close to or slightly exceeds world demand.³ Industry sources estimate that world capacity utilization for ibuprofen declined during 1985-89 from over 80 percent to about 60-65 percent. According to a representative from Ethyl Corp., a number of developed country suppliers of ibuprofen are no longer in the market. At this time, the United States, the United Kingdom, and India are reportedly the top three producing countries. World capacity is expected to increase soon as a result of a joint venture between Nippon Petrochemicals and Mjtsubishi that is intended to produce an ibuprofen precursor, but might produce ibuprofen as well.⁴

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

<u>Item</u>	<u>Imports</u> <u>1,000</u> <u>dollars</u>	<u>Percent</u> <u>of total</u> <u>imports</u>	<u>Percent</u> <u>of GSP</u> <u>imports</u>	<u>Percent</u> <u>of U.S.</u> <u>consumption</u>
Total.....	59,849	100	-	***
Imports from GSP countries:				
Total.....	3,436	6	100	***
India.....	3,436	6	100	***

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

Comment.—The majority of U.S. imports in 1989 were supplied by the United Kingdom. The GSP imports of ibuprofen in 1989 were supplied by India. Although the official import statistics suggest that during 1985-88 Taiwan and Turkey were GSP suppliers, industry sources have stated that no manufacturing facility in either country was approved by the Food and Drug Administration (FDA) to export ibuprofen to the United States.

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 U.S. patent on ibuprofen

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

²McGraw-Hill Inc., Chemical Week, July 22, 1987, p. 20.

³"Indian Drugmaker Slates Start-Up," Chemical Week, Aug. 30, 1989, p. 32.

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

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 in order 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 India for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ No X

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent ___ Below X

Quality compared with—

U.S. products..... Above ___ Equivalent 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 ***. Although product could probably be shifted between export markets, purchasers tend to enter with short-term and long-term agreements with suppliers, thereby making such shifts more difficult.

To date, only one Indian manufacturer of ibuprofen has received FDA approval to export ibuprofen to the United States. That company, Cheminor Drugs Ltd., operates through an agent in the United States. According to recent news reports, however, a second company in India is seeking FDA approval. This company, Sumitra Pharmaceuticals & Chemicals Ltd., is expected to start production by the end of 1990. The company will reportedly have annual production capacity of 2,000 metric tons for ibuprofen and 500 metric tons for mebendazole. ***. The company is expected to export approximately 70 percent of its output to foreign markets, including the United States if FDA approval is received. The plant is said to be designed so that spare capacity for one drug can be used to produce the other. This could allow for easier expansion or contraction of production. Demand in India for ibuprofen, estimated to amount to 400 metric tons per year, is said to be almost completely satisfied by domestic production. According to one source, there are currently approximately 25 small producers of bulk ibuprofen in India. Total ibuprofen production capacity in India is estimated to amount to more than 3,000 metric tons per year.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No ___
 What is the price elasticity of U.S. demand?..... High 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 ___ Moderate X Low ___

Price level compared with--

U.S. products..... Above ___ Equivalent ___ Below X
 Other foreign products..... Above ___ Equivalent ___ Below X
 Quality compared with--
 U.S. products..... Above ___ Equivalent X Below ___
 Other foreign products..... Above ___ Equivalent X Below ___

V. Position of interested parties

Petitioner.--The petitioner, Ethyl Corp., is requesting this review because of the perceived "adverse economic impact" on the domestic industry that is said to be the result of low-priced imports of ibuprofen from India. According to the petitioner, an Indian producer and exporter of ibuprofen has been quoting prices for ibuprofen in the United States 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 and is primarily oriented for export.

Ethyl Corp., in its statement before the Commission, states that the domestic ibuprofen situation has worsened since June 1988, primarily because of an "over three-fold increase" in imports of ibuprofen from India and because of the lower price of the Indian imports. Two changes in the market situation cited by Ethyl as examples of the worsening conditions are:

1. The decrease from 5 to 2 in the number of developed country ibuprofen suppliers during 1987-90; and
2. The decrease in annual average domestic demand during 1987-90 to 5 percent from 26 percent during 1983-87.

Ethyl Corp. states that India's share of the U.S. market is the result of "aggressive underpricing." This underpricing is reportedly aided by a prohibition on imports of ibuprofen into the Indian market. Ethyl states that the Government of India prohibits such imports through use of a restrictive licensing system and by levying import duties of over 100 percent. This is said to result in higher prices for ibuprofen within India, thereby allowing higher profits for Indian companies. The higher profits, in turn, are said to allow Indian companies "additional pricing flexibility in export markets."

Opposition.--Chemisor Drugs Pvt. Ltd. (India) and Flavine International (NJ) oppose this action, according to a brief filed with the Commission on their behalf by St. Maxens & Co. on October 11, 1990, as they did an "identical" petition in the 1988/89 Annual Review. Their reasons for opposing the petition, as cited in their submission, are as follows:

1. The U.S. market for bulk ibuprofen is expected to continue to grow into the 1990s continuing the trend of the past 6 years;
2. Ethyl Corp. and Boots, as in the past, are continuing to dominate the U.S. market;
3. Ethyl "is enjoying record sales" and is continuing to expand its ibuprofen production capacity. Ethyl's share of the growing U.S. market is increasing, as imports, of which GSP imports represent a relatively small share, have remained constant;

4. Indian imports have competed primarily with imports from industrialized countries, rather than with Ethyl's production;

5. The decline in the price of ibuprofen on the U.S. market is attributable to factors such as the 1984 approval for the sale of ibuprofen in the United States over-the-counter (OTC); the patent expiration in 1985; the expiration in 1986 of OTC market exclusivity that had been granted to the patent holders; and continuing domestic expansion; and

6. GSP allows beneficiary countries to maintain their "modest presence" in the U.S. market.

VI. Summary of probable economic effects--Removal

* * * * *

Table I.

Digest Title: Ibuprofen
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
United Kingdom...	28,642	31,523	41,832	39,738	53,407
India.....	0	0	1	333	3,436
Italy.....	2,422	6,200	11,187	1,569	2,860
West Germany.....	0	809	172	569	107
Netherlands.....	0	309	0	209	29
Canada.....	0	0	0	0	11
Sweden.....	0	0	42	0	0
Finland.....	27	195	75	12	0
Belgium.....	0	0	2	0	0
France.....	0	13	0	0	0
Switzerland.....	3	0	48	2,203	0
Spain.....	2	195	679	380	0
Bulgaria.....	114	0	0	0	0
Turkey.....	0	0	91	0	0
Taiwan.....	0	48	0	180	0
All other.....	2,736	4,646	943	2,050	0
Total.....	33,946	43,940	55,072	47,243	59,849
GSP Total 2/..	0	0	92	836	3,436
GSP+4 2/.....	0	48	92	1,016	3,436
Percent					
United Kingdom...	84.4	71.7	76.0	84.1	89.2
India.....	.0	.0	1/	.7	5.7
Italy.....	7.1	14.1	20.3	3.3	4.8
West Germany.....	.0	1.8	.3	1.2	.2
Netherlands.....	.0	.7	.0	.4	1/
Canada.....	.0	.0	.0	.0	1/
Sweden.....	.0	.0	.1	.0	.0
Finland.....	.1	.4	.1	1/	.0
Belgium.....	.0	.0	1/	.0	.0
France.....	.0	1/	.0	.0	.0
Switzerland.....	1/	.0	.1	4.7	.0
Spain.....	1/	.4	1.2	.8	.0
Bulgaria.....	.3	.0	.0	.0	.0
Turkey.....	.0	.0	.2	.0	.0
Taiwan.....	.0	.1	.0	.4	.0
All other.....	8.1	10.6	1.7	4.3	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.0	.0	.2	1.8	5.7
GSP+4 2/.....	.0	.1	.2	2.2	5.7

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 2917.37.00

DIMETHYL TEREPHTHALATE

Dimethyl Terephthalate

I. Introduction

X Addition to GSP ___ Removal from GSP X Competitive-need-limit waiver Mexico

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90)	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2917.37.00	Dimethyl terephthalate	2.9¢/kg + 13.1%	Yes	***

Description and uses.—Dimethyl terephthalate (DMT) is a synthetic organic chemical produced from the oxidation of paraxylene followed by esterification with methanol. DMT is used principally to produce polyethylene terephthalate (PET), a polyester resin from which films, fibers, and plastic bottles are produced.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	3	3	3	3	0	3
Employment (1,000 employees)....	*2	*2	*2	*2	0	*2
Shipments (1,000 dollars).....	***	***	***	***	***	***
Exports (1,000 dollars).....	17,075	28,477	43,426	71,126	61	64,112
Imports (1,000 dollars).....	4	2	0	0	-60	1
Consumption (1,000 dollars).....	***	***	***	***	***	***
Import to consumption ratio (percent).....	***	***	***	***	***	***
Capacity utilization (percent)..	92	90	100	100	3	95

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

***.

Comment.—The U.S. DMT industry is the world's largest and is highly competitive. During 1985-89, ***. With DMT end uses projected to grow 4 to 10 percent annually during the next 5 years, the future growth of the U.S. DMT market seems assured. If the price of paraxylene feedstock decreases in the next year, as anticipated, the competitive position of U.S. producers will be further strengthened. One potential source of weakness in the U.S. market is the continuing trend of traditional importers of U.S. product to build their own capacity. This could mean future oversupply in the domestic DMT market.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	1	100	-	***
Imports from GSP countries:				
Total.....	0	0	100	0
Mexico.....	0	0	0	0

1***.

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

Comment.—There are no DMT imports from Mexico. However, there is a petition from the Government of Mexico for a competitive-need-limit waiver.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989.....	(1)		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
What is the price elasticity of U.S. demand?.....	High	<input checked="" type="checkbox"/>	Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does the country have significant export markets besides the United States?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
What is the price elasticity of import supply? ²	High	<input type="checkbox"/>	Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Price level compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Quality compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>

¹Although there are no GSP imports of DMT, Mexico will be a major source of these imports if the product is given GSP status and Mexico is granted a competitive-need-limit waiver.

²Since there are no GSP suppliers, measuring the price elasticity of import supply is moot.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

What is the price elasticity of U.S. 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?¹..... 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

¹Since there are no GSP suppliers, measuring the price elasticity of import supply is moot.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested that DMT provided for under HTS subheading 2917.37.00 be added to the list of articles eligible for duty-free treatment under the GSP. The GOM also has requested a waiver of competitive need limit for DMT. The GOM has stated that granting these requests "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Petrocel, S.A., Mexico, stated that it is excluded from the U.S. market because of the high U.S. rate of duty. The petitioner believes it can achieve a market presence in the U.S. market if DMT is given GSP status and Mexico is granted a competitive-need-limit waiver. According to the petitioner, this level of Petrocel's DMT exports to the United States would not adversely affect U.S. producers but would result in meaningful increases in Petrocel's production and employment. Furthermore, the petitioner stated there would also be benefit to U.S. economic interests such as paraxylene and methanol suppliers. Finally, the petitioner stated that growth for DMT is projected to be healthy, thereby assuring an expanding U.S. market for Petrocel and U.S. suppliers.

VI. Summary of probable economic effects—Addition

* * * * *

VI. Summary of probable economic effects—waiver (Mexico)

* * * * *

Table I.

Digest Title: Dimethyl terephthalate
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	4	0	0	0	1
Sweden.....	0	2	0	0	0
Total.....	4	2	0	0	1
GSP Total 1/..	0	0	0	0	0
GSP+4 1/.....	0	0	0	0	0
Percent					
Japan.....	100.0	.0	.0	.0	100.0
Sweden.....	.0	100.0	.0	.0	.0
Total.....	100.0	100.0	.0	.0	100.0
GSP Total 1/..	.0	.0	.0	.0	.0
GSP+4 1/.....	.0	.0	.0	.0	.0

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest Title: Dimethyl terephthalate
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Korea.....	7,782	7,117	16,169	35,239	23,792
Egypt.....	7,244	14,488	10,976	6,024	13,242
Yugoslavia.....	0	0	0	1,133	5,216
Belgium.....	0	0	0	1,374	5,173
Netherlands.....	0	0	2,036	2,315	4,949
China.....	0	0	4,739	10,461	3,670
Sweden.....	0	0	0	0	3,530
India.....	0	0	727	6,022	1,972
Colombia.....	784	0	2,627	3,318	1,490
Switzerland.....	2	0	0	0	488
Poland.....	558	471	0	1,293	220
Taiwan.....	2	298	285	1,221	195
Mexico.....	83	26	31	154	97
Canada.....	92	55	24	0	63
Japan.....	0	0	0	0	15
All other.....	529	6,022	5,812	2,572	0
Total.....	17,075	28,477	43,426	71,126	64,112
GSP Total 2/..	9,195	20,704	20,169	18,801	22,237
GSP+4 2/.....	16,979	28,119	36,623	55,261	46,224
Percent					
Korea.....	45.6	25.0	37.2	49.5	37.1
Egypt.....	42.4	50.9	25.3	8.5	20.7
Yugoslavia.....	.0	.0	.0	1.6	8.1
Belgium.....	.0	.0	.0	1.9	8.1
Netherlands.....	.0	.0	4.7	3.3	7.7
China.....	.0	.0	10.9	14.7	5.7
Sweden.....	.0	.0	.0	.0	5.5
India.....	.0	.0	1.7	8.5	3.1
Colombia.....	4.6	.0	6.0	4.7	2.3
Switzerland.....	1/	.0	.0	.0	.8
Poland.....	3.3	1.7	.0	1.8	.3
Taiwan.....	1/	1.0	.7	1.7	.3
Mexico.....	.5	.1	.1	.2	.2
Canada.....	.5	.2	.1	.0	.1
Japan.....	.0	.0	.0	.0	1/
All other.....	3.1	21.1	13.4	3.6	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	53.9	72.7	46.4	26.4	34.7
GSP+4 2/.....	99.4	98.7	84.3	77.7	72.1

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 2929.10.15

CERTAIN ISOCYANATES

Certain Isocyanates¹

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2929.10.15	Mixtures of 2,4- and 2,6-toluenediisocyanates.	15.2%	Yes	***
2929.10.50(pt)	Certain other isocyanates	17.0%	Yes	***

Description and uses.—The products covered by this digest are certain mixtures of 2,4- and 2,6-toluene isocyanates (TDI's) classified under HTS item 2929.10.15, and 3,4-dichlorophenylisocyanate (3,4-DCPI) classified under the residual (basket) HTS item 2929.10.50. Both of these products are synthetic organic chemicals and are used as intermediates in the manufacture of polyurethane foams, elastomers, coatings, and certain agricultural and pharmaceutical products.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	*5	*5	*5	*6	*5	*5
Employment (1,000 employees)....	**1	**1	**1	**1	**0	**1
Shipments (1,000 dollars).....	*503,750	*531,912	*584,667	*637,753	*8	**676,000
Exports (1,000 dollars).....	**6,585	**7,264	**10,932	**12,407	**24	**110,553
Imports (1,000 dollars).....	12,158	5,193	9,209	8,904	-10	19,360
Consumption (1,000 dollars)....	**509,323	**529,841	**583,844	**634,250	**8	**584,807
Import to consumption ratio (percent).....	**2	**1	**2	**1	**-11	**3
Capacity utilization (percent).....	**90	**95	**99	**90	**0	**95

¹Data are for HTS 2929.10.15 and HTS 2929.10.50 which includes other products as well as 3,4-DCPI. The chemical, 3,4-DCPI, is estimated to represent *** of all the products classified in HTS 2929.10.50 during 1989. Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³During 1987-88, domestic capacity for production of these chemicals increased.

¹This digest includes the following HTS subheadings: 2929.10.15, 2929.10.50(pt).

Comment.—The U.S. producers of the chemicals covered in this digest are domestic multinational chemical corporations. Domestic producers of these chemicals generally compete for market share on a price and quality basis, but consumers also consider security of supply when sourcing these materials.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	19,360	100	-	**3
Imports from GSP countries:				
Total.....	912	5	100	** ⁽²⁾
Mexico.....	912	5	100	** ⁽²⁾

¹Data are for HTS 2929.10.15 and HTS 2929.10.50 which includes other products as well as 3,4-DCPI. The chemical, 3,4 DCPI is estimated to represent *** of all the products classified in HTS 2929.10.50 during 1989.

²Less than **0.5 percent.

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

Comment.—Certain mixtures of 2,4- and 2,6-TDI comprised all of the imports from Mexico during 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for (country) for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

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

What is the price elasticity of U.S. demand?..... ***

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?..... ***

Price level compared with—

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

 Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

 Other foreign products..... Above ___ Equivalent X Below ___

Comment.—The petitioner, Cydsa Bayer, S.A. de C.V., is the sole Mexican producer of mixtures of 2,4- and 2,6-TDI's. Bayer, a West German multinational chemical corporation, is one of the world's largest diversified chemicals producers with subsidiary production facilities located worldwide including the United States.

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... (1)

Price elasticity:

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

What is the price elasticity of U.S. demand?..... ***

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?..... ***

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 ___

¹There were no imports of these products from Brazil during 1989; however, Brazil has requested that 3,4-DCPI, classified in HTS item 2929.10.50, be added to the list of GSP-eligible products. Brazil also produces 2,4- and 2,6-TDI.

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1989..... (1)

Price elasticity:

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

What is the price elasticity of U.S. demand?..... ***

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?..... ***

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 ___

¹There were no imports of these products during 1989 from Argentina.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

What is the price elasticity of U.S. demand?..... ***

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?..... ***

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 Government of Mexico (GOM) has requested that mixtures of 2,4- and 2,6-TDI's provided for under HTS subheading 2929.10.15 be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to the support of Mexico's efforts to comply with its international financial commitments."

Petroquimica Rio Tercero, S.A., the sole Argentinian producer of TDI's, argues in a petition to the USTR that prior to the adoption of the HTS, mixtures of TDI's were eligible for duty-free entry under the GSP. The firm stated that redesignating such GSP eligibility will have no negative impact on U.S. producers of these chemicals.

Nitroclor Produtos Quimicos, S.A., a Brazilian chemical producer petitioning to the USTR for the addition of 3,4-DCPI to the list of GSP eligible products, stated that since they must compete in the international marketplace with large-scale producers of such chemicals in industrialized countries, the firm needs to have preferential tariff treatment to be competitive.

Cydsa Bayer, S.A. de C.V., A Mexican producer of mixtures of 2,4- and 2,6-TDI's, stated that they must compete in the U.S. market against very large U.S.- and foreign multinational firms, and therefore, are at a grave competitive disadvantage. Cydsa also pointed out that U.S. imports of these TDI mixtures are duty free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985, and under the United States-Canada Free Trade Agreement.

VI. Summary of probable economic effects—Addition

* * * * *

Table I.

Digest No.
29291015Digest Title: Certain isocyanates
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
France.....	176	0	0	0	14,456
West Germany.....	517	2,224	2,520	3,202	2,440
Mexico.....	0	0	925	0	912
Italy.....	265	706	990	749	604
United Kingdom...	203	480	11	27	297
Belgium.....	0	0	287	98	257
Netherlands.....	1,172	13	716	2,302	137
Japan.....	116	7	51	23	87
Canada.....	3	44	137	0	84
Sweden.....	0	9	2	0	46
Denmark.....	0	11	0	8	33
Greece.....	1	0	0	17	7
Chile.....	0	29	0	0	0
Brazil.....	6,011	0	141	235	0
Argentina.....	3,181	1,633	354	751	0
All other.....	512	36	3,075	1,493	0
Total.....	12,158	5,193	9,209	8,904	19,360
GSP Total 2/..	9,193	1,663	1,420	986	912
GSP+4 2/.....	9,193	1,663	1,420	986	912
Percent					
France.....	1.4	.0	.0	.0	74.7
West Germany.....	4.2	42.8	27.4	36.0	12.6
Mexico.....	.0	.0	10.0	.0	4.7
Italy.....	2.2	13.6	10.8	8.4	3.1
United Kingdom...	1.7	9.2	.1	.3	1.5
Belgium.....	.0	.0	3.1	1.1	1.3
Netherlands.....	9.6	.2	7.8	25.8	.7
Japan.....	1.0	.1	.6	.3	.5
Canada.....	1/	.9	1.5	.0	.4
Sweden.....	.0	.2	1/	.0	.2
Denmark.....	.0	.2	.0	.1	.2
Greece.....	1/	.0	.0	.2	1/
Chile.....	.0	.6	.0	.0	.0
Brazil.....	49.4	.0	1.5	2.6	.0
Argentina.....	26.2	31.5	3.8	8.4	.0
All other.....	4.2	.7	33.4	16.8	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	75.6	32.0	15.4	11.1	4.7
GSP+4 2/.....	75.6	32.0	15.4	11.1	4.7

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest Title: Certain isocyanates
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	1,144	1,466	2,092	2,392	26,365
Singapore.....	10	16	31	52	19,427
Australia.....	69	75	214	338	8,369
Taiwan.....	65	78	174	319	8,233
Japan.....	1,844	1,552	1,659	2,186	6,985
China.....	14	31	161	341	5,438
Netherlands.....	114	185	991	739	5,200
Hong Kong.....	30	76	89	177	4,264
Egypt.....	1/	2	0	8	3,708
Korea.....	66	208	355	469	3,492
Brazil.....	41	88	88	139	3,396
Thailand.....	6	17	8	34	2,621
Saudi Arabia.....	4	9	11	2	1,555
Colombia.....	23	54	58	56	1,358
New Zealand.....	23	16	30	15	1,206
All other.....	3,130	3,391	4,072	5,140	8,937
Total.....	6,585	7,264	10,032	12,407	110,553
GSP Total 2/..	1,434	1,714	1,852	1,701	18,354
GSP+4 2/.....	1,605	2,093	2,500	2,718	53,769
Percent					
Canada.....	17.4	20.2	20.9	19.3	23.8
Singapore.....	.1	.2	.3	.4	17.6
Australia.....	1.1	1.0	2.1	2.7	7.6
Taiwan.....	1.0	1.1	1.7	2.6	7.4
Japan.....	28.0	21.4	16.5	17.6	6.3
China.....	.2	.4	1.6	2.8	4.9
Netherlands.....	1.7	2.5	9.9	6.0	4.7
Hong Kong.....	.5	1.0	.9	1.4	3.9
Egypt.....	1/	1/	.0	.1	3.4
Korea.....	1.0	2.9	3.5	3.8	3.2
Brazil.....	.6	1.2	.9	1.1	3.1
Thailand.....	.1	.2	.1	.3	2.4
Saudi Arabia.....	.1	.1	.1	1/	1.4
Colombia.....	.4	.7	.6	.4	1.2
New Zealand.....	.4	.2	.3	.1	1.1
All other.....	47.5	46.7	40.6	41.4	8.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	21.8	23.6	18.5	13.7	16.6
GSP+4 2/.....	24.4	28.8	24.9	21.9	48.6

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 2934.20.40(pt)

N-TERT-BUTYL-2-BENZOTHAZOLESULFENAMIDE

N-tert-butyl-2-benzothiazolesulfenamide

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2934.20.40(pt) ¹	N-tert-Butyl-2-benzothiazole-sulfenamide	13.5%	Yes	***

¹Imports from Chile and Paraguay are currently ineligible for GSP duty free treatment.

Description and uses.—N-tert-Butyl-2-benzothiazolesulfenamide is used as an accelerator in the process of rubber vulcanization. The principal customers for N-tert-Butyl-2-benzothiazolesulfenamide are U.S. tire and rubber processing companies.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	3	3	3	3	0	3
Employment (1,000 employees)....	***	***	***	***	0	***
Shipments (1,000 dollars).....	***	***	***	41,550	***	***
Exports ³ (1,000 dollars).....	***	***	***	***	***	***
Imports ⁴ (1,000 dollars).....	***	***	***	***	***	***
Consumption (1,000 dollars).....	***	***	***	***	***	***
Import to consumption ratio (percent).....	***	***	***	***	***	***
Capacity utilization (percent)..	***	***	***	***	***	***

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³***.

⁴***.

***.

Comment.—The U.S. tire and rubber processing industries, which are the primary users of N-tert-butyl-benzothiazolesulfenamide, are considered to be industries with low growth markets.

U.S. producers and GSP supplier produced products are thought to be of equivalent quality. U.S. producers must comply with EPA environmental control standards which do not apply to GSP suppliers. In addition, GSP suppliers have labor, raw materials, and energy cost advantages over U.S. producers. The cumulative effects of GSP production cost advantages should theoretically allow a lower GSP-supplier price over U.S.-produced product.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	***	100	***	***
Imports from GSP countries: Total.....	***	***	100	***

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

Comment.—***.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... (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

¹Although there were no imports from Mexico of N-tert-butyl-2-benzothiazolesulfenamide during 1989, Mexico is expected to become a source for this chemical should this product be granted GSP eligibility.

Comment.—There were no imports of this product from Mexico during 1989. Lower production costs in GSP countries allow a lower price for equivalent product.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

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

Comment.—There were no GSP imports of this product during 1989. Lower production costs in GSP countries allow a lower price for equivalent product. Higher U.S. price for equivalent product may be attributed to factors such as assurance of supply and technical services provided by U.S. suppliers.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested that N-tert-butyl-2-benzothiozole-sulfenamide provided for under HTS subheading 2934.20.40(pt) be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Quimica Organica de Mexico, S.A. de C.V. (Qomsa) is the sole Mexican manufacturer of N-tert-butyl-2-benzothiazolesulfenamide. Although ineligible for GSP benefits, this product receives duty-free treatment when imported from CBERA countries and Israel under the United States-Israeli Free Trade Agreement. It is also subject to reduced duties from Canada.

The petitioner stated that GSP is a valuable incentive for economic development and an encouragement to developing countries to fully participate in the world trading community. The U.S.-Mexico Binational Commission agreed that the Government of Mexico has made significant progress in opening and deregulating its economy to foster efficiency and improved growth and employment prospects. These achievements correspond closely to the objectives the United States has sought in prior Generalized System of Preferences (GSP) reviews.

Petitioner further states that Mexico has opened the Mexican economy to foreign investment and liberalized domestic commerce and international trade. Granting GSP benefits to more products from Mexico would pave the way for further removal of trade barriers between the United States and Mexico and help Mexico increase export earnings to finance its foreign debt. These are some of the reasons that petitioner requests that N-tert-butyl-2-benzothiazolesulfenamide from Mexico be designated as a GSP eligible item.

VI. Summary of probable economic effects--Addition

* * * * *



DIGEST NO. 2935.00.31

CERTAIN SULFONAMIDES

Certain Sulfonamides

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Yugoslavia

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
2935.00.31 ¹	Certain sulfonamides	10.8% ²	Yes	***

¹Yugoslavia has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 2935.00.31.

²The duty on imports of sulfaquinoxaline and sulfanilamide has temporarily been suspended. See HTS subheading 9902.29.81 for more information.

Description and uses.—Sulfonamides are used therapeutically as antimicrobial and antibacterial agents, primarily in veterinary applications.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	2 ³	3 ³	3 ³	3 ³	11 ⁴	3 ³
Employment (1,000 employees)....	(3) ³	(3) ³	(3) ³	(3) ³	(4) ³	(3) ³
Production (1,000 dollars).....	***	***	***	***	***	***
Exports (1,000 dollars).....	1,510	2,138	1,885	1,223	-7	2,619
Imports (1,000 dollars).....	7,914	6,713	8,758	8,660	3	11,831
Consumption (1,000 dollars).....	***	***	***	***	***	***
Import to consumption ratio (percent).....	***	***	***	***	***	***
Capacity utilization (percent)...	(3) ³	(3) ³	(3) ³	(3) ³	(4) ³	(3) ³

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

⁴Not meaningful.

Comment.—***.

* * * * *

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	11,831	100	-	***
Imports from GSP countries:				
Total.....	8,168	69	100	***
Yugoslavia.....	6,715	57	82	***
India.....	898	8	11	***
Poland.....	465	4	6	***
Philippines.....	55	1	1	***

1***.

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

Comment.—***. It should be noted that although U.S. imports of these products from Yugoslavia were eligible for duty-free entry under GSP during 1986-89, they are no longer eligible as of 1990.

Poland is the third-largest GSP supplier of many of these products. ***.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1989..... 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.—According to an industry source, U.S. purchasers of these products from Yugoslavia consider these imports to be reliable, both in terms of supply and quality. ***. The ability of the consumer to shift readily between suppliers could be limited by the small number of suppliers in the market. ***.

V. Position of interested parties

Petitioner.—The petitioner, Sour Pliva, I.L., Yugoslavia, has requested that a competitive need limit waiver be granted for these products for the following reasons:

1. The import levels are relatively low;
2. Yugoslavia's transition to a market economy would be facilitated;
3. GSP eligibility would allow Pliva to import computers and pharmaceutical products from the United States, as well as air and water pollution control devices;
4. Pliva would be able to continue investing in new facilities and equipment; and
5. Pliva would be able to continue importing U.S. pharmaceutical and veterinary products through licensing agreements.

In addition, the petitioner believes that the U.S. industry would not be affected negatively because Pliva sells to generic manufacturers and the only domestic producer of many of these sulfonamides consumes the products internally.

The petitioner also indicates that "Yugoslavia law provides adequate and effective means for foreign national to secure, to exercise, and to enforce exclusive rights in intellectual property, including patent, trademark, and copyright rights."

VI. Summary of probable economic effects--Competitive-need-limit waiver Yugoslavia

* * * * *

Table I.

Digest No.
29350031Digest Title: Certain sulfonamides
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Yugoslavia.....	3,223	2,685	4,291	4,766	6,715
Japan.....	1,460	1,552	1,513	1,648	2,767
India.....	0	12	54	423	898
Poland.....	78	0	45	231	465
China.....	31	196	345	430	428
Netherlands.....	1,453	952	956	509	218
Spain.....	74	108	132	0	109
Philippines.....	0	0	0	0	55
Denmark.....	147	136	95	112	51
West Germany.....	180	192	99	45	29
United Kingdom...	203	113	237	7	28
Israel.....	0	0	19	58	28
Romania.....	66	39	205	5	24
Brazil.....	0	0	0	0	7
Canada.....	23	24	0	0	4
All other.....	976	705	766	425	6
Total.....	7,914	6,713	8,758	8,660	11,831
GSP Total 2/..	3,301	2,696	4,409	5,493	8,168
GSP+4 2/.....	3,301	2,709	4,586	5,499	8,171
Percent					
Yugoslavia.....	40.7	40.0	49.0	55.0	56.8
Japan.....	18.4	23.1	17.3	19.0	23.4
India.....	.0	.2	.6	4.9	7.6
Poland.....	1.0	.0	.5	2.7	3.9
China.....	.4	2.9	3.9	5.0	3.6
Netherlands.....	18.4	14.2	10.9	5.9	1.8
Spain.....	.9	1.6	1.5	.0	.9
Philippines.....	.0	.0	.0	.0	.5
Denmark.....	1.9	2.0	1.1	1.3	.4
West Germany.....	2.3	2.9	1.1	.5	.2
United Kingdom...	2.6	1.7	2.7	.1	.2
Israel.....	.0	.0	.2	.7	.2
Romania.....	.8	.6	2.3	.1	.2
Brazil.....	.0	.0	.0	.0	.1
Canada.....	.3	.4	.0	.0	1/
All other.....	12.3	10.5	8.7	4.9	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	41.7	40.2	50.3	63.4	69.0
GSP+4 2/.....	41.7	40.4	52.4	63.5	69.1

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest Title: Certain sulfonamides
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Liechtenstein....	0	0	0	10	595
United Kingdom...	30	35	29	80	425
Japan.....	580	311	520	429	364
Australia.....	4	3	4	5	200
Canada.....	86	76	79	85	179
France.....	4	8	27	28	178
Switzerland.....	633	1,483	732	87	171
Belgium.....	8	1	6	24	96
Brazil.....	21	27	37	35	96
Portugal.....	1/	1	1	2	70
Netherlands.....	3	3	9	3	50
Cyprus.....	0	0	1/	1/	25
Cayman Is.....	2	2	1/	1/	22
Mexico.....	47	37	35	24	22
Argentina.....	5	5	7	19	19
All other.....	86	144	398	391	104
Total.....	1,510	2,138	1,885	1,223	2,619
GSP Total 2/..	116	150	359	265	257
GSP+4 2/.....	133	165	428	409	267
Percent					
Liechtenstein....	.0	.0	.0	.8	22.7
United Kingdom...	2.0	1.6	1.6	6.6	16.2
Japan.....	38.4	14.6	27.6	35.1	13.9
Australia.....	.3	.2	.2	.4	7.6
Canada.....	5.7	3.6	4.2	7.0	6.8
France.....	.3	.4	1.5	2.3	6.8
Switzerland.....	41.9	69.4	38.8	7.1	6.5
Belgium.....	.5	.1	.3	1.9	3.7
Brazil.....	1.4	1.3	1.9	2.8	3.7
Portugal.....	1/	1/	1/	.2	2.7
Netherlands.....	.2	.2	.5	.3	1.9
Cyprus.....	.0	.0	1/	1/	1.0
Cayman Is.....	.2	.1	1/	1/	.9
Mexico.....	3.1	1.8	1.9	1.9	.8
Argentina.....	.3	.2	.4	1.5	.7
All other.....	5.7	6.8	21.1	32.0	4.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	7.7	7.0	19.0	21.7	9.8
GSP+4 2/.....	8.8	7.7	22.7	33.4	10.2

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 3205.00.10(pt)

CARMINE LAKES

Carmine Lakes

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
3205.00.10(pt)	Carmine lakes from cochineal	15%	No	***

Description and uses.—Cochineal extract is a natural red coloring agent extracted from the cochineal insect that lives on cactus found in certain tropical regions such as Peru and the Canary Islands. The aqueous extract is then precipitated on an aluminum hydroxide substrate to form the aluminum or calcium-aluminum carmine lake. A lake is a preparation, insoluble in water, obtained by fixation of natural coloring matter or synthetic organic coloring matter on a base, generally mineral (barium sulphate, aluminum oxide, etc.) and used as a pigment. Carmine red is also known as Natural Red 4 or carminic acid, carminic acid being the active coloring ingredient in the finished product. Carmine red is used primarily in dry color blends by the cosmetic industry. More recently, the product has been used in seasonings, additives, flavors, and colors as a replacement for F.D. & C. Red No. 3 which was banned by the Food and Drug Administration on January 29, 1990. There is invariably some degree of substitution among coloring agents; however, the exact color and properties of this compound can not be duplicated.

II. U.S. market profile¹

Profile of U.S. industry and market, 1985-89²

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ³	1989
Producers (number).....						
Employment (1,000 employees)....						
Shipments (1,000 dollars).....						
Exports (1,000 dollars).....						
Imports (1,000 dollars).....	**5,000	**5,000	**5,000	**5,000	**0	**4,500
Consumption (1,000 dollars)....						
Import to consumption ratio (percent).....	100	100	100	100	0	100
Capacity utilization (percent)..						

¹There is no U.S. production of cochineal carmine red lake.

²Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

³This figure represents the average annual rate of change during 1985-1988.

Comment.—The cochineal insect does not live in the United States. As a consequence, there is no U.S. production of carmine red lake from the cochineal insect. There are, however, other red lakes used in the food, drug and cosmetic industries (cf. 21 CFR 100 et seq.) that are produced in the United States. Natural dyes are intermediate products purchased by the food, drug, and cosmetic industries based on technical characteristics and price. The cost of the coloring matter is about

1 percent of the finished good. Although F.D. & C. colors are all well known and are competitive with one another (to some degree) based on price and technical characteristics, they are more likely to find "niches" within the coloring market due to their specific shades and technical characteristics. The most popular use for carmine lake in the cosmetic industry is as a colorant in eye makeup. Lakes made from synthetic dyes are not allowed to be used for this purpose.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	**4,500	100	-	100
Imports from GSP countries:				
Total.....	**3,600	**80	**100	**80
Peru.....	**3,600	**80	**100	*80

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

Comment.—***.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Peru for all digest products¹

Ranking as a U.S. import supplier, 1989..... 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

¹There is no U.S. production of carmine red lake from the cochineal insect.

Competitiveness indicators for all GSP countries and for all digest products¹

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

¹There is no U.S. production of carmine red lake from the cochineal insect.

V. Position of interested parties

Petitioners.—The Government of Peru, the Asociacion Nacional de Cochinilla-Peru (ANC), Warner-Jenkins, a Division of Universal Foods Corporation, and Biocon (U.S.), Inc.

All the petitioners stated that in the transition from the Tariff Schedules of the United States (TSUS) to the Harmonized System (HTS) in 1989, cochineal was inadvertently misclassified. They pointed out that prior to implementation of the HTS, carmine lake was classified under TSUS 470.05, a classification for coloring matter of animal or vegetable origin, and was eligible to enter the United States duty-free under the GSP. The petitioners further stated that they believed that cochineal lakes would be classified in the HTS under subheading 3203.00.10, a classification for coloring matter of vegetable or animal origin. After implementation of the HTS, however, the U.S. Customs Service determined that carmine lakes were to be classified with all other red lakes under HTS subheading 3205.001020. Under this HTS subheading, products are not eligible for GSP duty-free entry into the United States. In conclusion, the petitioners emphasized that the conversion was intended to be 'tariff neutral' and not to affect GSP status. Therefore, granting GSP status for carmine red lakes will only correct an inadvertent error that resulted from the conversion from the TSUS to the HTS.

VI. Summary of probable economic effects—Addition

* * * * *

DIGEST NO. 3606.90.60
CERTAIN COMBUSTIBLE MATERIALS

Certain Combustible Materials

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
3606.90.60	Certain combustible materials	5%	Yes	***

Description and uses.—Goods contained in HTS subheading 3606.90.60 consist of a variety of products that are primarily used to initiate or facilitate the combustion of other products. The specific product mentioned in the petition is commonly referred to as a "firestarter". These products generally consist of a combination of ingredients designed to provide a steady heat source for a period of time ranging from several minutes to several hours. Firestarters are generally used to start wood coal or charcoal fires in barbecue grills, fireplaces, iron stoves and the like. Other products covered by this subheading include such things as fire logs, resin torches, pelletized rocket fuel for model rockets, canned fuel for chafing dishes, and similar products.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	(3)	(3)	(3)	(3)	(3)	(3)
Employment (1,000 employees)....	(3)	(3)	(3)	(3)	(3)	(3)
Shipments (1,000 dollars).....	(3)	(3)	(3)	(3)	(3)	(3)
Exports (1,000 dollars).....	54,185	62,803	85,230	113,843	28	28,324
Imports (1,000 dollars).....	0	0	0	0	0	470
Consumption (1,000 dollars)....	(3)	(3)	(3)	(3)	(3)	(3)
Import to consumption ratio (percent).....	(3)	(3)	(3)	(3)	(3)	(3)
Capacity utilization (percent)..	(3)	(3)	(3)	(3)	(3)	(3)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

Comment.—Specific information on the aggregation of industries is not available. However, it is estimated that U.S. production of the goods covered by subheading 3606.90.60 is in excess of \$100 million annually, and that over 5000 workers are employed in the manufacturing of these products. The primary motivation in the purchasing decision would appear to be price. Other factors appear to be small by comparison. The domestic manufacturers appear to have the advantages of proximity to the market, vertical integration, and economy of scale, all of which contribute to price competitiveness. The competitiveness of U.S. producers in the world market is indicated by a 60 to 1 export to import ratio despite a duty rate of 5 percent, relatively low compared to those of most other countries on these products.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	470	100	-	(¹)
Imports from GSP countries:				
Total.....	0	0	100	0

¹Not available.

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

Comment.—There were no imports from GSP countries of products covered by subheading 3606.90.60 during 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

Comment.—There were no imports from GSP countries of products covered by subheading 3606.90.60 during 1985-89.

V. Position of interested parties

Petitioner.—The petitioner, the Government of Colombia, indicated that GSP imports would be small relative to the domestic market and would have no significant impact on U.S. manufacturers.

VI. Summary of probable economic effects—Addition

* * * * *

Table I.

Digest Title: Pyrophoric alloys
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	0	0	0	0	209
Korea.....	0	0	0	0	110
Switzerland.....	0	0	0	0	56
West Germany.....	0	0	0	0	42
United Kingdom...	0	0	0	0	14
Hong Kong.....	0	0	0	0	13
Sweden.....	0	0	0	0	11
Taiwan.....	0	0	0	0	5
Finland.....	0	0	0	0	4
Japan.....	0	0	0	0	3
Netherlands.....	0	0	0	0	2
China.....	0	0	0	0	1
Total.....	0	0	0	0	470
GSP Total 1/..	0	0	0	0	0
GSP+4 1/.....	0	0	0	0	128
Percent					
Canada.....	.0	.0	.0	.0	44.5
Korea.....	.0	.0	.0	.0	23.4
Switzerland.....	.0	.0	.0	.0	11.9
West Germany.....	.0	.0	.0	.0	8.9
United Kingdom...	.0	.0	.0	.0	3.0
Hong Kong.....	.0	.0	.0	.0	2.8
Sweden.....	.0	.0	.0	.0	2.3
Taiwan.....	.0	.0	.0	.0	1.1
Finland.....	.0	.0	.0	.0	.8
Japan.....	.0	.0	.0	.0	.6
Netherlands.....	.0	.0	.0	.0	.4
China.....	.0	.0	.0	.0	.3
Total.....	.0	.0	.0	.0	100.0
GSP Total 1/..	.0	.0	.0	.0	.0
GSP+4 1/.....	.0	.0	.0	.0	27.2

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest No.
36069060Digest Title: Pyrophoric alloys
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	9,966	13,319	22,467	34,571	19,817
United Kingdom...	3,398	3,489	5,129	6,623	1,189
Japan.....	3,732	5,145	6,211	8,051	1,112
West Germany.....	2,489	2,772	3,781	5,838	1,054
Taiwan.....	723	720	1,566	2,140	656
Costa Rica.....	414	491	983	424	566
Hong Kong.....	674	799	1,063	1,339	547
Australia.....	1,359	1,456	2,307	3,107	415
France.....	1,296	1,447	2,091	2,938	280
Netherlands.....	2,029	2,475	3,292	3,465	214
Sweden.....	406	538	650	810	200
Singapore.....	2,288	995	1,095	1,376	168
Guatemala.....	162	189	258	294	148
Haiti.....	189	297	374	270	116
Pakistan.....	113	118	203	198	113
All other.....	24,945	28,552	33,762	42,397	1,728
Total.....	54,185	62,803	85,230	113,843	28,324
GSP Total 1/..	17,667	21,375	25,005	30,425	1,838
GSP+4 1/.....	22,118	24,792	30,057	36,899	3,243
Percent					
Canada.....	18.4	21.2	26.4	30.4	70.0
United Kingdom...	6.3	5.6	6.0	5.8	4.2
Japan.....	6.9	8.2	7.3	7.1	3.9
West Germany.....	4.6	4.4	4.4	5.1	3.7
Taiwan.....	1.3	1.1	1.8	1.9	2.3
Costa Rica.....	.8	.8	1.2	.4	2.0
Hong Kong.....	1.2	1.3	1.2	1.2	1.9
Australia.....	2.5	2.3	2.7	2.7	1.5
France.....	2.4	2.3	2.5	2.6	1.0
Netherlands.....	3.7	3.9	3.9	3.0	.8
Sweden.....	.7	.9	.8	.7	.7
Singapore.....	4.2	1.6	1.3	1.2	.6
Guatemala.....	.3	.3	.3	.3	.5
Haiti.....	.3	.5	.4	.2	.4
Pakistan.....	.2	.2	.2	.2	.4
All other.....	46.0	45.5	39.6	37.2	6.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	32.6	34.0	29.3	26.7	6.5
GSP+4 1/.....	40.8	39.5	35.3	32.4	11.5

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 3817.10.00(pt)

MIXED LINEAR ALKYL BENZENES

Mixed Linear Alkylbenzenes

I. Introduction

___ Addition to GSP X Removal from GSP ___ Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem equivalent</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
3817.10.00(pt)	Mixed linear alkylbenzenes	18.8%	Yes	***

Description and uses.—The mixed alkylbenzenes covered by this digest are synthetic organic chemicals manufactured from benzene and linear or branched alkanes. These products are used principally as raw materials in the production of detergents. Other uses include specialty lubricants and heat-transfer agents. One class of mixed alkylbenzenes, mixed linear alkylbenzenes are the principal raw materials for producing the foaming agents used in formulating household and industrial detergents for the U.S. and other world markets.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	4	4	3	3	-6	*3
Employment (1,000 employees)....	***	***	***	***	***	***
Shipments (1,000 dollars).....	***	***	***	***	***	***
Exports (1,000 dollars).....	17,483	19,355	24,819	29,035	14	14,659
Imports (1,000 dollars).....	17,629	6,627	3,784	5,159	-14	2,764
Consumption (1,000 dollars).....	***	***	***	***	***	***
Import to consumption ratio (percent).....	***	***	***	***	***	***
Capacity utilization (percent)...	***	***	***	***	***	***

¹Data are for HTS 3817.10.00 which includes the digest product for which advice is requested as well as other products. Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—There are currently 3 domestic producers of mixed alkylbenzenes; Vista Chemical Co., Houston, TX, Monsanto Company, St. Louis, MO, and Phillips 66 Company, Bartlesville, OK. The major domestic suppliers of these products to the U.S. market are Vista and Monsanto. In 1989, the combined annual production of Vista and Monsanto accounted for *** of total production for this period. The majority of the 2 firms' annual output is marketed to U.S. detergent producers with the remainder either exported to foreign markets (principally Canada) or used captively (Monsanto's agricultural chemicals operations). Vista and Monsanto produce mixed linear alkylbenzenes (LAB); however, Monsanto also produces small quantities of mixed branched alkylbenzenes. The world market demand for LAB is highly price elastic. This product is sold mainly on the basis of price and almost all world producers provide LAB of similar quality to their customers. On the other hand, mixed branched alkylbenzenes, another chemical class of mixed alkylbenzenes, compete in a world

market which can be characterized as having a moderate price elasticity, since these chemicals generally are used in specialty applications.

LAB represented an estimated *** percent of consumption and *** percent of U.S. exports during 1989. According to industry sources, there were little or imports of LAB during 1985-89.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	2,764	100	-	***
Imports from GSP countries:				
Total.....	361	13	100	***
Venezuela.....	187	7	52	***
Mexico.....	165	6	46	***
Brazil.....	9	(²)	2	***

¹Data are for HTS 3817.10.00 which includes the digest product for which advice is requested as well as other products.

²***.

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

Comment.—Prior to 1989, imports of certain mixed alkylbenzenes were GSP-eligible if classified under TSUS 407.19. Such eligibility was eliminated in January 1989 when the HTS became effective. GSP eligibility for HTS 3817.10.00 became effective in July 1989. All GSP imports of mixed alkylbenzenes during 1989 were of the class known as mixed branched alkylbenzenes. According to industry sources, there were no imports of LAB during 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Venezuela for all digest products

Ranking as a U.S. import supplier, 1989..... 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?..... ***

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?..... ***

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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?..... ***

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?..... ***

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 7

Price elasticity:

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

What is the price elasticity of U.S. demand?..... ***

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?..... ***

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

What is the price elasticity of U.S. demand?..... ***

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?..... ***

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, Vista Chemical Company, Houston, TX, is a domestic producer of LAB. Vista maintains that GSP eligibility for LAB will be disruptive to the U.S. LAB industry because producers in many GSP-eligible countries have protected their markets from imports of these products and, to varying degrees, receive government subsidies to produce LAB. Vista suggests that a separate HTS subheading for LAB be created with no provision for duty-free imports under the GSP.

Support.—Monsanto Company, St. Louis, MO, a domestic LAB and mixed branched alkylbenzenes producer, supports Vista's request to create a separate subheading for LAB. Monsanto stated that there is currently a worldwide overcapacity for LAB, and that there is a widespread practice by governments of GSP-eligible countries to subsidize their LAB producers while imposing prohibitively high duties on LAB imports.

Opposition.—In a written submission Klayman and Associates, P.C., counsel for Holtrachem, Inc., and Holtrachem West, Inc., importers of Brazilian LAB, and Deten Quimica, Brazil, S.A., a Brazilian producer of LAB stated their opposition to Vista's petition to remove LAB from the list of GSP-eligible products. Klayman and Assoc. feel that Vista's concerns on the future possibility of disruption of the U.S. LAB market is insufficient grounds for creating a new HTS subheading for LAB having no provisions for duty-free imports from GSP-eligible countries.

VI. Summary of probable economic effects—Removal

* * * * *

Table I.

Digest Title: Mixed linear alkylbenzenes
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
France.....	146	319	79	143	1,103
Spain.....	2	0	1/	1	668
Japan.....	99	130	167	210	320
Taiwan.....	1/	2	1/	22	311
Venezuela.....	0	322	291	1,002	187
Mexico.....	6,939	349	59	50	165
Brazil.....	3,060	757	379	580	9
West Germany.....	527	590	732	866	1
Canada.....	251	34	78	82	0
Dominican Rep....	0	71	0	0	0
Barbados.....	0	0	44	53	0
Trin & Tobago....	209	47	0	97	0
Netherlands Ant..	83	0	0	0	0
Netherlands Ant..	0	0	1/	0	0
Argentina.....	291	266	437	386	0
All other.....	6,022	3,740	1,518	1,667	0
Total.....	17,629	6,627	3,784	5,159	2,764
GSP Total 2/..	11,764	1,854	1,305	2,260	361
GSP+4 2/.....	11,764	2,123	1,360	2,294	672
Percent					
France.....	.8	4.8	2.1	2.8	39.9
Spain.....	1/	.0	1/	1/	24.2
Japan.....	.6	2.0	4.4	4.1	11.6
Taiwan.....	1/	1/	1/	.4	11.3
Venezuela.....	.0	4.9	7.7	19.4	6.8
Mexico.....	39.4	5.3	1.6	1.0	6.0
Brazil.....	17.4	11.4	10.0	11.2	.3
West Germany.....	3.0	8.9	19.3	16.8	1/
Canada.....	1.4	.5	2.0	1.6	.0
Dominican Rep....	.0	1.1	.0	.0	.0
Barbados.....	.0	.0	1.2	1.0	.0
Trin & Tobago....	1.2	.7	.0	1.9	.0
Netherlands Ant..	.5	.0	.0	.0	.0
Netherlands Ant..	.0	.0	1/	.0	.0
Argentina.....	1.6	4.0	11.6	7.5	.0
All other.....	34.2	56.4	40.1	32.3	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	66.7	28.0	34.5	43.8	13.1
GSP+4 2/.....	66.7	32.0	35.9	44.5	24.3

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest No.
38171000(pt)Digest Title: Mixed linear alkylbenzenes
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	3,852	4,362	7,056	8,323	12,237
France.....	203	451	642	574	2,280
Mexico.....	963	1,065	1,389	1,670	127
Colombia.....	215	180	194	266	9
Singapore.....	581	548	631	653	5
Bolivia.....	35	6	8	8	2
Guatemala.....	79	69	96	74	0
Belize.....	12	16	15	11	0
El Salvador.....	52	38	62	56	0
Honduras.....	63	48	82	61	0
Nicaragua.....	4	0	1/	0	0
Costa Rica.....	202	181	137	95	0
Panama.....	170	168	160	93	0
Bermuda.....	20	37	29	20	0
Bahamas.....	41	16	23	36	0
All other.....	10,989	12,171	14,294	17,094	0
Total.....	17,483	19,355	24,819	29,035	14,659
GSP Total 2/..	5,247	5,685	6,151	6,851	137
GSP+4 2/.....	6,538	7,142	8,019	8,968	142
Percent					
Canada.....	22.0	22.5	28.4	28.7	83.5
France.....	1.2	2.3	2.6	2.0	15.6
Mexico.....	5.5	5.5	5.6	5.8	.9
Colombia.....	1.2	.9	.8	.9	.1
Singapore.....	3.3	2.8	2.5	2.2	1/
Bolivia.....	.2	1/	1/	1/	1/
Guatemala.....	.5	.4	.4	.3	.0
Belize.....	.1	.1	.1	1/	.0
El Salvador.....	.3	.2	.2	.2	.0
Honduras.....	.4	.2	.3	.2	.0
Nicaragua.....	1/	.0	1/	.0	.0
Costa Rica.....	1.2	.9	.6	.3	.0
Panama.....	1.0	.9	.6	.3	.0
Bermuda.....	.1	.2	.1	.1	.0
Bahamas.....	.2	.1	.1	.1	.0
All other.....	62.9	62.9	57.6	58.9	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	30.0	29.4	24.8	23.6	.9
GSP+4 2/.....	37.4	36.9	32.3	30.9	1.0

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 3906.90.50

OTHER ACRYLIC POLYMERS IN PRIMARY FORMS, NOT
ELASTOMERIC AND NOT PLASTICS

Other Acrylic Polymers in Primary Forms, Not
Elastomeric and Not Plastics

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
3906.90.50	Other acrylic polymers, n.e.s.	4.2%	Yes	***

Description and uses.—The principal products covered here are those which are not capable of being molded or shaped by flow, primarily acrylic acid esters and polyacrylic acid and salts. The acrylate esters as emulsion polymers enter a large number of unrelated product areas (e.g., surface coatings, textile treatment, textile binders, adhesives, paper treatment, caulks and sealants, and many others). Nonemulsion applications for acrylate esters include solvent-based surface coatings, acrylic and monoacrylic fibers, and many more diverse uses. Polyacrylic acid and its salts (e.g., sodium polyacrylate) are used in applications such as super absorbents (e.g., diapers and feminine hygiene products); detergents (e.g., as a processing aid); and as dispersant in the paper, textile, and leather industries.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**14	**16	**16	**19	**8	**25
Employment (1,000 employees)....	(^{3})	(^{3})	(^{3})	(^{3})	(³)	(³)
Production (million dollars)....	**200	**225	**245	**330	**13	**370
Exports (million dollars).....	⁴	⁴	⁷	⁹	²²	²⁴
Imports (million dollars).....	(^{3})	(^{3})	(^{3})	(^{3})	(³)	⁹²
Consumption (million dollars)...	(^{3})	(^{3})	(^{3})	(^{3})	(³)	**438
Import to consumption ratio (percent).....	(^{3})	(^{3})	(^{3})	(^{3})	(³)	**21
Capacity utilization (percent)...	**85	**88	**87	**93	**2	**95

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

Comment.—Industry sources report that there are about 25 domestic producers of the products covered, three or four of which dominate the market.¹ According to industry sources the acrylic polymers covered here represent about 15–20 percent of the volume of all acrylic polymers. The U.S. producers of products covered here generally offer a complete line of products for a market or markets, provide local technical service, and can provide just-in-time delivery.

The overall market for the products covered here has grown about 11 percent annually in recent years. First, there has been a growing trend toward emulsions where water is the carrier and away from resin solutions which use an organic solvent. Second, young mothers in recent years have turned towards the disposable diaper, which is absorbent, and away from the reusable diaper. However, this latter trend could start to level off or decline owing to growing concern about disposable diapers causing environmental problems (i.e., not biodegradable) at the nation's landfills.²

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	91,701	100	-	**21
Imports from GSP countries:				
Total.....	193	(¹)	100	**(¹)
Mexico.....	146	(¹)	76	**(¹)
Israel ²	47	(¹)	24	**(¹)

¹Less than 0.5 percent.

²Although imports of these products from Israel are eligible for duty-free entry under the GSP, imports of this item during 1989 from Israel entered duty-free under the provisions of the United States Free Trade Area Implementation Act of 1985.

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

Comment.—U.S. imports of the subject products from GSP countries in 1989 represented less than 1 percent of total imports covered here. The majority of U.S. imports of the acrylic polymers covered by this digest during 1989 were from Japan and the United Kingdom which, in the aggregate, represented 87 percent (\$80 million) of the total imports (\$92 million) that year. Japan alone represented 52 percent (\$48 million) of the value of imports covered here in 1989.

Industry sources report that it is difficult for GSP countries, without sophisticated marketing networks, to enter the U.S. market for the products covered by this digest because these acrylic polymers enter such a wide variety of markets and end-uses.³

¹Based on information developed during a telephone conversation on Aug. 31, 1990, between a Commission staff member and an official at Rohm & Haas Company (Philadelphia, PA), a major domestic producer of the products covered here.

²Ibid.

³Based on information developed during a telephone conversation on Sept. 6, 1990, between a Commission staff member and an official at Rohm Haas Company (Philadelphia, PA), a major domestic producer of the products covered here.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 10

Price elasticity:

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

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

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

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—The United States is Mexico's leading market for the acrylic polymers covered here, and part of the trade ***. Mexico has a limited capacity for the acrylic polymers covered here, *** and has not announced additional capacity for these materials.

Competitiveness indicators for Israel for all digest products

Ranking as a U.S. import supplier, 1989..... 15

Price elasticity:

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

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

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

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Separate data for Israel's production and trade of the products covered here are not available. However, this production must be small compared to that of the United States. For example, Israel's chemical industry turnover was expected to reach U.S. \$4 billion in 1989, up 24 percent from \$3 billion in 1988.¹ Israel's chemical industry exports, which now account for nearly half of its industry's total production, reached \$2 billion in 1988; this represented a 10 percent increase compared with 1987.² By comparison, U.S. shipments of chemicals and allied products exceeded \$274 billion in 1989, 6 percent more than \$259 billion in 1988. U.S. exports of chemicals and allied products in 1988 amounted to \$33 billion, 3 percent over \$27 billion in 1987.

¹Aushandel, Dec. 13, 1989, p. 7.

²Chemical Week, Mar. 15, 1989, p. 64.

V. Position of interested parties

Petitioner.—The Government of Colombia petitioned the GSP Subcommittee of the Trade Policy Staff Committee for the addition of other acrylic polymers in primary forms, not elastomers and not plastics, as classified under HTS subheading 3906.90.50, to the list of articles eligible for GSP-free treatment.

VI. Summary of probable economic effects—Addition

* * * * *

Table I.

Digest No.
39069050Digest Title: Other acrylic polymers in primary forms, not elastomeric
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	0	0	0	0	47,728
United Kingdom...	0	0	0	0	32,191
West Germany.....	0	0	0	0	7,277
Canada.....	0	0	0	0	1,879
Netherlands.....	0	0	0	0	612
Korea.....	0	0	0	0	585
France.....	0	0	0	0	459
Sweden.....	0	0	0	0	218
Spain.....	0	0	0	0	169
Mexico.....	0	0	0	0	146
Italy.....	0	0	0	0	131
Belgium.....	0	0	0	0	106
Switzerland.....	0	0	0	0	69
Rep So Africa....	0	0	0	0	57
Israel.....	0	0	0	0	47
All other.....	0	0	0	0	28
Total.....	0	0	0	0	91,701
GSP Total 2/..	0	0	0	0	193
GSP+4 2/.....	0	0	0	0	805
Percent					
Japan.....	.0	.0	.0	.0	52.0
United Kingdom...	.0	.0	.0	.0	35.1
West Germany.....	.0	.0	.0	.0	7.9
Canada.....	.0	.0	.0	.0	2.0
Netherlands.....	.0	.0	.0	.0	.7
Korea.....	.0	.0	.0	.0	.6
France.....	.0	.0	.0	.0	.5
Sweden.....	.0	.0	.0	.0	.2
Spain.....	.0	.0	.0	.0	.2
Mexico.....	.0	.0	.0	.0	.2
Italy.....	.0	.0	.0	.0	.1
Belgium.....	.0	.0	.0	.0	.1
Switzerland.....	.0	.0	.0	.0	.1
Rep So Africa....	.0	.0	.0	.0	.1
Israel.....	.0	.0	.0	.0	.1
All other.....	.0	.0	.0	.0	1/
Total.....	.0	.0	.0	.0	100.0
GSP Total 2/..	.0	.0	.0	.0	.2
GSP+4 2/.....	.0	.0	.0	.0	.9

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest Title: Other acrylic polymers in primary forms, not elastomeric
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	862	928	1,682	1,830	5,228
France.....	446	567	750	790	3,853
West Germany.....	127	151	653	271	1,920
Mexico.....	107	178	138	353	1,477
Netherlands.....	82	151	568	899	1,476
United Kingdom...	151	130	313	536	1,093
Japan.....	295	344	380	639	1,004
Taiwan.....	116	183	206	270	874
Korea.....	137	157	296	343	812
Belgium.....	106	88	159	276	527
Jamaica.....	105	27	50	59	475
Australia.....	206	99	156	159	402
Philippines.....	7	24	87	68	380
Singapore.....	59	110	166	217	368
Hong Kong.....	54	76	127	221	326
All other.....	976	1,084	1,445	1,966	4,031
Total.....	3,836	4,297	7,177	8,896	24,245
GSP Total 1/..	849	972	1,237	1,661	4,665
GSP+4 1/.....	1,216	1,499	2,032	2,711	7,045
Percent					
Canada.....	22.5	21.6	23.4	20.6	21.6
France.....	11.6	13.2	10.5	8.9	15.9
West Germany.....	3.3	3.5	9.1	3.0	7.9
Mexico.....	2.8	4.1	1.9	4.0	6.1
Netherlands.....	2.1	3.5	7.9	10.1	6.1
United Kingdom...	3.9	3.0	4.4	6.0	4.5
Japan.....	7.7	8.0	5.3	7.2	4.1
Taiwan.....	3.0	4.3	2.9	3.0	3.6
Korea.....	3.6	3.7	4.1	3.9	3.3
Belgium.....	2.8	2.1	2.2	3.1	2.2
Jamaica.....	2.7	.6	.7	.7	2.0
Australia.....	5.4	2.3	2.2	1.8	1.7
Philippines.....	.2	.5	1.2	.8	1.6
Singapore.....	1.5	2.6	2.3	2.4	1.5
Hong Kong.....	1.4	1.8	1.8	2.5	1.3
All other.....	25.4	25.2	20.1	22.1	16.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	22.1	22.6	17.2	18.7	19.2
GSP+4 1/.....	31.7	34.9	28.3	30.5	29.1

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 3907.60.00

POLYETHYLENE TEREPHTHALATE RESINS IN
PRIMARY FORMS

Polyethylene Terephthalate Resins in Primary Forms

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem equivalent</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
3907.60.001	Polyethylene terephthalate resins in primary forms	10.5%	Yes	***

Description and uses.—Polyethylene terephthalate (PET) resins (or polymers) in primary forms are prepared from the polymerization of ethylene glycol (from ethane feedstock) with either terephthalic acid (from para-xylene feedstock) or dimethyl terephthalate (from para-xylene feedstock).

The molten or melt-phase PET polymers in primary form are used in the production of PET film for graphics, magnetic recordings, and packaging; they are also used in the production of PET solid-state resins (also known as PET bottle-grade resins) which are primarily used in the production of two-liter soft-drink bottles; lesser amounts of PET solid-state resins are used to produce dual-ovenable containers. Melt-phase PET polymer is also used in the production of PET or polyester fiber for textile fiber-grade applications (e.g., apparel, carpets) and for industrial fiber-grade applications (e.g., tire cord).

The melt-phase PET polymers used for each of the three major market categories are distinct and are not interchangeable one with another. Polyester fiber accounts for about 60 percent of the total annual domestic consumption of PET melt-phase polymer capacity; PET solid-state resins account for about 30 percent of the capacity; and PET film annually accounts for 10 percent or less of annual consumption of PET melt-phase polymer capacity.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988, over 1985 ²	1989
Producers (number).....	11	10	10	9	-4	10
Employment (1,000 employees)....	**2	**2	**2	**2	0	**2
Shipments (Million dollars).....	*355	*385	*460	*590	*14	*620
Exports (Million dollars).....	10	8	8	12	6	184
Imports (Million dollars).....	18	20	15	20	4	7
Consumption (Million dollars)....	*363	*397	*467	*598	*18	*443
Import to consumption ratio (percent).....	*5	*5	*3	*3	*-9	*2
Capacity utilization (percent)...	*82	*95	*95	*97	*4	*84

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—PET resins are capital-intensive materials in which a relatively few workers can each produce hundreds of millions of pounds of PET resins annually. In 1989, there were 10 producers of PET melt-phase resin, four of which produced PET solid-state or bottle-grade resins from the melt-phase material. All 10 firms are large, diversified producers with multiple domestic plant locations that produce a host of other chemical and nonchemical production. Nine of these firms are multinational producers, operating in Canada, Japan, Latin America, and Western Europe.

Production of PET resins for plastics and film applications has traditionally been located in the industrialized nations where consumption has been greatest. Production of PET resins for fiber applications is more widely dispersed worldwide as the end products, such as wearing apparel, are more labor-intensive products, and are produced economically in developing nations.

The United States accounted for more than half of the world's capacity of solid-state PET resins for plastics applications and PET films. However, the United States accounts for only slightly more than 20 percent of the world's PET polymer capacity for polyester fiber.

Growth in PET polymer is tied to three major areas: textiles, film application, and soft-drink bottles. In the United States, the market for PET polymers for polyester fibers is flat, and is projected to grow, if at all, at less than 1 percent annually during 1989-95. The annual domestic consumption of PET melt-phase resin or PET bottle grade material is projected by industry sources to grow at 8-10 percent from 1989-95, and for PET film the growth rate is projected by industry sources at 3-4 percent annually during this period.¹

¹***.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	7,031	100	-	*2
Imports from GSP countries:				
Total.....	3,090	44	100	*1
Brazil.....	2,528	36	82	*1
Mexico.....	554	8	18	* ⁽¹⁾
Indonesia.....	7	(¹)	(¹)	* ⁽¹⁾

¹Less than 0.5 percent.

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

Comment.—During 1985–88, imports of PET resins in primary forms from GSP countries annually represented from less than 1 percent of the total (1985) to 16 percent of the total (1987). In 1989, imports of the subject product from GSP countries represented 44 percent of the value of total imports. The majority of the U.S. imports of the PET resins in primary forms came from many sources during 1985–89, the most important of which were Belgium, Brazil, Japan, Mexico, the Netherlands, Switzerland, and West Germany. In 1989, Brazil, Switzerland, the Netherlands, and West Germany were the leading sources, representing in the aggregate 80 percent (\$6 million) of the total value (\$7 million) of imports of PET resins in primary forms.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 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 United States is Mexico's leading market for PET exports. In 1989, PET exports to the United States represented about 1 percent of Mexico's PET capacity for solid-state PET resins which is about 40 million pounds per year.¹ Mexico reportedly has an additional 590 million pounds of annual capacity for fiber-grade PET polymers.²

Although the quality of imported PET resins in primary forms reportedly is equal to that of the domestic material, consumers are willing to pay more for the domestic product as the U.S. PET producers can supply their total needs, whereas imports can supply but a fraction of the demand. Further, U.S. PET producers are located primarily in the principal consuming area (i.e., Southeastern States), and can offer quick, assured delivery. It is only in the Southwestern States, California, and Florida that Mexico can match the delivery schedule of the U.S. PET producers. Finally, U.S. PET producers have local technical service facilities that permit quick problem solving.

¹***.

²Ibid.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested a waiver of competitive need limit for polyethylene terephthalate in primary forms provided under HTS subheading (3907.60.00) with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Petrocel, S.A., presently not a producer of PET resins in primary forms, stated the following: That at present only two Mexican firms, Kimex and Celanese, produce bottle-grade PET. Both firms also produce PET for polyester fibers as do four other Mexican companies: Fisise, Inpetmex, Fibras Quimicas and Nylon de Mexico. Petrocel states that the anticipated Mexican exports of PET to the United States would not adversely affect the U.S. industry. First, in all likelihood, a portion of the Mexican exports would be from subsidiaries of U.S. producers. Furthermore, the U.S. and global markets for bottle-grade PET are booming and global capacity is expected to expand rapidly during the next five years.

VI. Summary of probable economic effects—Competitive-need-limit waiver Mexico

* * * * *

Table I.

Digest Title: Polyethylene terephthalate in primary forms
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Brazil.....	1	4	107	1,230	2,528
Switzerland.....	12	421	632	1,494	1,216
Netherlands.....	2,340	1,877	3,004	442	991
West Germany.....	4,473	6,162	4,347	6,445	935
Mexico.....	55	163	2,289	639	554
France.....	206	24	13	450	299
Japan.....	6,075	165	188	753	196
Canada.....	87	32	273	418	94
Italy.....	25	2,536	776	123	77
Belgium.....	2,520	6,970	1,473	2,480	52
Sweden.....	6	3	11	27	48
United Kingdom...	2,099	993	1,355	861	20
Taiwan.....	18	174	333	2,986	9
Indonesia.....	0	0	0	0	7
Korea.....	1	0	0	8	3
All other.....	39	521	235	1,559	2
Total.....	17,959	20,044	15,036	19,917	7,031
GSP Total 2/..	56	538	2,440	1,973	3,090
GSP+4 2/.....	76	711	2,773	4,968	3,103
Percent					
Brazil.....	1/	1/	.7	6.2	35.9
Switzerland.....	.1	2.1	4.2	7.5	17.3
Netherlands.....	13.0	9.4	20.0	2.2	14.1
West Germany.....	24.9	30.7	28.9	32.4	13.3
Mexico.....	.3	.8	15.2	3.2	7.9
France.....	1.1	.1	.1	2.3	4.3
Japan.....	33.8	.8	1.2	3.8	2.8
Canada.....	.5	.2	1.8	2.1	1.3
Italy.....	.1	12.6	5.2	.6	1.1
Belgium.....	14.0	34.8	9.8	12.5	.7
Sweden.....	1/	1/	.1	.1	.7
United Kingdom...	11.7	5.0	9.0	4.3	.3
Taiwan.....	.1	.9	2.2	15.0	.1
Indonesia.....	.0	.0	.0	.0	.1
Korea.....	1/	.0	.0	1/	1/
All other.....	.2	2.6	1.6	7.8	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.3	2.7	16.2	9.9	43.9
GSP+4 2/.....	.4	3.5	18.4	24.9	44.1

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest No.
39076000Digest Title: Polyethylene terephthalate in primary forms
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Netherlands.....	1,567	1,691	2,018	2,177	42,149
Canada.....	758	928	1,970	1,726	27,714
China.....	4,167	1,894	404	2,507	22,708
Australia.....	315	461	290	476	20,394
Japan.....	1,298	779	514	781	10,280
Hong Kong.....	31	30	84	351	9,259
United Kingdom...	57	94	141	131	7,821
Brazil.....	119	125	148	236	5,002
New Zealand.....	58	66	32	41	4,832
Israel.....	1	2	19	20	4,766
West Germany.....	84	464	60	672	4,622
Venezuela.....	25	95	101	267	3,206
Taiwan.....	29	73	115	258	2,429
Korea.....	27	39	67	224	2,271
Chile.....	37	55	4	11	2,065
All other.....	1,494	1,585	1,826	2,198	14,300
Total.....	10,068	8,380	7,793	12,079	183,818
GSP Total 2/..	1,487	1,408	1,705	1,999	22,659
GSP+4 2/.....	1,521	1,585	1,999	2,897	38,009
Percent					
Netherlands.....	15.6	20.2	25.9	18.0	22.9
Canada.....	7.5	11.1	25.3	14.3	15.1
China.....	41.4	22.6	5.2	20.8	12.4
Australia.....	3.1	5.5	3.7	3.9	11.1
Japan.....	12.9	9.3	6.6	6.5	5.6
Hong Kong.....	.3	.4	1.1	2.9	5.0
United Kingdom...	.6	1.1	1.8	1.1	4.3
Brazil.....	1.2	1.5	1.9	2.0	2.7
New Zealand.....	.6	.8	.4	.3	2.6
Israel.....	1/	1/	.2	.2	2.6
West Germany.....	.8	5.5	.8	5.6	2.5
Venezuela.....	.3	1.1	1.3	2.2	1.7
Taiwan.....	.3	.9	1.5	2.1	1.3
Korea.....	.3	.5	.9	1.9	1.2
Chile.....	.4	.7	1/	.1	1.1
All other.....	14.8	18.9	23.4	18.2	7.8
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	14.8	16.8	21.9	16.6	12.3
GSP+4 2/.....	15.8	18.9	25.7	24.0	20.7

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 4015.11.00

SURGICAL AND MEDICAL RUBBER GLOVES

Surgical and Medical Rubber Gloves

I. Introduction

 Addition to GSP Removal from GSP X Competitive-need-limit waiver Malaysia

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
4015.11.00 ¹	Surgical and medical rubber gloves	3.7%	Yes	***

¹Malaysia has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 4015.11.00.

Description and uses.—The gloves included here are made of latex (a type of natural rubber) and are divided into two basic types—medical examination gloves and surgeons' gloves. The surgeons' gloves are sterilized, priced considerably higher than the medical examination gloves and are generally more durable and comfortable. They are packaged in pairs while the exam gloves are generally packaged in dispensers of 100 or more.

II. U.S. market profile

Profile of U.S. industry and market, 1985–89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**10	**10	**15	**15	**14	**12
Employment (1,000 employees)....	**3,000	**3,000	**3,300	**3,700	**7	**3,500
Shipments (1,000 dollars).....	**135,000	**170,000	**230,000	269,000	**26	236,300
Exports (1,000 dollars).....	21,390	21,530	26,500	46,039	29	64,471
Imports (1,000 dollars).....	10,070	14,962	32,965	352,583	227	133,656
Consumption (1,000 dollars).....	**123,680	**163,432	**236,465	575,544	**70	305,485
Import-to-consumption ratio (percent).....	**8	**9	**14	61	**97	44
Capacity utilization (percent)...	**80	**80	**100	**100	**8	**70

¹Trade data for 1985–1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985–1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985–1988.

Comment.—The U.S. market for latex medical gloves has experienced substantial changes during the past 3 years. Demand for these gloves escalated rapidly because of growing concern over AIDS and other infectious diseases. By late 1987, early 1988, U.S. demand exceeded supply, resulting in a shortage. Responding to expectations that U.S. demand would remain strong and that demand would increase in other countries, established U.S. and foreign producers expanded capacity and new producers entered the market—a few in the United States and many in the Far East. Consequently, world capacity increased substantially. Some of the U.S. producers expanded primarily in the Far East, particularly Malaysia, a primary source of natural latex. The worldwide rush to meet the shortage resulted in a large number of poor quality gloves arriving in the U.S. market. Responding to these quality problems, the Food and Drug Administration (FDA) issued product standards that set minimum quality requirements on both the domestic and imported latex medical exam gloves. (FDA product standards were already in place on the latex surgeons' gloves.) By 1989, when most of the new capacity became operational, the shortage ended leaving many distributors and ultimate consumers

in the medical community with large inventories of the gloves. U.S. wholesale prices for the medical exam gloves (both imported and domestic), which had escalated from an approximate average of \$4 per 100 in 1986 to a high of \$8 to \$10 in 1988, dropped to reported lows of \$3 to \$4 per 100 in 1989. The new FDA regulations combined with the oversupply caused a substantial number of foreign suppliers and a few new U.S. producers to drop out of the market. The current U.S. market is reportedly stabilizing with prices continuing to decline slowly from 1989 levels.

The U.S. industry is dominated by seven firms, some of which are large diversified medical supply companies, which produce both in the United States and in the Far East, primarily Malaysia. *** The remaining firms import part of their glove lines. The industry appears to be in a period of adjustment. Most of the U.S. companies have excess capacity having over estimated future demand levels in light of the 1988 shortage. ***

Since the U.S. market has become oversupplied, purchases are motivated largely by price, although quality remains an important factor. Quality, along with brand loyalty and preference, are especially important in the surgeons' glove market, where reliability, durability, and comfort influence purchasing decisions. Purchases of exam gloves are motivated more on a price basis than are purchases of the surgeons' gloves. Exam gloves are believed to account for approximately three-quarters of the total U.S. latex medical glove market and surgeons' gloves for the remainder.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	133,656	100	-	44
Imports from GSP countries:				
Total.....	100,857	75		33
Malaysia.....	84,158	63	83	28
Thailand.....	10,804	8	11	4
Indonesia.....	2,442	2	2	1
Israel ²	1,232	1	1	(1)

¹Less than 0.5 percent.

²Although imports of latex medical gloves from Israel are eligible for duty-free entry under the GSP, imports of this item during 1989 from Israel entered duty-free under the provisions of the United States Free Trade Area Implementation Act of 1985.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1989..... 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.—Malaysia is becoming one of the dominant world suppliers of latex medical exam and surgeons' gloves. *** Being one of the largest sources of the type of natural latex used in the manufacture of these gloves grants Malaysia a competitive advantage. Freight costs for shipping the latex, reportedly, are relatively high as chemicals must be added to the latex in shipping. In addition, *** Malaysia is also experienced in rubber technology and in manufacturing latex gloves which reportedly requires a certain amount of skill to produce quality gloves.

V. Position of interested parties

Petitioner.—Baxter International, Inc., one of the largest U.S. companies supplying latex surgeons' and medical examination gloves to the U.S. market, requested that Malaysia be granted a waiver of the GSP competitive-need limits. Baxter stated in its petition that the requested waiver would enhance its competitiveness by helping to keep down the price of the latex medical gloves. The waiver would also help hold down the costs of hospitals and other members of the medical community, who are struggling to cut costs. Furthermore, the waiver would benefit the other major U.S. suppliers of these gloves who are believed to manufacture both domestically and abroad, primarily in Malaysia.

Baxter believes that the 3.7 percent ad valorem duty is inconsequential to the fate of the domestic latex glove industry. They stated that the cost of shipping the latex from Malaysia to the United States is the primary cost factor in the production of commodity exam and surgeons' gloves. In its post-hearing brief, Baxter makes the distinction between commodity surgeons' gloves and specialty surgeons' gloves. Specialty surgeons' gloves are hypo-allergenic, made with a special fit, and are more expensive as opposed to commodity surgeons' gloves, which are more standardized in size and fit. Baxter stated that their cost of producing commodity exam and surgeons' gloves in the United States is *** percent higher than in Malaysia, with the cost of shipping the latex accounting for approximately *** percent of the differential. Because of the current price competitiveness of the U.S. market, they stated that commodity exam and surgeons' gloves can no longer be competitively sourced in the United States. Therefore, removing the duty on the gloves from Malaysia will not impact the U.S. industry. ***

They blame the recent domestic plant closings and problems of some of the U.S. producers on the rapidly changing market conditions of the past 3 years, not on imports from Malaysia. They stated that once demand stabilized in 1989, and prices fell from artificially high levels, an industry "shakeout" was inevitable.

Baxter believes that granting the waiver of the duty will help those U.S. companies with manufacturing facilities in Malaysia to compete with foreign competitors in the other Asian countries, such as Thailand, which are eligible for the GSP. ***

Opposition.—Four U.S. companies—Aladan Corporation, Smith and Nephew Perry, Tillitson Rubber Company, Inc., and Medical Resources International—which rely solely or primarily on their domestic production of latex medical gloves, oppose the petition. They stated that granting a waiver of the competitive need limits to Malaysia for imports of latex medical gloves would have a serious adverse economic impact on the U.S. latex glove industry. This industry is already suffering from the flood of latex glove imports from Malaysia, on which they blame the current supply glut. This oversupply has resulted in a rapid drop in selling prices leaving domestic producers with lost sales volume and eroding profits. Some domestic producers have closed plants, curtailed remaining production, and laid off thousands of employees. They emphasized that Malaysia has developed a large, internationally competitive latex glove industry in a short time with the help of generous incentives, financial assistance and subsidies provided by the Malaysian government. They stated that Malaysia is so dominant in this industry that paying the 3.7 percent duty will not jeopardize Malaysia's position as the leading foreign supplier.

In their post-hearing brief, they strongly refuted Baxter's testimony on the impact of transporting latex concentrate to the United States. They stated that Baxter seriously overstates the cost of transporting the latex, and that it actually costs less to ship latex concentrate to the United States for further processing than it does to ship finished medical gloves from Malaysia. They also stated that Baxter overstates the presence of U.S. companies in Malaysia. They stated that Baxter is the only major U.S. manufacturer of latex medical gloves in Malaysia and that Johnson and Johnson has not yet begun producing these gloves there.

In summary, they strongly feel that restoring duty-free treatment to Malaysia's latex medical gloves will further depress U.S. selling prices and cause additional lost sales by U.S. producers, which will in turn adversely affect domestic production, capacity utilization, profitability, and employment.

As an attachment to their post-hearing brief, they submitted a letter from the United Rubber Workers Union to the GSP Subcommittee opposing a waiver of the competitive-need limits for latex medical gloves from Malaysia.

VI. Summary of probable economic effects—competitive need—limit waiver (Malaysia)

* * * * *

Table I.

Digest Title: Surgical and medical rubber gloves
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Malaysia.....	2,137	3,056	4,223	78,708	84,158
Taiwan.....	4,056	6,140	12,106	131,111	13,115
China.....	0	54	1,113	65,159	11,202
Thailand.....	0	1	4,063	19,854	10,804
Canada.....	165	60	4,069	12,310	2,505
Indonesia.....	0	0	0	376	2,442
Korea.....	178	68	204	4,967	2,437
Mexico.....	16	12	20	1,040	1,441
United Kingdom...	2	8	1/	5,160	1,378
Israel.....	60	275	356	5,418	1,232
Japan.....	183	437	213	638	906
Hong Kong.....	27	25	161	5,607	845
Philippines.....	0	0	0	482	612
Spain.....	47	0	7	2,282	131
Denmark.....	14	52	71	124	111
All other.....	3,185	4,774	6,358	19,348	336
Total.....	10,070	14,962	32,965	352,583	133,656
GSP Total 2/..	2,214	3,593	8,678	108,026	100,857
GSP+4 2/.....	6,547	9,895	21,322	251,168	117,284
Percent					
Malaysia.....	21.2	20.4	12.8	22.3	63.0
Taiwan.....	40.3	41.0	36.7	37.2	9.8
China.....	.0	.4	3.4	18.5	8.4
Thailand.....	.0	1/	12.3	5.6	8.1
Canada.....	1.6	.4	12.3	3.5	1.9
Indonesia.....	.0	.0	.0	.1	1.8
Korea.....	1.8	.5	.6	1.4	1.8
Mexico.....	.2	.1	.1	.3	1.1
United Kingdom...	1/	.1	1/	1.5	1.0
Israel.....	.6	1.8	1.1	1.5	.9
Japan.....	1.8	2.9	.6	.2	.7
Hong Kong.....	.3	.2	.5	1.6	.6
Philippines.....	.0	.0	.0	.1	.5
Spain.....	.5	.0	1/	.6	.1
Denmark.....	.1	.3	.2	1/	.1
All other.....	31.6	31.9	19.3	5.5	.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	22.0	24.0	26.3	30.6	75.5
GSP+4 2/.....	65.0	66.1	64.7	71.2	87.8

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Surgical and medical rubber gloves
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	6,534	6,664	12,464	28,504	50,512
Japan.....	2,502	1,351	2,171	2,307	3,057
Canada.....	567	1,234	2,077	3,179	2,106
Italy.....	789	1,272	1,450	1,974	1,218
Venezuela.....	540	717	334	150	1,130
Netherlands.....	604	460	435	611	744
Saudi Arabia.....	699	536	339	241	645
West Germany.....	2,465	3,496	2,199	3,173	500
France.....	296	473	236	107	349
Taiwan.....	132	120	134	404	308
United Kingdom...	942	827	381	608	299
Guatemala.....	107	3	2	0	289
Brazil.....	0	0	0	0	270
Switzerland.....	336	157	742	676	262
Jamaica.....	12	23	34	37	253
All other.....	4,864	4,197	3,501	4,067	2,531
Total.....	21,390	21,530	26,500	46,039	64,471
GSP Total 2/..	7,945	8,106	13,312	29,954	54,001
GSP+4 2/.....	8,988	8,793	14,123	31,308	54,458
Percent					
Mexico.....	30.5	31.0	47.0	61.9	78.3
Japan.....	11.7	6.3	8.2	5.0	4.7
Canada.....	2.6	5.7	7.8	6.9	3.3
Italy.....	3.7	5.9	5.5	4.3	1.9
Venezuela.....	2.5	3.3	1.3	.3	1.8
Netherlands.....	2.8	2.1	1.6	1.3	1.2
Saudi Arabia.....	3.3	2.5	1.3	.5	1.0
West Germany.....	11.5	16.2	8.3	6.9	.8
France.....	1.4	2.2	.9	.2	.5
Taiwan.....	.6	.6	.5	.9	.5
United Kingdom...	4.4	3.8	1.4	1.3	.5
Guatemala.....	.5	1/	1/	.0	.4
Brazil.....	.0	.0	.0	.0	.4
Switzerland.....	1.6	.7	2.8	1.5	.4
Jamaica.....	.1	.1	.1	.1	.4
All other.....	22.7	19.5	13.2	8.8	3.9
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	37.1	37.7	50.2	65.1	83.8
GSP+4 2/.....	42.0	40.8	53.3	68.0	84.5

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 4409.10.40

STANDARD PINE MOLDINGS

Standard Pine Moldings

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
4409.10.40 ¹	Standard pine moldings	1.5%	Yes	***

¹ Mexico has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 4409.10.40.

Description and uses.--Standard pine wood moldings are wood moldings made from any of the various species of pines that have been worked to a pattern and have the same profile in cross section throughout their length. Wood moldings are used for many applications throughout residential and commercial buildings. A molding may be used as a decorative or functional part of a structure, or both. Standard pine wood moldings are generally manufactured from high quality kiln dried pine lumber. Hardwood and softwood moldings are often interchangeable, particularly where they are painted or otherwise hidden from view.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	*105	*107	111	*112	*2	*112
Employment (1,000 employees)....	*7,354	*7,766	*8,953	*9,165	*8	*9,225
Shipments (1,000 dollars).....	*644,300	*732,700	884,500	*936,400	*13	*989,700
Exports (1,000 dollars).....	3,717	4,960	9,612	11,940	48	14,477
Imports (1,000 dollars).....	38,138	41,042	48,106	50,277	10	70,328
Consumption (1,000 dollars).....	*678,721	*768,782	922,994	*974,737	*13	*1,045,551
Import-to-consumption ratio (percent).....	*6	*5	*5	*5	-	*7
Capacity utilization (percent)...	**75	**80	**85	**85	-	**85

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.--The domestic pine wood molding industry is distributed throughout the United States, but relies on western and northeastern sources for soft pine lumber to produce moldings. U.S. pine molding production is dependent upon both the level of new housing starts and the level of repair and remodeling in the United States. Although U.S. housing starts have declined since 1987, the repair and remodeling segment of the construction industry remained strong through 1989.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	70,328	100	-	*7
Imports from GSP countries:				
Total.....	68,793	98	100	*7
Mexico.....	66,434	94 ⁽¹⁾	97	*6
Brazil.....	233	(¹)	(¹)	*(¹)
Mozambique.....	24	(¹)	(¹)	*(¹)
Peru.....	16	(¹)	(¹)	*(¹)

¹Less than 0.5 percent.

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

Comment.--Virtually all imports from GSP sources originated from Mexico. Although many species of pines grow in Mexico, it is believed that a majority of the pine wood moldings imported from Mexico are manufactured from U.S. grown pine wood, primarily western white pines.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989.....	1		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<input checked="" type="checkbox"/> X	No <input type="checkbox"/>
What is the price elasticity of U.S. demand?.....	High	<input checked="" type="checkbox"/> X	Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<input checked="" type="checkbox"/> X	No <input type="checkbox"/>
Does the country have significant export markets besides the United States?.....	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/> X
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<input checked="" type="checkbox"/> X	No <input type="checkbox"/>
What is the price elasticity of import supply?.....	High	<input checked="" type="checkbox"/> X	Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Price level compared with--			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> X Below <input type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/> X
Quality compared with--			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> X Below <input type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> X Below <input type="checkbox"/>

Comment.--The Mexican wood molding industry producing pine moldings uses pine wood from both Mexico and the western United States. The equipment and materials used to manufacture the moldings are essentially identical, and the products manufactured compete directly in the U.S. marketplace. Because molding manufacturing involves a high degree of labor, in excess of 30 percent, the low labor costs in Mexico enable Mexican producers to be highly competitive in the U.S. market. Mexico is the only GSP country currently ineligible to receive GSP benefits for any type of standard wood molding, yet Mexico is also the only foreign supplier that is competitive in the U.S. market. Other GSP countries lack the quantity and quality of pine necessary for manufacturing standard pine moldings that is available to Mexican producers, largely because of their geographic location near the source of supply. Because of their location adjoining the U.S. border, Mexican producers have a transportation cost benefit over most other foreign suppliers. This transportation cost advantage, coupled with access to U.S. lumber, enables Mexican producers to undersell other foreign producers.

V. Position of interested parties

Petitioner.--The petitioners, the Government of Mexico and Cal-State Lumber Sales, Inc., a California corporation, a major supplier of pine wood moldings and other millwork specialty products for residential and commercial use in the United States, Canada, and Mexico, request that all competitive need limitations under the GSP with respect to imports from Mexico under HTS subheading 4409.10.40 be waived. The petitioner believes that a waiver would lead to an increase in the currently underutilized capacity of the Tijuana plant of IMASA, the major Mexican manufacturer of pine wood moldings, and it would lead to an increase in U.S. exports to Mexico of rough sawn lumber that is used to manufacture such moldings.

Support.--Bohemia, Inc., a major U.S. producers of lumber, supports the request that all competitive-need limitations under the GSP with respect to imports from Mexico under HTS subheading 4409.10.40 be waived. Bohemia sells substantial quantities of lumber to Cal-State Lumber for processing into moldings in Mexico by IMASA. Bohemia believes that there are many other Mexican manufacturers which could use their, and other U.S. lumber companies', lumber if the competitive-need limitation was waived. Bohemia states that such action would increase lumber exports to Mexico, having a beneficial impact on the U.S. lumber industry.

Opposition.--The National Forest Products Association (NFPA), the national trade association representing manufacturers of solid wood products and owners and managers of forest lands opposes a waiver of the competitive-need limits for Mexico on standard wood moldings of pine, HTS subheading 4409.10.40. The NFPA states that the U.S. molding industry has consistently opposed reductions in GSP for Mexico in the past. The NFPA strongly recommends that no U.S. duties be suspended by the Congress during the current MTN Round in a way that would be counter productive to the Administration's efforts to open market through trade negotiations. The NFPA feels that all remaining U.S. wood products tariffs should be reduced only if such actions are part of the Uruguay Round Negotiations and should be used as leverage to achieve major tariff concessions from other GATT participants.

VI. Summary of probable economic effects--competitive-need-limit waiver (Mexico)

* * * * *

Table I.

Digest Title: Standard pine moldings
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	36,686	39,921	46,005	46,112	66,434
Chile.....	0	4	40	1,508	2,055
Canada.....	91	179	141	234	437
Taiwan.....	34	12	303	523	392
Italy.....	0	37	434	578	326
Brazil.....	426	336	407	588	233
New Zealand.....	391	211	366	163	187
Sweden.....	359	143	84	104	59
Spain.....	76	102	68	47	49
West Germany.....	0	27	48	88	44
Mozambique.....	30	0	0	0	24
France.....	13	21	4	10	16
Peru.....	0	0	0	0	16
Switzerland.....	0	0	0	0	13
United Kingdom...	21	8	19	46	13
All other.....	11	40	187	275	31
Total.....	38,138	41,042	48,106	50,277	70,328
GSP Total 2/..	37,153	40,290	46,617	48,484	68,793
GSP+4 2/.....	37,187	40,302	46,920	49,007	69,184
Percent					
Mexico.....	96.2	97.3	95.6	91.7	94.5
Chile.....	.0	1/	.1	3.0	2.9
Canada.....	.2	.4	.3	.5	.6
Taiwan.....	.1	1/	.6	1.0	.6
Italy.....	.0	.1	.9	1.1	.5
Brazil.....	1.1	.8	.8	1.2	.3
New Zealand.....	1.0	.5	.8	.3	.3
Sweden.....	.9	.3	.2	.2	.1
Spain.....	.2	.2	.1	.1	.1
West Germany.....	.0	.1	.1	.2	.1
Mozambique.....	.1	.0	.0	.0	1/
France.....	1/	.1	1/	1/	1/
Peru.....	.0	.0	.0	.0	1/
Switzerland.....	.0	.0	.0	.0	1/
United Kingdom...	.1	1/	1/	.1	1/
All other.....	1/	.1	.4	.5	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	97.4	98.2	96.9	96.4	97.8
GSP+4 2/.....	97.5	98.2	97.5	97.5	98.4

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Standard pine moldings
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	3,064	4,190	8,430	10,537	13,468
Mexico.....	77	175	341	590	316
Japan.....	103	44	244	200	212
Bahamas.....	277	281	341	324	185
Italy.....	0	0	62	0	81
Bermuda.....	30	34	6	26	50
Fr Polynesia.....	19	42	20	63	23
Cayman Is.....	43	56	43	51	21
Ireland.....	31	38	82	41	20
Australia.....	0	0	0	9	18
Aruba.....	30	20	13	12	15
Netherlands Ant..	0	0	0	36	10
Haiti.....	9	7	2	17	8
Antigua.....	0	0	0	0	8
Austria.....	0	0	0	0	7
All other.....	34	71	29	32	33
Total.....	3,717	4,960	9,612	11,940	14,477
GSP Total 2/..	516	670	792	1,127	660
GSP+4 2/.....	516	677	794	1,140	662
Percent					
Canada.....	82.4	84.5	87.7	88.2	93.0
Mexico.....	2.1	3.5	3.5	4.9	2.2
Japan.....	2.8	.9	2.5	1.7	1.5
Bahamas.....	7.4	5.7	3.5	2.7	1.3
Italy.....	.0	.0	.6	.0	.6
Bermuda.....	.8	.7	.1	.2	.3
Fr Polynesia.....	.5	.8	.2	.5	.2
Cayman Is.....	1.2	1.1	.4	.4	.1
Ireland.....	.8	.8	.8	.3	.1
Australia.....	.0	.0	.0	.1	.1
Aruba.....	.8	.4	.1	.1	.1
Netherlands Ant..	.0	.0	.0	.3	.1
Haiti.....	.2	.1	1/	.1	.1
Antigua.....	.0	.0	.0	.0	.1
Austria.....	.0	.0	.0	.0	1/
All other.....	.9	1.4	.3	.3	.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	13.9	13.5	8.2	9.4	4.6
GSP+4 2/.....	13.9	13.6	8.3	9.5	4.6

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 4818.40.40

DISPOSABLE DIAPERS AND SIMILAR ARTICLES
MADE FROM CELLULOSE WADDING

Disposable Diapers and Similar Articles
Made From Cellulose Wadding

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
4818.40.40 ¹	Disposable Diapers and Similar Articles Made From Cellulose Wadding	5.3%	Yes	***

¹***

Description and uses.--This digest includes the higher-quality sanitary disposable infant diapers, sanitary napkins, tampons, and adult incontinence products (e.g., undergarments, adult disposable absorbent diapers, and shields, etc.). Similar paper-based products of lesser quality are classified under HTS subheading 4818.40.20 (i.e., articles made with a lesser degree of advanced processing), and as often as feasible, are excluded from this analysis. The higher-quality articles classified under this subheading, 4818.40.40, are made from cellulose wadding and webs of cellulose fibers. Generally, articles made from cellulose wadding and webs of cellulose fiber are bulkier, slightly more absorbent, processed to a higher degree, and are of higher retail value than articles made directly from pulp. Articles made directly from pulp are generally subjected to less sophisticated degrees of converting and finishing operations.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Establishments (number). ³	**20	**20	**20	**20	(⁴)	**20
Employment (1,000 employees). ³ ..	**15	**15	**15	**15	(⁴)	**15
Shipments (millions dollars)....	**2,000	**2,100	**2,200	**2,400	**6	**2,700
Exports (millions dollars).....	42	40	42	56	10	48
Imports (millions dollars).....	(⁵)	(^{5})	(^{5})	(^{5})	(^{5})	4
Consumption (millions dollars)..	**2,000	**2,100	**2,200	**2,500	(⁴)	**2,700
Import-to-consumption ratio (percent).....	**(⁶)	**(⁶)	**(⁶)	**(⁶)	(⁴)	**(⁷)
Capacity utilization (percent)..	**90	**95	**95	**90	(⁴)	**95

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³The estimates for industry establishments and employment are for the composite of all disposable diapers, sanitary napkins, tampons, and adult incontinence products (i.e., for both the more-advanced cellulose products and less-advanced products made directly from pulp).

⁴Not discernable, because only limited information/data were available in order to derive the prior annual estimates.

⁵***

⁶Not available, but believed to be less than 1 percent.

⁷Less than 0.5 percent.

Comment.--There are about 10 domestic companies, with a few of these companies having a handful of domestic establishments, that can produce sanitary disposable infant diapers, sanitary napkins, tampons, or adult incontinence products. Products compete on price and quality, with some companies aiming for the higher-quality sector of the marketplace and other companies competing more on a retail price basis. The larger companies can usually also provide a larger complementary assortment of related sanitary paper-type products to their customers (wholesalers and retail outlets). Consequently, these larger companies also compete with each other on ancillary-type services (i.e., fulfilling a customer-specific orders that may consist of many varied types of sanitary or tissue products). Historically, international trade has been a minor factor for products covered under this digest. In the future, however, export markets are believed to have some potential for expansion and imports are likely to grow in significance.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	3,871	100	-	** ⁽¹⁾
Imports from GSP countries:				
Total.....	2,250	58	100	** ⁽¹⁾
Mexico.....	2,150	56	96	** ⁽¹⁾
Colombia.....	79	2	4	** ⁽¹⁾
Brazil.....	22	1	1	** ⁽¹⁾

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

¹Less than 0.5 percent

Comment.--Mexico is currently the only significant GSP supplying country for this HTS subheading.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 Moderate X Low

Price level compared with--

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

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

Quality compared with--

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

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

V. Position of interested parties

Petitioner.--The Government of Mexico (GOM) and *** have requested a waiver of the competitive-need limit for disposable diapers and similar articles made from cellulose wadding provided under HTS subheading 4818.40.40 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

VI. Summary of probable economic effects--competitive-need-limit waiver (Mexico)

* * * * *

Table II.

Digest Title: Disposable diapers and similar articles made from cellulose wadding
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	10,333	10,127	12,816	15,000	13,661
Mexico.....	1,214	1,138	1,107	2,626	8,210
United Kingdom...	1,481	1,284	1,439	2,497	2,992
Bahamas.....	1,876	2,169	2,929	2,976	2,488
Taiwan.....	56	537	265	905	2,433
Hong Kong.....	1,828	2,129	1,442	2,103	1,939
Japan.....	3,198	3,071	754	1,552	1,723
Netherlands Ant..	0	0	0	1,375	1,566
Singapore.....	1,123	869	898	1,294	1,362
West Germany.....	835	495	812	4,453	1,202
Panama.....	648	1,312	911	992	1,094
Dominican Rep....	190	689	498	501	1,027
Saudi Arabia.....	1,787	1,361	2,061	829	894
Bermuda.....	1,659	1,372	1,356	1,700	734
United Arab Em...	415	464	414	1,237	685
All other.....	15,582	12,666	14,005	15,463	5,647
Total.....	42,222	39,684	41,707	55,504	47,658
GSP Total 1/..	14,390	13,434	12,601	15,762	18,553
GSP+4 1/.....	17,441	17,039	15,243	20,445	24,573
Percent					
Canada.....	24.5	25.5	30.7	27.0	28.7
Mexico.....	2.9	2.9	2.7	4.7	17.2
United Kingdom...	3.5	3.2	3.5	4.5	6.3
Bahamas.....	4.4	5.5	7.0	5.4	5.2
Taiwan.....	.1	1.4	.6	1.6	5.1
Hong Kong.....	4.3	5.4	3.5	3.8	4.1
Japan.....	7.6	7.7	1.8	2.8	3.6
Netherlands Ant..	.0	.0	.0	2.5	3.3
Singapore.....	2.7	2.2	2.2	2.3	2.9
West Germany.....	2.0	1.2	1.9	8.0	2.5
Panama.....	1.5	3.3	2.2	1.8	2.3
Dominican Rep....	.4	1.7	1.2	.9	2.2
Saudi Arabia.....	4.2	3.4	4.9	1.5	1.9
Bermuda.....	3.9	3.5	3.3	3.1	1.5
United Arab Em...	1.0	1.2	1.0	2.2	1.4
All other.....	36.9	31.9	33.6	27.9	11.8
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	34.1	33.9	30.2	28.4	38.9
GSP+4 1/.....	41.3	42.9	36.5	36.8	51.6

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 5608.90.2010

KNOTTED, COTTON HAMMOCKS

Knotted, Cotton Hammocks

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent</u> <u>ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
5608.90.2010	Knotted, cotton hammocks	15%	Yes	***

Description and uses.—A hammock is a cot or lounge of fabric or netting that is either of woven, knitted, or knotted construction, that is suspended between two supports such as trees or posts. Hammocks are produced in various styles and sizes and are used mostly for leisure time or relaxing and generally not as a permanent sleeping fixture. Hammocks that are classified under HTS subheading 5608.90.2010 are of cotton and of a knotted construction. The "body" of a typical knotted hammock is rectangular in shape and about 6 feet long and 3 to 4 feet in width. The netting (about 40 knotted meshes crosswise and about 80 knotted meshes lengthwise) is generally attached to a wooden beam or bar at each end. Through approximately 20 drilled holes, yarn or twine from the "body" feedout to form the "arms" of the hammock. The "arms" are in a triangular shape with a single loop handle at the end. The loop handle is extended several feet from the wooden beam and is attached to the supports when the hammock is in use.

The type of hammock produced by the petitioner is unique in construction and is referred to as a Yucatan hammock, which is made almost exclusively by the Mayan Indians or their descendants in the Merida area of Mexico. This type of hammock which is produced in various designs in natural colors and multicolors, is hand-made, of polished cotton string that is loosely woven into a mesh with a wooden needle on a stand-up wooden frame about 6 to 8 feet wide and about 5 feet in height. These hammocks are made in several different sizes, depending on whether it is to be use for single or multi occupancy. Some of the luxury hammocks are bordered with tassels or lace. The "body" of the hammock consists of cotton, while the "arms" are usually of nylon. This hammock contains no wooden beams or parts. ***

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	(3)	(3)	(3)	(3)	(3)	**20
Employment (1,000 employees)....	(3)	(3)	(3)	(3)	(3)	**1
Shipments (1,000 dollars).....	(3)	(3)	(3)	(3)	(3)	**15,000
Exports (1,000 dollars) ⁴	(3)	(3)	(3)	(3)	(3)	3,291
Imports (1,000 dollars) ⁴	(3)	(3)	(3)	(3)	(3)	790
Consumption (1,000 dollars).....	(3)	(3)	(3)	(3)	(3)	**12,499
Import-to-consumption ratio (percent).....	(3)	(3)	(3)	(3)	(3)	**6
Capacity utilization (percent)..	(3)	(3)	(3)	(3)	(3)	(3)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

⁴Data consist of hammocks as well as certain other netting products.

Comment.—The domestic industry consists of approximately **20 producers. The largest three are located in North Carolina, South Carolina, and Wisconsin, and they account for about one-half of domestic sales. According to industry sources, domestic sales of hammocks were approximately **\$15 million in 1989, about twice as much as in 1985. Employment for the domestic industry averages approximately **1,000 workers, ranging from the smallest producer operating with two or three workers to the largest producer employing about 100 workers. Most of the larger producers manufacture other products in addition to hammocks. These products account for as much as 25 percent of their total sales and are usually hammock accessories, such as canopies or patio items. Although sales of hammocks are seasonal, the larger producers operate throughout the year.

The manufacture of hammocks is heavily labor-intensive. Because most hammocks are produced manually, employees must be properly trained to insure uniformity and acceptable quality. Some hammocks are produced by machines, but those are generally of lower quality. High quality in hammock production involves greater number of knots, tighter pulled knots, more meshes and uniformity of meshes, and heavier and tighter twisted twine. Adding these features results in a greater amount of workmanship and weaving, which results in added labor cost.

Imports of hammocks are small in comparison to domestic production and account for a small share of U.S. consumption. Generally the larger producers are the only manufacturers that import hammocks. These domestic manufacturers usually supply the overseas producers with the yarn to insure acceptable quality. Generally, only the larger manufacturers export hammocks, but this accounts for only a small part of their total sales. ***

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports ¹ 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	790	100	-	**6
Imports from GSP countries:				
Total.....	182	23	100	**2
El Salvador.....	52	7	29	** ⁽²⁾
Mexico.....	36	5	20	** ⁽²⁾
India.....	35	4	19	** ⁽²⁾
Thailand.....	26	3	14	** ⁽²⁾

¹Import data consist of hammocks as well as certain other cotton netting products and cannot be separated.

²Less than 0.5 percent.

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

Comment.—U.S. imports of digest products were valued at less than \$790,000 in 1989. Imports from GSP countries totaled less than \$182,000 or 23 percent of total imports. The top four exporting GSP countries, El Salvador, Mexico, India, and Thailand supplied 19 percent of total imports and 82 percent of GSP imports in 1989. GSP countries accounted for an estimated 2 percent of domestic consumption during 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for El Salvador for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ Moderate X Low ___

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

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ Moderate X Low ___

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

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for India for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ Moderate X Low ___

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

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Commercial production of hammocks in virtually all foreign countries (including El Salvador, Mexico, and India) is minimal. Most hammocks are produced in a cottage-type industry. Typical production includes the manufacturer/exporter distributing balls of yarn or twine in various villages to be manufactured in the individual homes. Often, the members of the household will work at different times on a single hammock until it is finished, usually requiring about two weeks to complete. The manufacturer/exporter then returns periodically, pays the workers, collects the finished hammocks, and leaves a new supply of cotton yarn. Hammocks are also produced by workers individually in manufacturing facilities where the inspecting for quality control, repairing, packaging, and warehousing are also done. In general, many imported hammocks are equal in quality to domestically produced hammocks, but are usually less expensive. This is because of lower labor costs, the limited amount of overhead required, and the difference in material used. Although imported and domestic hammocks compete with each other, they are usually not comparable because of different types and styles. Many of the imported hammocks use a smaller size yarn or twine, while the domestic hammocks generally consisting of a coarser or heavier type of cordage, incorporate more knots, and include a wooden beam or bar at each end.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested that hammocks provided for under HTS subheading 5608.90.2010 be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Hamacas "El Aquacate", located in Merida, Yucatan, Mexico, is a major manufacturer and exporter of hammocks to the United States. Mr. Wilfrido Marrufo, owner, is of the opinion that benefits of GSP eligibility would help introduce his product to a greater extent in the U.S. market, resulting in increased sales. In turn, this would benefit the craftsmen of his community. Mr. Marrufo also stated that "throughout the time we have been exporting to the United States, our product has not harmed any U.S. industry."

VI. Summary of probable economic effects—Addition

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DIGEST NO. 6204.39.40(pt)
WOMEN'S SILK DRESSES AND JACKETS

Women's Silk Dresses and Jackets¹

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
6204.39.40(pt)	Women's silk jackets, 70% or more by weight of silk	6.7%	Yes	***
6204.49.00(pt)	Women's silk dresses, 70% or more by weight of silk	7.5%	Yes	***

Description and uses.—The products covered in this digest are women's and girls' dresses and suit-type jackets of silk. Together, silk dresses and jackets represent approximately 70 percent of imports provided for in the basket categories under subheadings 6204.39.40 and 6204.49.00, and 40 percent of domestic shipments of all miscellaneous fibers, such as silk, linen and ramie. These products are manufactured from woven fabrics, in cut-and-sew establishments which purchase fabrics, cut them to pattern and sew them together. Known for their quality, comfort, fashion, and looks, silk dresses and jackets are generally worn as fashionwear on formal occasions.

¹This digest includes the following HTS subheadings: 6204.39.40(pt) and 6204.49.00(pt).

II. U.S. market profile

Profile of U.S. industry and market, 1985-89^{1 2}

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ³	1989
Producers (number).....	(^{4})	(^{4})	(^{4})	(^{4})	(⁴)	(⁴)
Employment (1,000 employees)....	(⁴)	(⁴)	(^{4})	(^{4})	(^{4})	(^{4})
Shipments (1,000 dollars) ⁵	**230,000	**216,000	**276,000	**312,000	**11	**343,000
Exports (1,000 dollars) ⁶	7,397	8,246	7,391	12,558	19	6,251
Imports (1,000 dollars) ⁷	162,618	196,156	201,330	234,775	13	292,740
Consumption (1,000 dollars).....	**385,221	**403,910	**469,939	**534,217	**12	**629,489
Import-to-consumption ratio (percent) ⁸	**42	**49	**43	**44	**1	**47
Capacity utilization (percent)..	(⁴)	(⁴)	(^{4})	(^{4})	(^{4})	(^{4})

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²Data provided for U.S. industry and market includes dresses and jackets of miscellaneous fibers such as linen and ramie in addition to silk.

³This figure represents the average annual rate of change during 1985-1988.

⁴Not available.

⁵Silk dresses and jackets are estimated to have accounted for about 40 percent of shipments in 1989.

⁶Includes a small but unknown amount of silk dresses and jackets.

⁷Data is for HTS subheadings 6204.39.40 and 6204.49.00 and includes products other than silk dresses and jackets. Silk dresses and jackets represented about 70 percent of imports in 1989.

⁸Imports of silk dresses and jackets are estimated to have accounted for about 60 percent of domestic consumption of all silk dresses and jackets in 1989.

Comment.—The establishments producing women's silk dresses and jackets are generally small and fragmented. Although data are not available on U.S. production or shipments of silk dresses and jackets, it is estimated that these products represented about 2 percent in quantity and 5 percent in value of total shipments of dresses and jackets in 1989. Almost all silk dresses and jackets produced in the United States are of imported fabrics; Italy supplied over one-half of silk fabrics in 1989; the United Kingdom, Japan, China, India, and Korea provided most of the remainder.

Imported silk dresses and jackets differ significantly in terms of quality and prices. The products coming from Italy, France, West Germany, and the United Kingdom are superior in quality and are priced substantially higher than those imported from other countries and those produced domestically. Although these four European countries accounted for only a combined 10 percent of imports in 1989, they have created a market niche for their products at the higher end of the market and have retained their overall market share during 1985-89. The competitive strengths of these countries are based on the quality and perceived fashion leadership of their products in the U.S. market. However, the bulk of imports (82 percent) are supplied by Hong Kong, China, and Korea whose competitive strengths are attributed to their competitive prices resulting from low labor costs and easier access to raw materials. Hong Kong and Korea's competitiveness are also attributed to their quality vis-a-vis other suppliers in the low to medium-price ranges. India was the only GSP country accounting for a significant share of U.S. imports in 1989. India competes mostly at the low-end of the market where China is a major competitor. Other than India, none of the GSP countries is a viable competitor to the U.S. producers and foreign suppliers.

III. GSP import situation, 1989¹

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	292,740	100	-	**47
Imports from GSP countries:				
Total.....	18,842	6	100	**3
India.....	10,162	4 (¹)	54	**2
Dominican Republic.....	1,940	(¹)	10	**(¹)
Thailand.....	1,175	(¹)	6	**(¹)
Philippines.....	1,131	(¹)	6	**(¹)

¹Less than 0.5 percent.

Comment.—During 1985–89, the bulk of imports came from Hong Kong, China, and Korea. In 1989, they supplied a combined 82 percent of total imports. Italy was the major European supplier providing 5 percent of all imports in 1989. Imports from GSP countries represented only 6 percent of total imports in 1989. Although the GSP imports increased 13 percent annually during 1985–89, their share of total imports dropped from 8 percent in 1985 to 6 percent in 1989. India was the only GSP country that supplied any significant amount of imports during 1985–89. Imports coming from the Dominican Republic consisted of no silk dresses and jackets and those from the Philippines were mostly of miscellaneous fibers such as ramie and linen. Imports from Thailand consisted of medium-priced garments comparable in price and quality to those produced domestically and to those imported from Hong Kong and Korea.

¹Data is for HTS subheadings 6204.39.40 and 6204.49.00.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for India

Ranking as a U.S. import supplier, 1989..... 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.—India has the potential to increase its output in short term. It has the advantages in raw materials and labor costs and it supplies products at lower end of the market where it is highly competitive against the U.S. producers. Its major foreign competition comes from China which is a major supplier of less expensive silk dresses and jackets in the U.S. market.

Competitiveness indicators for Thailand

Ranking as a U.S. import supplier, 1989..... 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.—Although Thailand currently supplies small quantities of silk dresses and jackets, it has the potential to become a major supplier of quality products from home grown silk. Thailand's silk industry has been expanding in recent years and the Government of Thailand plans to develop the industry as an export-oriented industry.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

Comment.—The price of the bulk of products imported from GSP countries is below that of the bulk of U.S. products and those imported from other countries; approximately one-half to three-fourths of the price of the bulk of U.S. products and two-thirds to nearly equal to those imported from Hong Kong and Korea (which together represent the bulk of other imports). However, imports from China, another major non-GSP supplier, are priced generally lower than GSP imports by as much as 30 to 50 percent. Imports from Western Europe are priced generally 4 to 5 times higher. In terms of quality, the bulk of imports from GSP countries are slightly inferior to those produced domestically and the bulk of those imported from other foreign suppliers.

V. Position of interested parties

Petitioner.—The Government of Thailand stated in its petition that the silk industry is very important to the country in terms of providing employment to its rural population and its potential to earn foreign exchanges. The petition further states that the Thai silk industry is very small and its shipments to the United States and the world are not significant. In addition, it faces intense competition in the world markets from much larger and well established suppliers such as Hong Kong, Korea, China, Italy, and Japan. According to the Government of Thailand, the Thai silk garment industry is currently not competitive with the major world suppliers in the U.S. market, and therefore, the granting of GSP status to Thailand will not have an adverse effect on the U.S. industry.

VI. Summary of probable economic effects—Addition

* * * * *

Table I.

Digest Title: Women's silk dresses and jackets
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Hong Kong.....	69,039	86,491	85,406	82,744	97,065
China.....	16,026	18,367	27,488	41,432	75,543
Korea.....	43,380	44,871	46,921	67,618	67,436
Italy.....	8,620	12,874	12,859	14,134	15,834
India.....	10,992	11,521	8,413	7,640	10,162
France.....	7,028	8,061	7,645	7,990	7,032
West Germany....	1,160	1,879	1,738	2,058	3,282
Dominican Rep....	73	233	313	239	1,940
Taiwan.....	146	1,637	648	979	1,855
United Kingdom...	1,780	2,714	3,405	3,061	1,813
Thailand.....	183	213	242	682	1,175
Philippines.....	60	85	763	382	1,131
Cyprus.....	177	364	597	510	1,129
Singapore.....	67	43	182	207	1,103
Canada.....	851	684	362	426	926
All other.....	3,036	6,119	4,346	4,671	5,316
Total.....	162,618	196,156	201,330	234,775	292,740
GSP Total 2/..	12,730	15,271	12,788	11,666	18,842
GSP+4 2/.....	125,361	148,312	145,946	163,214	186,300
Percent					
Hong Kong.....	42.5	44.1	42.4	35.2	33.2
China.....	9.9	9.4	13.7	17.6	25.8
Korea.....	26.7	22.9	23.3	28.8	23.0
Italy.....	5.3	6.6	6.4	6.0	5.4
India.....	6.8	5.9	4.2	3.3	3.5
France.....	4.3	4.1	3.8	3.4	2.4
West Germany....	.7	1.0	.9	.9	1.1
Dominican Rep....	1/	.1	.2	.1	.7
Taiwan.....	.1	.8	.3	.4	.6
United Kingdom...	1.1	1.4	1.7	1.3	.6
Thailand.....	.1	.1	.1	.3	.4
Philippines.....	1/	1/	.4	.2	.4
Cyprus.....	.1	.2	.3	.2	.4
Singapore.....	1/	1/	.1	.1	.4
Canada.....	.5	.3	.2	.2	.3
All other.....	1.9	3.1	2.2	2.0	1.8
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	7.8	7.8	6.4	5.0	6.4
GSP+4 2/.....	77.1	75.6	72.5	69.5	63.6

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Women's silk dresses and jackets
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	3,223	3,212	2,121	3,687	1,444
Guatemala.....	39	3	7	22	956
Dominican Rep....	422	242	256	371	558
Honduras.....	36	32	0	23	537
Canada.....	241	349	410	595	363
Colombia.....	23	8	8	29	358
Hong Kong.....	120	112	132	111	331
Bahamas.....	39	162	114	128	293
West Germany.....	10	51	44	218	234
Netherlands Ant..	0	0	0	244	162
Saudi Arabia.....	950	1,191	883	1,650	161
Japan.....	90	150	286	377	134
France.....	23	124	65	239	117
United Kingdom...	57	144	118	175	104
Switzerland.....	15	20	13	23	70
All other.....	2,110	2,447	2,935	4,666	428
Total.....	7,397	8,246	7,391	12,558	6,251
GSP Total 2/..	5,476	5,551	5,135	8,269	4,535
GSP+4 2/.....	5,620	5,664	5,273	8,414	4,871
Percent					
Mexico.....	43.6	39.0	28.7	29.4	23.1
Guatemala.....	.5	1/	.1	.2	15.3
Dominican Rep....	5.7	2.9	3.5	3.0	8.9
Honduras.....	.5	.4	.0	.2	8.6
Canada.....	3.3	4.2	5.5	4.7	5.8
Colombia.....	.3	.1	.1	.2	5.7
Hong Kong.....	1.6	1.4	1.8	.9	5.3
Bahamas.....	.5	2.0	1.5	1.0	4.7
West Germany.....	.1	.6	.6	1.7	3.7
Netherlands Ant..	.0	.0	.0	1.9	2.6
Saudi Arabia.....	12.8	14.4	11.9	13.1	2.6
Japan.....	1.2	1.8	3.9	3.0	2.1
France.....	.3	1.5	.9	1.9	1.9
United Kingdom...	.8	1.7	1.6	1.4	1.7
Switzerland.....	.2	.2	.2	.2	1.1
All other.....	28.5	29.7	39.7	37.2	6.9
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	74.0	67.3	69.5	65.8	72.5
GSP+4 2/.....	76.0	68.7	71.3	67.0	77.9

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 6911.10.41

CERTAIN CERAMIC TABLEWARE AND KITCHENWARE

Certain Ceramic Tableware and Kitchenware¹

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
6911.10.41	Household tableware and kitchenware of porcelain or china: Steins with attached pewter lids, candy boxes, and other miscellaneous household tableware and kitchenware	9%	Yes	***
6911.10.45	Mugs and other steins Household tableware and kitchenware, other than of porcelain or china:	17.5%	Yes	***
6912.00.41	Steins with attached pewter lids, candy boxes, and other miscellaneous household tableware and kitchenware	5.5%	Yes	***

Description and uses.—The tableware and kitchenware covered in this digest include mugs, steins, candy boxes, decanters, pretzel dishes, and a variety of miscellaneous household ceramics (excluding dinnerware) of porcelain or china, and steins with attached pewter lids, candy boxes, decanters, pretzel dishes, and a variety of miscellaneous household ceramics (excluding dinnerware) of earthenware, as defined in the Harmonized Tariff Schedule.²

¹This digest includes the following HTS subheadings: 6911.10.41, 6911.10.45, and 6912.00.41.

²See additional U.S. notes of the HTS, chapter 69, 5(a) and 5(e).

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over	
					1985 ²	1989
Producers (number).....	(³)	(³)	(³)	(³)	-	(³)
Employment (1,000 employees)....	**1	**1	**1	**1	**-	**1
Shipments (1,000 dollars).....	**24,000	**24,000	**28,000	**28,000	**5	**28,000
Exports (1,000 dollars).....	1,929	1,978	2,664	3,979	27	3,651
Imports (1,000 dollars).....	29,081	33,562	36,768	34,016	5	32,992
Consumption (1,000 dollars)....	**51,152	**55,584	**62,104	**58,037	**4	**57,341
Import-to-consumption ratio (percent).....	**57	**60	**59	**59	**1	**58
Capacity utilization (percent)..	(⁴)	(⁴)	(⁴)	(⁴)	-	(⁴)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³See narrative below.

⁴Not available.

Comment.—The U.S. industry manufacturing these ceramic articles is generally segmented between those producing porcelain/china and those producing earthenware, with firms usually producing only one type of ware because of the different processing techniques involved. About 5 to 10 firms manufacture these items in the United States, along with a number of "cottage-type" facilities producing in noncommercial quantities. Lenox (Lawrenceville, NJ) is believed to dominate production of the porcelain/china segment of this grouping, as does Pfaltzgraff (York, PA) in the earthenware sector.

The majority of these articles can generally be considered part of the larger giftware category of ceramics, with purchases usually subject to more nonprice factors such as design, quality, and other marketing considerations. These items are frequently chosen to complement other articles already purchased, in the same or a coordinating pattern. The dominance of Lenox and Pfaltzgraff in their respective industry sectors points to the importance of brand recognition and preference in consumer purchasing decisions.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	32,992	100	-	**58
Imports from GSP countries:				
Total.....	2,009	6	100	**4
Brazil.....	1,218	4	61	**2
Hungary.....	197	1	10	** ⁽¹⁾
Thailand.....	136	⁽¹⁾	7	** ⁽¹⁾
Israel ²	91	⁽¹⁾	5	** ⁽¹⁾

¹Less than 0.5 percent.

²Although imports of certain ceramic tableware and kitchenware from Israel are eligible for duty-free entry under the GSP, imports of this item during 1989 from Israel entered duty-free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 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 Moderate X Low

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

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

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

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

Price level compared with—

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

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

Quality compared with—

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

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

Comment.—The petitioner, Consorcio dos Produtores-Exportadores Brasileiros de Ceramics (CONCER), which represents 6 Brazilian manufacturers of these products, indicates that production capacity for these firms' ceramics operations totaled 360 million units/year (\$180 million), with capacity utilization running at nearly 67 percent in 1989. Employment by these firms totaled 15,000 workers in 1989, with production of 240 million units (\$120 million). Foreign markets accounted for 20 percent of sales in 1989, with the United States receiving 8 percent of Brazilian sales.

Although certain Brazilian ceramic ware may be lower priced, the U.S. industry offers to U.S. consumers ceramic designs, styles, colors, and/or decorations not available from other ceramic ware suppliers for which consumers will pay a higher price.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No
What is the price elasticity of U.S. 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.—Although certain imported ceramic ware may be lower priced, the U.S. industry offers to U.S. consumers ceramic designs, styles, colors, and/or decorations not available from other ceramic ware suppliers for which consumers will pay a higher price.

V. Position of interested parties

Petitioner.—The Polish petitioner, MINEX, Ltd., the state trading organization that coordinates the import and export of glass, ceramics, mineral products, and building materials, petitioned for the addition of HTS subheadings 6911.10.41 and 6911.10.45 to the GSP system. Over 90 percent of Polish porcelain and china is exported through Minex. This petitioner cited numerous benefits that would accrue to the Polish economy as a result of GSP status for these items: increased exports; strengthening of the manufacturers' financial situation; increased production; stabilization of or increased employment; increased incomes; and improvement in the Polish balance of payments.

The Brazilian petitioner, Consorcio dos Produtores-Exportadores Brasileiros de Ceramics (CONCER), represents 6 Brazilian manufacturers of these products and requested that all three HTS subheadings be added to the GSP system. This group indicated that the granting of GSP status would improve the competitiveness in the U.S. market of countries such as Brazil vis-a-vis that of low-priced exporting countries in the Far East. In addition, the benefits that would accrue to the Brazilian economy and workers would have a positive effect on employment and financial conditions.

Opposition.—The Pfaltzgraff Company (York, PA) opposes the granting of GSP treatment to these HTS subheadings, citing the detrimental impact this action would have on the U.S. industry and the previous exclusion of Brazil as eligible for GSP treatment for HTS subheading 6912.00.44 (earthenware mugs).

VI. Summary of probable economic effects—Addition

* * * * *

Table I.

Digest Title: Certain ceramic tableware and kitchenware
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Taiwan.....	3,713	6,443	9,089	10,211	9,459
Japan.....	16,742	17,429	16,582	12,151	8,890
China.....	846	1,151	2,474	3,551	5,174
Korea.....	2,880	3,146	2,718	2,203	2,411
West Germany.....	1,748	1,986	2,179	1,856	2,177
Brazil.....	1,429	1,302	1,493	1,161	1,218
Italy.....	382	364	386	399	1,099
United Kingdom...	336	504	403	232	456
Hong Kong.....	363	268	412	199	300
France.....	137	224	279	257	283
Ireland.....	9	57	21	8	219
Hungary.....	92	136	12	337	197
Portugal.....	149	229	293	600	177
Poland.....	10	15	28	24	138
Thailand.....	22	29	38	50	136
All other.....	224	277	361	776	658
Total.....	29,081	33,562	36,768	34,016	32,992
GSP Total 2/..	1,604	1,523	1,727	2,001	2,009
GSP+4 2/.....	8,561	11,381	13,946	14,615	14,180
Percent					
Taiwan.....	12.8	19.2	24.7	30.0	28.7
Japan.....	57.6	51.9	45.1	35.7	26.9
China.....	2.9	3.4	6.7	10.4	15.7
Korea.....	9.9	9.4	7.4	6.5	7.3
West Germany.....	6.0	5.9	5.9	5.5	6.6
Brazil.....	4.9	3.9	4.1	3.4	3.7
Italy.....	1.3	1.1	1.0	1.2	3.3
United Kingdom...	1.2	1.5	1.1	.7	1.4
Hong Kong.....	1.2	.8	1.1	.6	.9
France.....	.5	.7	.8	.8	.9
Ireland.....	1/	.2	.1	1/	.7
Hungary.....	.3	.4	1/	1.0	.6
Portugal.....	.5	.7	.8	1.8	.5
Poland.....	1/	1/	.1	.1	.4
Thailand.....	.1	.1	.1	.1	.4
All other.....	.8	.8	1.0	2.3	2.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	5.5	4.5	4.7	5.9	6.1
GSP+4 2/.....	29.4	33.9	37.9	43.0	43.0

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Certain ceramic tableware and kitchenware
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	188	125	231	392	635
Mexico.....	42	38	90	566	536
Singapore.....	178	118	246	269	344
Taiwan.....	25	26	36	126	249
Australia.....	296	314	102	162	249
Malaysia.....	19	15	21	52	156
Korea.....	12	19	30	82	145
Canada.....	126	93	117	148	140
United Kingdom...	489	305	116	70	124
Hong Kong.....	53	32	72	115	102
West Germany.....	13	21	48	21	96
Rep So Africa....	99	96	145	294	80
Philippines.....	1	14	63	117	77
Venezuela.....	2	9	15	34	71
Sweden.....	4	21	8	307	70
All other.....	384	732	1,325	1,225	577
Total.....	1,929	1,978	2,664	3,979	3,651
GSP Total 2/..	195	271	436	1,068	1,165
GSP+4 2/.....	463	466	820	1,659	2,004
Percent					
Japan.....	9.7	6.3	8.7	9.8	17.4
Mexico.....	2.2	1.9	3.4	14.2	14.7
Singapore.....	9.2	5.9	9.2	6.8	9.4
Taiwan.....	1.3	1.3	1.4	3.2	6.8
Australia.....	15.4	15.9	3.8	4.1	6.8
Malaysia.....	1.0	.8	.8	1.3	4.3
Korea.....	.6	1.0	1.1	2.1	4.0
Canada.....	6.5	4.7	4.4	3.7	3.8
United Kingdom...	25.3	15.4	4.4	1.7	3.4
Hong Kong.....	2.7	1.6	2.7	2.9	2.8
West Germany.....	.7	1.1	1.8	.5	2.6
Rep So Africa....	5.1	4.9	5.4	7.4	2.2
Philippines.....	1/	.7	2.4	2.9	2.1
Venezuela.....	.1	.4	.6	.9	2.0
Sweden.....	.2	1.0	.3	7.7	1.9
All other.....	19.9	37.0	49.8	30.8	15.8
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	10.1	13.7	16.4	26.8	31.9
GSP+4 2/.....	24.0	23.6	30.8	41.7	54.9

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 7013.21.50
CERTAIN LEAD CRYSTAL GLASSWARE

Certain Lead Crystal Glassware¹

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
7013.21.50	Lead crystal drinking glasses valued over \$5 each	6%	Yes	***
7013.31.50	Lead crystal table or kitchen ware (other than drinking glasses) valued over \$5 each	6%	Yes	***
7013.91.50	Lead crystal glassware, other than drinking glasses and tableware, valued over \$5 each	6%	Yes	***

Description and uses.—The digest coverage includes all lead crystal² glassware valued over \$5 per piece, such as stemware, tumblers, tableware and kitchenware, and other glassware (e.g., ornamental articles and giftware). These articles can be used for household or commercial applications.

¹This digest includes the following HTS subheadings: 7013.21.50, 7013.31.50, and 7013.91.50.

²As defined by the HTS, lead crystal contains a minimum lead monoxide content by weight of 24 percent. See subheading note of chapter 70 for a full description.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	3	3	3	3	-	3
Employment (1,000 employees)....	***	***	***	***	***	***
Shipments (1,000 dollars).....	***	***	***	***	***	***
Exports (1,000 dollars).....	7,731	7,146	9,553	9,657	8	3,987
Imports (1,000 dollars).....	117,620	155,620	156,905	191,584	18	201,410
Consumption (1,000 dollars)....	***	***	***	***	***	***
Import-to-consumption ratio (percent).....	***	***	***	***	***	***
Capacity utilization (percent)..	***	***	***	***	***	***

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—The U.S. lead crystal industry consists of 3 firms, Lenox Crystal (Mt. Pleasant, PA), a division of Lenox, Inc.; St. George Crystal (Jeannette, PA); and Steuben Glass (Corning, NY), part of Corning Glass Works. Lenox dominates domestic production of stemware and other drinking glasses, whereas Steuben is predominant in ornamental and art glass as well as producing functional pieces such as vases, candlesticks, and servers.

St. George produces at the former American Stemware plant in Jeannette, which had closed in 1985 after 3 years of operations. That facility was the first fully automated lead crystal factory in the United States. St. George began production in 1985, manufacturing stemware, tumblers, giftware, and accessory items often under contract arrangements with glass marketers; a small percentage of this production is subject to this investigation.

The manufacture of this higher-valued glassware is generally labor-intensive, particularly for such firms as Lenox and Steuben where hand crafting is integral to the production and decoration processes. Partly because of this labor intensity and the complexities of working with lead crystal, the U.S. industry has been reduced to these three firms (another lead crystal firm, Fostoria (Moundsville, WV), closed during 1985-86 after undergoing several ownership changes).

Lead crystal garners a niche in the glassware market because of the brilliance associated with this glass, and the variety of designs capable of being cut due to this glass's softer composition, contributing to its higher value as perceived by consumers. These articles are generally not considered directly competitive with the bulk of glassware produced in the United States and abroad, and are often deemed to be luxury items. At the higher price ranges covered in this digest, price is generally less a determinant than design, style, name recognition, and quality in consumers' purchase decisions. Both Lenox and Steuben have established themselves in the United States as manufacturers of higher valued merchandise with an established reputation for quality, design, and style.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	201,410	100	-	***
Imports from GSP countries:				
Total.....	19,986	10	100	***
Yugoslavia.....	13,000	6	65	***
Poland.....	4,693	2	23	***
Hungary.....	1,227	1	6	***
Turkey.....	741	(¹)	4	***

¹Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ Moderate X Low ___

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

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—There are two known manufacturers of lead crystal glassware in Yugoslavia. The Industry for Glass and Glass Fibers has a plant in Skopje with a 6-ton tank dedicated to lead crystal. In Samobor the factory "Kristal" produces 1,700 tons of finished products annually—handmade glassware, bowls, decanters, jugs, vases, and ashtrays.

Although certain Yugoslavian lead crystal glassware may be lower priced, the U.S. industry offers to U.S. consumers glassware designs and styles not available from other glassware suppliers for which consumers will pay a higher price.

Competitiveness indicators for Poland for all digest products

Ranking as a U.S. import supplier, 1989..... 8

Price elasticity:

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

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

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

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

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

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

Price level compared with—

U.S. products..... Above ___ Equivalent ___ 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.—There are five known manufacturers of lead crystal glassware in Poland. Combined production of these firms totaled 8,544 tons in 1988, with employment of about 9,000. Exports accounted for approximately 14 percent (1,120 tons) of production, with the United States a principal export market.

Although certain Polish lead crystal glassware may be lower priced, the U.S. industry offers to U.S. consumers glassware designs and styles not available from other glassware suppliers for which consumers will pay a higher price.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No
 What is the price elasticity of U.S. 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

Although certain imported lead crystal glassware may be lower priced, the U.S. industry offers to U.S. consumers glassware designs and styles not available from other glassware suppliers for which consumers will pay a higher price.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested that certain lead crystal glassware provided for under HTS subheadings 7013.21.50, 7013.31.50, and 7013.91.50 be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

The Polish petitioner, MINEX, Ltd., the state trading organization that coordinates the import and export of glass, ceramics, mineral products, and building materials, requested that HTS subheadings 7013.21.50 and 7013.31.50 be added to the list of articles eligible for duty-free treatment under the GSP. This petitioner cited numerous benefits that would accrue to the Polish economy as a result of GSP status for these items: increased export income; stabilization or increased employment; improved capacity utilization rates; increased trade between Poland and the United States; and improvement in the Polish balance of payments.

The Brazilian petitioner, a consortium of ceramic and glass products exporters named Consorcio dos Produtores-Exportadores Brasileiros de Ceramics (CONCER), represents 8 Brazilian glassware manufacturers, and petitioned for the addition of all three HTS subheadings to the GSP system. This group indicated that the granting of GSP status would improve the competitiveness in the U.S. market of countries such as Brazil vis-a-vis that of developed exporting countries such as Japan and those in Europe through the elimination of the duty. In addition, the benefits that would accrue to the Brazilian economy and workers would have a positive effect on employment and financial conditions.

The Mexican petitioners, Vitrocristal and Crisa Corporation, petitioned for the addition of all three HTS subheadings to the GSP system. They indicated that as a relatively small supplier to the U.S. market in competition with major competitors from Ireland and France, for example, the granting of GSP treatment to these items would not present a threat to any of the companies currently in the U.S. market.

Turkiye Sise ve Cam Fab. A.S., one of the petitioners, requested that HTS subheadings 7013.21.50 and 7013.31.50 be added to the list of articles eligible for duty-free treatment under the GSP. Turkiye cited the following reasons in support of granting these HTS subheadings GSP status: the probable improvement of Turkish industrial activity; the benefits to the Turkish balance of trade with the United States; and the elimination of Turkish cost disadvantages (freight and labor) in the U.S. market vis-a-vis other foreign competitors.

VI. Summary of probable economic effects—Addition

* * * * *

Table I.

Digest Title: Certain lead crystal glassware
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Ireland.....	33,879	43,400	40,522	72,619	72,184
France.....	26,880	38,249	41,739	40,402	39,007
West Germany.....	14,664	23,422	20,607	22,783	22,048
Yugoslavia.....	4,251	4,965	6,804	8,017	13,000
Austria.....	2,704	5,335	9,215	9,027	11,628
Sweden.....	4,323	4,851	6,589	8,789	10,505
United Kingdom...	12,393	9,334	5,687	5,645	4,911
Poland.....	1,162	656	2,609	4,199	4,693
Italy.....	2,448	3,134	2,989	2,727	4,308
Japan.....	3,816	5,770	4,830	5,431	4,274
Portugal.....	2,639	3,825	5,063	3,624	4,234
Korea.....	726	1,309	1,671	2,082	3,268
East Germany.....	748	690	1,370	1,511	1,553
Hungary.....	667	984	1,007	943	1,227
Taiwan.....	60	76	243	253	969
All other.....	6,260	9,620	5,960	3,533	3,600
Total.....	117,620	155,620	156,905	191,584	201,410
GSP Total 2/..	7,774	8,236	10,691	13,580	19,986
GSP+4 2/.....	8,678	9,633	12,880	15,921	24,388
Percent					
Ireland.....	28.8	27.9	25.8	37.9	35.8
France.....	22.9	24.6	26.6	21.1	19.4
West Germany.....	12.5	15.1	13.1	11.9	10.9
Yugoslavia.....	3.6	3.2	4.3	4.2	6.5
Austria.....	2.3	3.4	5.9	4.7	5.8
Sweden.....	3.7	3.1	4.2	4.6	5.2
United Kingdom...	10.5	6.0	3.6	2.9	2.4
Poland.....	1.0	.4	1.7	2.2	2.3
Italy.....	2.1	2.0	1.9	1.4	2.1
Japan.....	3.2	3.7	3.1	2.8	2.1
Portugal.....	2.2	2.5	3.2	1.9	2.1
Korea.....	.6	.8	1.1	1.1	1.6
East Germany.....	.6	.4	.9	.8	.8
Hungary.....	.6	.6	.6	.5	.6
Taiwan.....	.1	1/	.2	.1	.5
All other.....	5.3	6.2	3.8	1.8	1.8
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	6.6	5.3	6.8	7.1	9.9
GSP+4 2/.....	7.4	6.2	8.2	8.3	12.1

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Certain lead crystal glassware
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	2,704	2,128	4,169	3,969	957
Japan.....	620	354	629	766	833
France.....	72	37	66	77	347
Mexico.....	39	76	180	378	317
Netherlands Ant..	0	0	0	111	285
United Kingdom...	287	196	286	472	204
Australia.....	557	381	356	513	126
Hong Kong.....	168	364	569	603	87
Netherlands.....	92	149	165	145	72
West Germany.....	152	144	327	204	65
Sweden.....	34	88	96	26	62
Philippines.....	29	21	109	176	62
Belgium.....	55	14	59	124	57
Dominican Rep....	62	258	225	116	55
Switzerland.....	40	56	42	35	48
All other.....	2,821	2,878	2,275	1,941	408
Total.....	7,731	7,146	9,553	9,657	3,987
GSP Total 1/..	1,683	1,585	1,788	1,764	945
GSP+4 1/.....	2,206	2,254	2,687	2,786	1,091
Percent					
Canada.....	35.0	29.8	43.6	41.1	24.0
Japan.....	8.0	4.9	6.6	7.9	20.9
France.....	.9	.5	.7	.8	8.7
Mexico.....	.5	1.1	1.9	3.9	7.9
Netherlands Ant..	.0	.0	.0	1.1	7.2
United Kingdom...	3.7	2.7	3.0	4.9	5.1
Australia.....	7.2	5.3	3.7	5.3	3.2
Hong Kong.....	2.2	5.1	6.0	6.2	2.2
Netherlands.....	1.2	2.1	1.7	1.5	1.8
West Germany.....	2.0	2.0	3.4	2.1	1.6
Sweden.....	.4	1.2	1.0	.3	1.6
Philippines.....	.4	.3	1.1	1.8	1.6
Belgium.....	.7	.2	.6	1.3	1.4
Dominican Rep....	.8	3.6	2.4	1.2	1.4
Switzerland.....	.5	.8	.4	.4	1.2
All other.....	36.5	40.3	23.8	20.1	10.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	21.8	22.2	18.7	18.3	23.7
GSP+4 1/.....	28.5	31.5	28.1	28.8	27.4

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 7202.11.10
MEDIUM-CARBON FERROMANGANESE

Medium-carbon Ferromanganese¹

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
7202.11.10 ¹	Ferromanganese containing over 2 but not over 4 percent carbon	1.4%	Yes	***
7202.19.50 ²	Ferromanganese containing over 1 but not over 2 percent carbon	1.4%	Yes	***

¹Mexico has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 7202.11.10.

²Mexico has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 7202.19.50.

Description and uses.—Medium-carbon ferromanganese contains over 1 but not over 4 percent carbon and is principally used as an alloying agent by the steel industry to increase the strength and hardness of steel products. It is produced by melting manganese ore with iron in electric furnaces.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	2	1	1	1	-21	1
Employment (1,000 employees)....	***	***	***	***	***	***
Shipments (1,000 dollars).....	***	***	***	***	***	***
Exports (1,000 dollars).....	2,309	1,285	1,040	1,431	-15	5,620
Imports (1,000 dollars).....	16,436	27,036	20,356	53,727	48	53,498
Consumption (1,000 dollars).....	***	***	***	***	***	***
Import-to-consumption ratio (percent).....	***	***	***	***	***	***
Capacity utilization (percent).....	***	***	***	***	***	***

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—The relative competitiveness of the U.S. industry, which currently consists of one company, has decreased over the period, reflecting in part, the development of lower cost offshore producers and the limited domestic resources of manganese ore. The reduced level of U.S. steel

¹This digest includes the following HTS subheadings: 7202.11.10 and 7202.19.50.

production, which peaked during the mid-1970s, has also contributed to the industry's problems, as it has translated into a long-term decline in demand for the product during the 1970s and 1980s. The relatively high shipment, import, and consumption levels during 1988 and 1989 were because of increased demand by the U.S. steel industry and higher prices for medium-carbon ferromanganese.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	53,498	100	-	***
Imports from GSP countries:				
Total.....	27,021	51	100	***
Mexico.....	27,021	51	100	***

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for (Mexico) for all digest products

Ranking as a U.S. import supplier, 1989..... 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 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.—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.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested a waiver of the competitive-need limit for medium-carbon ferromanganese provided under HTS subheadings 7202.11.10 and 7202.19.50 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and the creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Cia. Minera Autlan S.A. de C.V. (Cia), a Mexican producer of the imported material, petitioned for the waivers on these items. In its request, Cia stated that (1) the duty-free treatment of these products would make the U.S. steel industry more competitive by lowering its raw materials costs; (2) the increase of U.S. imports from Mexico of these products would decrease the U.S. dependence on high risk sources, such as South Africa and China; (3) U.S. exports of coke to Mexico would increase, since Mexico imports coke from the United States as a raw material in the manufacture of medium-carbon ferromanganese; and (4) the inclusion of Mexican products in the GSP would promote foreign trade, thereby increasing Mexican living standards.

Opposition.—In their prehearing brief to the USITC the Ferroalloy Association and Elkem Metals Company, the only remaining U.S. producer of medium carbon ferromanganese (HTS subheadings 7202.11.10 and 7202.19.50), argue that a waiver of the competitive-need limit for medium-carbon ferromanganese from Mexico into the United States should be denied. They state that (1) USTR rejected duty-free treatment of the subject product only a few months ago; (2) the subject product is an essential material in the production of steels for construction, automobiles, and appliances; (3) Mexico does not need the assistance of duty-free treatment since it already accounts for over 50 percent of U.S. medium-carbon ferromanganese imports; (4) duty-free treatment would have an adverse effect on the only remaining U.S. producer; and (5) manganese and ferroalloys have been declared repeatedly over time by various agencies of the United States Government as basic materials that are essential to the national security.

VI. Summary of probable economic effects—Competitive-need-limit waiver Mexico

* * * * *

Table I.

Digest Title: Medium-carbon ferromanganese
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	8,795	7,242	4,215	14,453	27,021
West Germany.....	1,794	10,026	5,947	9,450	13,631
Norway.....	0	404	5,000	17,207	8,631
Japan.....	0	1,300	1,262	1,967	1,729
France.....	0	1,363	2,944	2,721	1,306
Rep So Africa....	4,347	1,633	259	3,021	955
China.....	0	0	0	0	226
Canada.....	36	76	0	249	0
Brazil.....	0	0	0	594	0
Netherlands.....	516	1,147	0	1,323	0
Belgium.....	0	0	729	2,741	0
Spain.....	948	3,845	0	0	0
Total.....	16,436	27,036	20,356	53,727	53,498
GSP Total 1/..	8,795	7,242	4,215	15,048	27,021
GSP+4 1/.....	8,795	7,242	4,215	15,048	27,021
Percent					
Mexico.....	53.5	26.8	20.7	26.9	50.5
West Germany.....	10.9	37.1	29.2	17.6	25.5
Norway.....	.0	1.5	24.6	32.0	16.1
Japan.....	.0	4.8	6.2	3.7	3.2
France.....	.0	5.0	14.5	5.1	2.4
Rep So Africa....	26.4	6.0	1.3	5.6	1.8
China.....	.0	.0	.0	.0	.4
Canada.....	.2	.3	.0	.5	.0
Brazil.....	.0	.0	.0	1.1	.0
Netherlands.....	3.1	4.2	.0	2.5	.0
Belgium.....	.0	.0	3.6	5.1	.0
Spain.....	5.8	14.2	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	53.5	26.8	20.7	28.0	50.5
GSP+4 1/.....	53.5	26.8	20.7	28.0	50.5

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Medium-carbon ferromanganese
U.S. exports of domestic merchandise, by principal markets, 1985-89

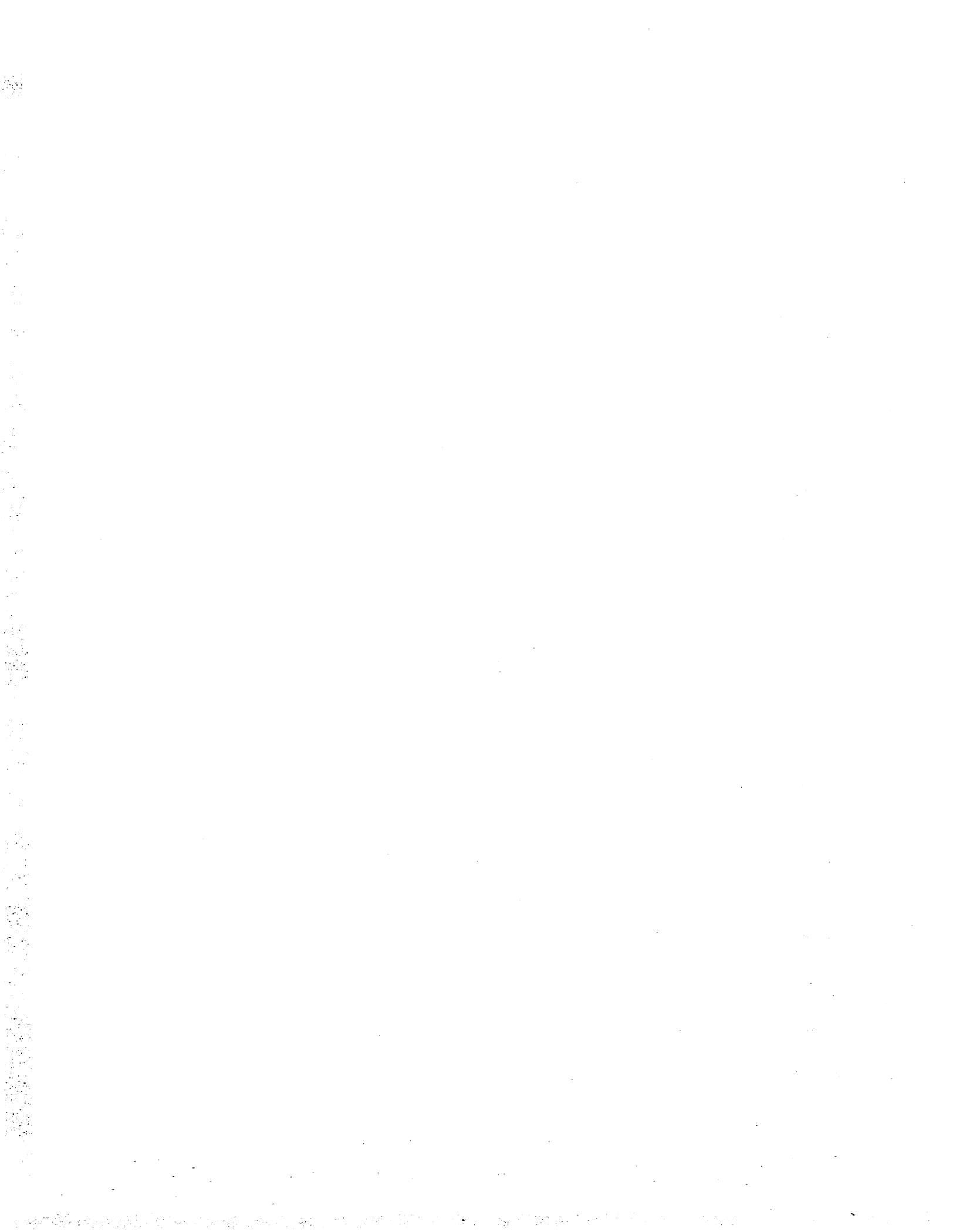
Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	2,017	813	655	899	1,888
Mexico.....	117	56	48	43	963
Venezuela.....	0	22	0	0	788
Chile.....	0	0	0	13	654
Belgium.....	77	87	105	179	434
United Kingdom...	0	0	16	58	352
West Germany.....	8	269	168	121	260
India.....	0	0	0	0	67
Sweden.....	0	0	0	0	67
France.....	0	0	17	32	37
Luxembourg.....	0	0	0	0	32
Austria.....	0	0	0	0	22
Netherlands.....	44	0	0	0	21
Peru.....	1	1	0	0	12
Malaysia.....	0	1	0	0	10
All other.....	45	36	30	86	15
Total.....	2,309	1,285	1,040	1,431	5,620
GSP Total 2/..	158	102	64	142	2,507
GSP+4 2/.....	158	102	78	142	2,507
Percent					
Canada.....	87.3	63.2	63.0	62.9	33.6
Mexico.....	5.1	4.4	4.6	3.0	17.1
Venezuela.....	.0	1.7	.0	.0	14.0
Chile.....	.0	.0	.0	.9	11.6
Belgium.....	3.4	6.8	10.1	12.5	7.7
United Kingdom...	.0	.0	1.5	4.0	6.3
West Germany.....	.4	20.9	16.2	8.5	4.6
India.....	.0	.0	.0	.0	1.2
Sweden.....	.0	.0	.0	.0	1.2
France.....	.0	.0	1.7	2.2	.7
Luxembourg.....	.0	.0	.0	.0	.6
Austria.....	.0	.0	.0	.0	.4
Netherlands.....	1.9	.0	.0	.0	.4
Peru.....	1/	1/	.0	.0	.2
Malaysia.....	.0	.1	.0	.0	.2
All other.....	1.9	2.8	2.9	6.0	.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	6.8	7.9	6.2	10.0	44.6
GSP+4 2/.....	6.8	7.9	7.5	10.0	44.6

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 7202.11.50

CERTAIN FERROALLOYS AND MANGANESE METAL

Certain Ferroalloys and Manganese Metal¹

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
7202.11.50	High-carbon ferromanganese containing over 4 percent	1.5%	Yes	***
7202.92.00	Ferrovandium	4.2%	Yes	***
8111.00.45	Unwrought manganese	14.0%	Yes	***

Description and uses.—High-carbon ferromanganese and manganese metal are principally used to desulfurize and deoxidize steel and to increase the toughness, deep drawing qualities, and resistance to shock and abrasion of steel products. Ferrovandium is principally used as an alloying agent in high-strength, low-alloy steels to reduce and control grain size and to impart toughness, strength, and resistance to abrasion.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²		1989
Producers (number).....	***	***	***	***	***	***	***
Employment (1,000 employees)....	***	***	***	***	***	***	***
Shipments (1,000 dollars).....	***	***	***	***	***	***	***
Exports (1,000 dollars).....	10,819	9,796	10,074	16,377	15		12,478
Imports (1,000 dollars).....	100,904	92,252	90,796	155,197	15		198,195
Consumption (1,000 dollars)....	***	***	***	***	***	***	***
Import-to-consumption ratio (percent).....	***	***	***	***	***	***	***
Capacity utilization (percent)..	***	***	***	***	***	***	***

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—The relative competitiveness of the U.S. high-carbon ferromanganese and manganese metal industries have decreased over the period, reflecting in part, the development of lower cost offshore producers and the limited domestic resources of manganese ore. The reduced level of U.S. steel production, which peaked during the mid-1970s, has also contributed to the problems of these industries, as it has translated into long-term declines in demand for the products during the 1970s

¹This digest includes the following HTS subheadings: 7202.11.50, 7202.92.00, and 8111.00.45.

and 1980s. ***

Producers of ferrovanadium, ***. Ferrovanadium is produced principally by *** in a highly price competitive domestic market. Shipments ***.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	198,195	100	-	***
Imports from GSP countries:				
Total.....	9,843	5	100	***
Brazil.....	7,922	4	80	***
Mexico.....	1,170	1	12	***
Yugoslavia.....	750	(¹)	8	***

¹Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ Below X

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 Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 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.—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 Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1989..... 14

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.—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 all GSP countries and for all digest products

Price elasticity:

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

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

V. Position of interested parties

Petitioner.—The Government of Argentina (GOA) petitioned for duty-free treatment for ferrovanadium (HTS subheading 7202.92.00). In its request, GOA stated that (1) this product has not been exported to the United States; (2) duty-free treatment for this product is accorded to certain other countries under the Caribbean Basin Economic Recovery Act and the United States-Israel Free Trade Agreement; (3) the U.S. steel industry would benefit from a lower priced product; and (4) duty-free treatment would more than double the current Argentinian production level of *** metric tons per year, thereby increasing employment levels.

The Government of Peru (GOP) petitioned for duty-free treatment for high-carbon ferromanganese (HTS subheading 7202.11.50). In its request, GOP stated that (1) there were no Peruvian exports of this product to the United States, or any other country in the world, during 1987-1989; (2) duty-free treatment of the subject product is already granted to Canada, Israel, and certain Caribbean countries under various trade agreements; and (3) duty-free treatment would enable Peruvian producers to double capacity utilization to 100 percent, thereby increasing employment opportunities.

Sociedade Brasileira de Electrolise LTDA (SBA), a Brazilian manufacturer of manganese metal, petitioned for duty-free treatment for manganese metal. In its prehearing brief to the United States International Trade Commission (USITC), SBA stated that (1) duty-free treatment will help to develop the industry for this product, since until recently Brazil had no production of manganese metal; (2) Brazilian imports will not disrupt the U.S. market since they will compete against other imports and not the domestic product; and (3) Brazil will be a reliable supplier with its exports subject to less disruptions than the current major importing countries of this product, South Africa and China.

Opposition.—The Ferroalloys Association, representing all U.S. commercial producers, Elkem Metals company, and Kerr-McGee Chemical Corporation in their pre-hearing brief to the USITC request that duty-free treatment on manganese metal (HTS subheading 8111.00.45) from Brazil into the United States be denied. Their request is based on the contentions that (1) there was recently a massive capacity growth in several Brazilian plants to produce manganese metal, of which over 70 percent is for export, targeted primarily for the U.S. market; and (2) the modern and efficient Brazilian plants, with relatively low cost raw materials and energy, will underprice the U.S. producers causing a loss of revenues and employment.

Affiliated Metals and Minerals, Inc. (AMM), a manufacturer of ferrovanadium (HTS subheading 7202.92.00), requests that duty-free treatment on ferrovanadium be denied. In its request, AMM states, that (1) duty-free treatment of the subject product would likely drive one of the few domestic producers out of the marketplace by adding another major competitor to a small size market; and (2) duty-free imports of ferrovanadium would increase the level of unused (or excess) industry capacity and cause significant unemployment in this labor intensive industry.

Shieldalloy Metallurgical Corporation and the U.S. Vanadium Corporation, U.S. manufacturers of ferrovanadium, request that duty-free treatment on ferrovanadium (HTS subheading 7202.92.00) from Argentina into the United States be denied. In their request they state that (1) ferrovanadium has been treated by the U.S. Government as a "strategic and critical" material in the National Defense Stockpile, extending duty-free treatment will only serve to further decrease domestic ferrovanadium production and increase U.S. dependency on foreign sources; (2) Foote Minerals, a major ferrovanadium producer, stopped production in 1987, as a result of depressed demand, and from the emergence of low cost, and in some cases subsidized, imports of the subject product; and (3) duty-free imports of ferrovanadium would lead to a substantial increase in low priced imports that are completely substitutable with the domestic product.

The Ferroalloys Association, representing all U.S. commercial producers and Elkem Metals Company the only remaining U.S. producer of high-carbon ferromanganese (HTS subheading 7202.11.50), in their prehearing brief to the USITC request that duty-free treatment of high-carbon ferromanganese from Peru into the United States be denied. Their request states that (1) the subject product is an essential material in the production of steel for construction, automobiles, and appliances; (2) duty-free treatment of high-carbon ferromanganese would encourage additional imports from GSP countries thereby depressing U.S. prices; (3) GSP treatment for the subject product would deter other prospective U.S. producers from entering the market, and (4) manganese and ferroalloys have been found by various agencies of the U.S. Government as to be essential to the national security.

VI. Summary of probable economic effects--Addition

* * * * *

Table I.

Digest Title: Certain ferroalloys and manganese metal
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Rep So Africa....	39,323	45,077	44,667	76,349	96,250
France.....	31,074	18,035	26,596	38,736	59,148
Australia.....	3,084	2,816	1,885	3,011	8,407
Brazil.....	2,832	3,130	1,408	9,055	7,922
Canada.....	11,045	15,276	7,599	11,524	7,020
Belgium.....	2,074	180	124	852	4,362
China.....	35	19	31	2,012	4,012
Austria.....	1,818	1,459	2,056	631	3,283
West Germany.....	2,972	1,601	775	497	2,643
Norway.....	0	402	408	2,348	1,454
Mexico.....	3,753	3,594	3,247	5,231	1,170
Japan.....	257	210	1,604	242	928
Spain.....	0	0	0	380	810
Yugoslavia.....	738	0	23	3,520	750
United Kingdom...	227	289	9	648	35
All other.....	1,671	160	363	161	0
Total.....	100,904	92,252	90,796	155,197	198,195
GSP Total 2/..	7,337	6,728	4,955	17,868	9,843
GSP+4 2/.....	7,337	6,728	5,013	17,869	9,843
Percent					
Rep So Africa....	39.0	48.9	49.2	49.2	48.6
France.....	30.8	19.6	29.3	25.0	29.8
Australia.....	3.1	3.1	2.1	1.9	4.2
Brazil.....	2.8	3.4	1.6	5.8	4.0
Canada.....	10.9	16.6	8.4	7.4	3.5
Belgium.....	2.1	.2	.1	.5	2.2
China.....	1/	1/	1/	1.3	2.0
Austria.....	1.8	1.6	2.3	.4	1.7
West Germany.....	2.9	1.7	.9	.3	1.3
Norway.....	.0	.4	.4	1.5	.7
Mexico.....	3.7	3.9	3.6	3.4	.6
Japan.....	.3	.2	1.8	.2	.5
Spain.....	.0	.0	.0	.2	.4
Yugoslavia.....	.7	.0	1/	2.3	.4
United Kingdom...	.2	.3	1/	.4	1/
All other.....	1.7	.2	.4	.1	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	7.3	7.3	5.5	11.5	5.0
GSP+4 2/.....	7.3	7.3	5.5	11.5	5.0

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Certain ferroalloys and manganese metal
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	4,000	2,258	3,643	5,473	6,022
Netherlands.....	814	344	661	2,309	1,305
Mexico.....	449	545	583	740	1,055
Venezuela.....	1,180	2,653	860	541	981
Japan.....	1,169	1,183	1,320	1,965	597
Belgium.....	1,238	619	633	899	567
Brazil.....	88	105	138	394	454
Luxembourg.....	0	0	0	796	334
Philippines.....	4	5	1/	1	197
Sweden.....	1,006	87	15	91	167
France.....	1/	1	149	63	130
Honduras.....	1	1/	19	12	84
Italy.....	7	29	52	72	83
West Germany.....	460	520	197	363	74
Colombia.....	48	21	60	33	69
All other.....	355	1,427	1,742	2,626	360
Total.....	10,819	9,796	10,074	16,377	12,478
GSP Total 2/..	1,923	4,259	2,282	2,283	2,986
GSP+4 2/.....	1,996	4,359	3,194	2,901	3,064
Percent					
Canada.....	37.0	23.0	36.2	33.4	48.3
Netherlands.....	7.5	3.5	6.6	14.1	10.5
Mexico.....	4.2	5.6	5.8	4.5	8.5
Venezuela.....	10.9	27.1	8.5	3.3	7.9
Japan.....	10.8	12.1	13.1	12.0	4.8
Belgium.....	11.4	6.3	6.3	5.5	4.5
Brazil.....	.8	1.1	1.4	2.4	3.6
Luxembourg.....	.0	.0	.0	4.9	2.7
Philippines.....	1/	1/	1/	1/	1.6
Sweden.....	9.3	.9	.2	.6	1.3
France.....	1/	1/	1.5	.4	1.0
Honduras.....	1/	1/	.2	.1	.7
Italy.....	.1	.3	.5	.4	.7
West Germany.....	4.3	5.3	2.0	2.2	.6
Colombia.....	.4	.2	.6	.2	.6
All other.....	3.3	14.6	17.3	16.0	2.9
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	17.8	43.5	22.6	13.9	23.9
GSP+4 2/.....	18.4	44.5	31.7	17.7	24.6

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 7318.15.80(pt)
CERTAIN SCREWS OF IRON OR STEEL

Certain Screws of Iron or Steel

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
7318.15.80(pt)	Cap screws with hexagonal heads, having shanks or threads with diameters of 6mm or more	9.5%	Yes	***

Description and uses.—Subheading 7318.15.80 of the Harmonized Tariff Schedule covers a variety of fasteners of iron or steel, such as set screws, socket screws, various types of screws with hexagonal heads, and other screws having shanks or threads with diameters of 6 millimeters or more. The fasteners covered in this digest include only hexagonal head cap screws which are generally used to secure pieces of metal together by incorporating metal nuts, or in applications where there are pretapped holes.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**15	**15	**15	**15	**-	**15
Employment (1,000 employees)....	**2	**2	**2	**2	**-	**2
Shipments (1,000 dollars).....	**35,000	**42,000	**47,000	**51,000	**13	**56,000
Exports (1,000 dollars).....	(³)	(³)	(^{3})	(^{3})	(^{3})	(^{3})
Imports (1,000 dollars).....	(³)	(³)	(^{3})	(^{3})	(^{3})	(^{3})
Consumption (1,000 dollars).....	(³)	(³)	(^{3})	(^{3})	(^{3})	(^{3})
Import-to-consumption ratio (percent).....	(^{3})	(^{3})	(^{3})	(^{3})	(³)	(³)
Capacity utilization (percent)..<	**70	**70	**75	**75	**2	**75

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

Comment.—U.S. manufacturers of hexagonal head cap screws continue to maintain a competitive advantage in production technology, quality, and aftersale services. The relatively lower priced products offered by certain large foreign suppliers is largely the result of their overall advantage in labor costs.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989¹

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	195,584	100	-	(²)
Imports from GSP countries:				
Total.....	5,438	3	100	(²)
Brazil.....	2,614	1	48	(²)
Yugoslavia.....	1,414	1	26	(²)
Poland.....	319	(³)	6	(²)
Mexico.....	220	(³)	4	(²)

¹Data are for HTS 7318.15.80, which includes the digest product for which advice is requested as well as other products.

²Not available.

³Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 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 Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1989..... 12

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 Poland for all digest products

Ranking as a U.S. import supplier, 1989..... 17

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 Below X

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

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with—

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

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

Quality compared with—

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

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

V. Position of interested parties

Petitioner.—The Universal Co., LTD., of Poland maintains that Polish exports of steel cap screws to the U.S. market are insignificant and would not adversely affect U.S. manufacturers. The petitioner asserts that granting GSP status for steel cap screws is the only way that Polish manufacturers can continue to maintain an interest in expanding export sales to the U.S. market.

Opposition.—The Industrial Fasteners Institute opposes the designation of Poland as a beneficiary developing country under the GSP for imported cap screws. According to the Institute, cap screws from Poland are like and directly competitive with cap screws produced in the United States and such a designation would impose injury to a U.S. fastener industry that remains very sensitive to import competition.

Atlantic Steel Company and Raritan River Steel Company oppose the designation of industrial fasteners imported under HTS subheading 7318.15.80 as products eligible for GSP. These companies maintain that the United States government has long recognized the import sensitivity of the domestic fastener industry and with import and domestic fastener products competing head-to-head, the granting of GSP will further harm the vulnerable domestic industry.

VI. Summary of probable economic effects—Addition

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DIGEST NO. 7801.10.00

UNWROUGHT LEAD

Unwrought Lead¹

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90)	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
		<u>Percent ad valorem</u>		
7801.10.00	Refined lead	3% ¹	Yes	***
7801.99.90	Other unwrought lead, including alloys except antimonial lead	3% ¹	Yes	***

¹This temporary tariff rate has a minimum duty of 2.3424 cents/kg. The tariff rate will return to 3.5 percent (with no minimum) after December 31, 1992, unless the temporary rate is extended by Congress.

Description and uses.—Over 75 percent of lead and lead alloy consumption in the United States is used in the production of lead-acid storage batteries. Other uses, each accounting for a small fraction of consumption, include ammunition, protective coatings and paints, cable coverings, radiation shielding, and pipes.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	63	51	50	45	-11	45
Employment (1,000 employees)....	**2	**2	**2	**2	**-	**2
Shipments (1,000 dollars).....	*335,000	*335,000	*590,000	*640,000	*24	*689,000
Exports (1,000 dollars).....	14,778	7,267	4,197	7,246	-21	27,509
Imports (1,000 dollars).....	52,932	58,272	122,062	106,217	26	76,699
Consumption (1,000 dollars)....	*373,154	*386,005	*707,865	*738,971	*26	*738,190
Import-to-consumption ratio (percent).....	*14	*15	*17	*14	*-	*10
Capacity utilization (percent)..	*78	*70	*76	*79	*(³)	*82

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Less than 0.5 percent.

Comment.—All digest products are internationally traded, fungible items and quality differences between domestic and foreign products are minimal. The U.S. lead industry produces lead and lead alloys from domestic lead ores and from recycled materials (mostly used storage batteries). Primary and secondary production each account for approximately 50 percent of the production of digest items. U.S. primary lead producers are high-cost producers because of the lack of

¹This digest includes the following HTS subheadings: 7801.10.00 and 7801.99.90.

significant byproducts in U.S. lead ore. Most foreign producers recover other metals, such as zinc and silver, that contribute substantially to revenues in their lead mining operations. A 1987 U.S. Bureau of Mines study calculated U.S. production costs of lead to be \$0.32 per pound versus \$0.20 per pound average for foreign lead producers. U.S. primary and secondary producers also face high costs because of environmental regulations that are designed to restrict worker exposure and environmental discharge of lead-containing waste products. A 1988 U.S. Bureau of Mines study estimated regulatory compliance costs for the U.S. primary and secondary lead industry to be 2.5 to 3.0 cents/lb of lead produced, which is approximately 7 percent of the current selling price. Typically, GSP countries do not have high environmental compliance costs.

The increase in U.S. lead and lead alloy shipments from 1986 through 1989 is mostly because of an increase in the price of lead, which has risen 82 percent from \$0.22 per pound in 1986 to \$0.40 per pound in 1989. The price increase is attributed to fairly strong economic expansion during this time period, especially in the automotive sector. By quantity, U.S. lead shipments have increased only 19 percent over the same time period. The number of producers has declined significantly since 1985; however, most of this reduction is attributed to the closing of small companies that altogether account for less than 5 percent of production.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	76,699	100	-	*10
Imports from GSP countries:				
Total.....	15,251	20	100	*2
Mexico.....	12,605	16	83	*2
Peru.....	1,543	2	10	* ⁽¹⁾
Brazil.....	974	1	6	* ⁽¹⁾
Venezuela.....	81	(¹)	1	* ⁽¹⁾

¹Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ Equivalent X Below ___
 Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Comment.—Mexico produced almost 180,000 metric tons of unwrought lead and lead alloys¹ in 1988 which accounted for approximately 3 percent of the world's production. Net exports of unwrought lead and lead alloys were 105,000 metric tons. The European Community was the largest export market, followed by the United States.

Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1989..... 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 X Below ___
 Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Comment.—Peru produced almost 60,000 metric tons of unwrought lead and lead alloys² in 1988 which accounted for approximately 1 percent of the world's production. Net exports of unwrought lead and lead alloys were approximately 30,000 metric tons. The European Community and the United States were the largest export markets.

¹This figure includes antimonial lead which is not included in digest products.

²Ibid.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested that unwrought lead provided for under HTS subheadings 7801.10.00 and 7801.99.90 be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Met-Mex Penoles, S.A. de C.V. and Industrial Minera Mexico, S.A. de C.V. also petitioned that unwrought lead provided for under HTS subheadings 7801.10.00 and 7801.99.90 be added to the list of articles eligible for duty-free treatment under the GSP. Both companies produce lead and lead alloys in Mexico. These companies claim that as a result of the Free Trade Agreement between Canada and the United States, Mexican lead producers are losing their competitiveness in the U.S. market because Canadian lead and lead alloys are subjected to lower tariffs. They believe GSP status for unwrought lead and lead alloys is necessary to maintain a competitive position in the U.S. market and that lead and lead alloy exports to the United States are essential to the viability of the Mexican lead industry.¹

¹USITC staff note that import data in Table I indicate Mexico's share of U.S. imports has declined since 1985. The U.S.-Canada Free Trade Agreement went into effect on January 1, 1989.

VI. Summary of probable economic effects—Addition

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Table I.

Digest Title: Unwrought lead
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	33,294	43,368	60,493	76,166	59,237
Mexico.....	13,203	11,559	28,333	21,428	12,605
Peru.....	1,770	449	189	0	1,543
Italy.....	0	0	1,232	1,139	1,238
Brazil.....	0	0	0	2	974
United Arab Em...	0	0	62	40	510
West Germany.....	2,789	623	4,682	2,452	269
United Kingdom...	726	1,060	3,132	147	165
Venezuela.....	0	0	0	0	81
Bolivia.....	0	0	11	19	48
Belgium.....	12	1	3,277	310	25
China.....	0	30	357	403	5
Panama.....	0	17	0	0	0
Barbados.....	0	0	11	0	0
Sweden.....	0	1,055	5,887	0	0
All other.....	1,137	109	14,395	4,111	0
Total.....	52,932	58,272	122,062	106,217	76,699
GSP Total <u>2</u> /..	15,638	12,025	32,079	21,450	15,251
GSP+4 <u>2</u> /.....	15,638	12,025	32,115	21,450	15,251
Percent					
Canada.....	62.9	74.4	49.6	71.7	77.2
Mexico.....	24.9	19.8	23.2	20.2	16.4
Peru.....	3.3	.8	.2	.0	2.0
Italy.....	.0	.0	1.0	1.1	1.6
Brazil.....	.0	.0	.0	1/	1.3
United Arab Em...	.0	.0	.1	1/	.7
West Germany.....	5.3	1.1	3.8	2.3	.4
United Kingdom...	1.4	1.8	2.6	.1	.2
Venezuela.....	.0	.0	.0	.0	.1
Bolivia.....	.0	.0	1/	1/	.1
Belgium.....	1/	1/	2.7	.3	1/
China.....	.0	.1	.3	.4	1/
Panama.....	.0	1/	.0	.0	.0
Barbados.....	.0	.0	1/	.0	.0
Sweden.....	.0	1.8	4.8	.0	.0
All other.....	2.1	.2	11.8	3.9	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total <u>2</u> /..	29.5	20.6	26.3	20.2	19.9
GSP+4 <u>2</u> /.....	29.5	20.6	26.3	20.2	19.9

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Unwrought lead
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Taiwan.....	300	860	736	600	6,303
Korea.....	1,039	371	1,000	823	4,740
Canada.....	765	1,602	606	2,112	3,486
Singapore.....	7	3	110	48	3,409
Malaysia.....	32	164	0	0	2,114
Japan.....	89	50	75	115	1,873
Netherlands.....	7,826	132	0	9	1,774
China.....	26	93	0	3	776
Mexico.....	213	546	605	1,631	616
United Kingdom...	1,380	77	97	25	575
Chile.....	630	156	69	121	281
Haiti.....	113	22	0	9	233
Israel.....	216	23	12	377	220
Peru.....	98	0	0	0	150
Australia.....	1	51	78	218	133
All other.....	2,044	3,117	809	1,155	826
Total.....	14,778	7,267	4,197	7,246	27,509
GSP Total 2/..	2,190	1,648	1,224	2,723	4,023
GSP+4 2/.....	3,564	2,891	3,073	4,207	18,575
Percent					
Taiwan.....	2.0	11.8	17.5	8.3	22.9
Korea.....	7.0	5.1	23.8	11.4	17.2
Canada.....	5.2	22.0	14.4	29.1	12.7
Singapore.....	.1	1/	2.6	.7	12.4
Malaysia.....	.2	2.3	.0	.0	7.7
Japan.....	.6	.7	1.8	1.6	6.8
Netherlands.....	53.0	1.8	.0	.1	6.4
China.....	.2	1.3	.0	1/	2.8
Mexico.....	1.4	7.5	14.4	22.5	2.2
United Kingdom...	9.3	1.1	2.3	.3	2.1
Chile.....	4.3	2.2	1.6	1.7	1.0
Haiti.....	.8	.3	.0	.1	.8
Israel.....	1.5	.3	.3	5.2	.8
Peru.....	.7	.0	.0	.0	.5
Australia.....	1/	.7	1.9	3.0	.5
All other.....	13.8	42.9	19.3	15.9	3.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	14.8	22.7	29.2	37.6	14.6
GSP+4 2/.....	24.1	39.8	73.2	58.1	67.5

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 7901.11.00

UNWROUGHT ZINC

Unwrought Zinc¹

I. Introduction

X Addition to GSP ___ Removal from GSP X Competitive-need-limit waiver Mexico²

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
7901.11.00 ¹	Unwrought zinc containing at least 99.99 percent zinc	1.5%	Yes	***
7901.12.50	Other unwrought zinc	1.5%	Yes	***

¹***

Description and uses.—Zinc's primary use is as a protective coating for steel (galvanization), which accounts for 52 percent of zinc consumption in the United States. Other uses of zinc include zinc alloys (23 percent), alloying metal in copper alloys (13 percent), and chemical compounds for paints and rubber. The automotive and construction sectors are the major end-users of zinc.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	12	9	12	11	-3	9
Employment (1,000 employees)....	*2	*2	*2	*2	*-	*2
Shipments (1,000 dollars).....	*297,000	*265,000	*318,000	*438,000	*14	*686,000
Exports (1,000 dollars).....	1,487	3,445	2,061	910	-15	8,746
Imports (1,000 dollars).....	502,090	482,019	575,355	825,119	18	1,183,472
Consumption (1,000 dollars).....	*797,603	*743,574	*891,294	*1,262,209	*17	*1,860,726
Import-to-consumption ratio (percent).....	*63	*65	*65	*65	*1	*64
Capacity utilization (percent)...	*71	*68	*72	*87	*7	*96

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—All digest products are internationally traded, fungible items and quality differences between domestic and foreign products are minimal. The U.S. zinc industry, which produces unwrought zinc from domestic zinc ores (70 percent of production) and from recycled materials (30 percent of production), is a high-cost producer compared with most foreign producers

¹This digest includes the following HTS subheadings: 7901.11.00 and 7901.12.50.

²Waiver of competitive-need limit for Mexico requested only with respect to HTS subheading 7901.11.00.

because of lower ore grades and a lack of byproducts in the ore. A 1987 U.S. Bureau of Mines study calculated U.S. production costs of zinc to be \$0.62 per pound versus a world average of \$0.46 per pound. These inherent structural disadvantages have caused the United States to become reliant on foreign sources for about 65 percent of zinc consumption over the last 20 years. Compared with GSP producers, the U.S. industry has high labor costs, although U.S. productivity is high because of mechanization. The U.S. zinc industry enjoys a transportation cost advantage over most foreign suppliers because it is closely located to the six eastern and midwestern states that account for 70 percent of U.S. zinc consumption.

The increase in zinc shipments from 1985 through 1989 is mostly because of an increase in the price of zinc, which has risen 108 percent from \$0.40 per pound in 1985 to \$0.83 per pound in 1989. The price increase is attributed to a strong economic expansion that has caused demand for zinc to increase, especially in the automotive sector. By quantity, U.S. shipments of zinc have increased only 12 percent over the same time period.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	1,183,472	100	-	*64
Imports from GSP countries:				
Total.....	210,909	18	100	*11
Mexico.....	115,330	10	55	*6
Peru.....	54,051	5	26	*3
Zaire.....	20,720	2	10	*1
Brazil.....	15,158	1	7	*1

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 Equivalent X Below
- Other foreign products..... Above Equivalent X Below

Quality compared with—

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

Comment.—Mexico produced almost 200,000 metric tons of digest products in 1988, which accounted for approximately 3 percent of world zinc production. Net exports of digest products were 80,000 metric tons and the United States was the largest export market. Other export markets include Japan and other Latin American countries.

Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1989..... 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 X Below
- Other foreign products..... Above Equivalent X Below

Quality compared with—

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

Comment.—Peru produced almost 120,000 metric tons of digest products in 1988 which accounted for approximately 2 percent of world zinc production. Net exports of digest products were approximately 40,000 metric tons. The United States and Japan were the largest export markets.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

What is the price elasticity of U.S. 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 Mexico (GOM) has requested that unwrought zinc provided for under HTS subheadings 7901.11.00 and 7901.12.50 be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Met-Mex Penoles, S.A. de C.V. and Industrial Minera Mexico, S.A. de C.V. also petitioned that unwrought zinc provided for under HTS subheadings 7901.11.00 and 7901.12.50 be added to the list of articles eligible for duty-free treatment under the GSP. Both companies mine, smelt, and refine zinc in Mexico. These companies claim that as a result of the Free Trade Agreement between Canada and the United States, Mexican zinc producers are losing their competitiveness in the U.S. market because Canadian zinc is subjected to lower tariffs. They believe GSP status for unwrought zinc is necessary to maintain a competitive position in the U.S. market and that zinc exports to the United States are essential to the viability of the Mexican zinc industry.¹

¹USITC staff note that import data in Table I indicate Mexico's share of U.S. imports has been rising since 1987 and was 10 percent in 1989 compared with 8 percent in 1985. Canada's share has declined to 62 percent in 1989 compared with 64 percent in 1985. The U.S.-Canada Free Trade Agreement became effective on January 1, 1989.

VI. Summary of probable economic effects—Addition

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VI. Summary of probable economic effects—Competitive-need-limit waiver Mexico¹

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¹Waiver advice is provided for HTS subheading 7901.11.00.

Table I.

Digest Title: Unwrought zinc
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	323,055	250,508	298,703	473,014	730,463
Mexico.....	38,075	35,938	41,945	69,789	115,330
Australia.....	26,218	28,136	42,027	26,434	69,473
Peru.....	28,813	30,413	17,063	12,091	54,051
Norway.....	8,885	10,032	15,285	29,848	47,325
Spain.....	13,237	40,109	41,834	75,912	44,747
Finland.....	16,664	18,706	15,545	17,415	41,386
Zaire.....	8,511	9,252	12,741	22,601	20,720
Brazil.....	0	0	0	5,265	15,158
France.....	3,987	4,885	8,489	9,720	13,738
Netherlands.....	10,190	15,382	23,216	12,208	7,532
West Germany.....	11,818	7,164	12,934	7,728	5,884
Argentina.....	960	0	0	0	4,490
Belgium.....	794	0	8,287	16,856	4,221
Korea.....	0	0	4,142	20,495	3,776
All other.....	10,884	31,493	33,143	25,743	5,177
Total.....	502,090	482,019	575,355	825,119	1,183,472
GSP Total 1/..	76,857	82,668	74,378	118,303	210,909
GSP+4 1/.....	76,864	82,743	79,530	138,998	215,363
Percent					
Canada.....	64.3	52.0	51.9	57.3	61.7
Mexico.....	7.6	7.5	7.3	8.5	9.7
Australia.....	5.2	5.8	7.3	3.2	5.9
Peru.....	5.7	6.3	3.0	1.5	4.6
Norway.....	1.8	2.1	2.7	3.6	4.0
Spain.....	2.6	8.3	7.3	9.2	3.8
Finland.....	3.3	3.9	2.7	2.1	3.5
Zaire.....	1.7	1.9	2.2	2.7	1.8
Brazil.....	.0	.0	.0	.6	1.3
France.....	.8	1.0	1.5	1.2	1.2
Netherlands.....	2.0	3.2	4.0	1.5	.6
West Germany.....	2.4	1.5	2.2	.9	.5
Argentina.....	.2	.0	.0	.0	.4
Belgium.....	.2	.0	1.4	2.0	.4
Korea.....	.0	.0	.7	2.5	.3
All other.....	2.2	6.5	5.8	3.1	.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	15.3	17.2	12.9	14.3	17.8
GSP+4 1/.....	15.3	17.2	13.8	16.8	18.2

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest No.
79011100Digest Title: Unwrought zinc
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
West Germany.....	18	0	19	0	7,187
Canada.....	799	2,145	730	637	956
Jamaica.....	0	49	86	0	380
Rep So Africa....	0	0	0	0	90
Mexico.....	101	63	41	18	72
Panama.....	0	9	23	5	45
Dominican Rep....	0	0	0	0	6
Japan.....	0	2	2	0	5
Spain.....	0	13	0	0	5
El Salvador.....	2	20	0	0	0
Bermuda.....	0	2	0	0	0
Barbados.....	26	2	0	0	0
Trin & Tobago....	0	18	0	0	0
Netherlands Ant..	0	0	0	2	0
Aruba.....	4	0	0	0	0
All other.....	536	1,121	1,160	249	0
Total.....	1,487	3,445	2,061	910	8,746
GSP Total 1/..	447	215	436	117	503
GSP+4 1/.....	567	1,258	1,267	214	503
Percent					
West Germany.....	1.2	.0	.9	.0	82.2
Canada.....	53.8	62.3	35.4	69.9	10.9
Jamaica.....	.0	1.4	4.2	.0	4.3
Rep So Africa....	.0	.0	.0	.0	1.0
Mexico.....	6.8	1.8	2.0	2.0	.8
Panama.....	.0	.2	1.1	.5	.5
Dominican Rep....	.0	.0	.0	.0	.1
Japan.....	.0	.1	.1	.0	.1
Spain.....	.0	.4	.0	.0	.1
El Salvador.....	.1	.6	.0	.0	.0
Bermuda.....	.0	.1	.0	.0	.0
Barbados.....	1.8	.1	.0	.0	.0
Trin & Tobago....	.0	.5	.0	.0	.0
Netherlands Ant..	.0	.0	.0	.2	.0
Aruba.....	.3	.0	.0	.0	.0
All other.....	36.1	32.5	56.3	27.4	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	30.0	6.2	21.1	12.9	5.8
GSP+4 1/.....	38.1	36.5	61.5	23.5	5.8

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 8414.59.80
MISCELLANEOUS FANS AND BLOWERS

Miscellaneous Fans and Blowers

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico¹

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8414.59.80 ¹	Fans and blowers	4.7%	Yes	***

¹Mexico has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 8418.10.00.

Description and uses.—Fans and blowers are devices that generate an air current by the rotation of a blade or an array of blades. The shape and setting of the blades are the primary determinants of the performance characteristics of both fan and blowers. Equipment such as fans and blowers are used in a variety of applications from moving air in the home to ventilating commercial and industrial facilities.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**44	**44	**44	**44	-	*48
Employment (1,000 employees)....	*16	**17	**16	**16	-	**17
Shipments (million dollars).....	**1,874	**1,980	**1,992	**2,036	**3	**2,138
Exports (million dollars).....	28	25	33	38	11	78
Imports (million dollars).....	443	461	216	234	-19	239
Consumption (million dollars)...	**2,289	**2,416	**2,175	**2,232	**-1	**2,299
Import-to-consumption ratio (percent).....	**19	**19	**10	**10	**-19	**10
Capacity utilization (percent)...	**74	**69	**72	**72	**-1	**72

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—According to industry sources, the United States is the world's premier producer of high-performance fans and blowers. This industry is primarily comprised of small- and medium-sized businesses, although large manufacturing firms account for approximately 70 percent of the value of total fans and blowers shipments. However, in recent years, numerous firms have relocated their production facilities to lower cost regions of the United States in order to maintain their

¹Advice is also requested on restoring the full competitive-need for this item from Mexico.

competitive position. Many of the firms in this industry are multinational and distribute their products globally, via direct export, wholly owned foreign subsidiaries, or through licensees.

The U.S. industry for fans and blowers is capital intensive, highly automated, and vertically integrated. In recent years, this industry has undergone major structural changes as leading producers entered into mergers, acquisitions, and joint ventures with foreign firms. Several U.S. companies have established production facilities in lower labor cost countries such as Mexico. The transfer of technology through licensing arrangements, U.S. direct investment, and various joint-venture agreements has enabled emerging foreign producers to increase their production and exports to the United States. U.S. producers, however, are likely to shift their production to high-value, intermediate technology products, leaving emerging foreign producers like Mexico to vie for low-technology, low-profit-margin products such as residential ceiling fans.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	239,273	100	-	**10
Imports from GSP countries:				
Total.....	50,117	21	100	**2
Mexico.....	40,913	17	82	**2
Thailand.....	7,681	3	15	** ⁽¹⁾
Morocco.....	1,041	⁽¹⁾	⁽¹⁾	** ⁽¹⁾

¹Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested a waiver of competitive-need limit for miscellaneous fans and blowers provided under HTS subheading 8414.59.80 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Comair Rotron requested in its petition both a waiver to lower GSP competitive-need limits and restoration of GSP treatment for Mexico for fans and blowers for main frame computer equipment. Allowing Comair Rotron a waiver to lower GSP competitive need limits is necessary because of the large size of its primary competitors located in industrialized countries. Furthermore, Comair Rotron notes that Mexico is annually the first or second largest U.S. export market for fans and blowers. In addition, restoration of GSP treatment for these products would improve the price competitiveness of its Mexican production and enhance Comair Rotron's ability to respond to price sensitive demands required by U.S. computer producers on their component suppliers.

VI. Summary of probable economic effects--Competitive-need-limit waiver (Mexico)

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VI. Summary of probable economic effects—Restoration (Mexico)

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Digest Title: Miscellaneous fans and blowers
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	41,888	53,847	57,214	79,314	74,108
Canada.....	47,361	50,335	49,515	38,251	47,471
Mexico.....	14,691	22,538	41,862	37,240	40,913
West Germany....	20,387	24,681	26,115	32,695	34,644
United Kingdom...	5,346	6,157	12,491	13,897	11,434
Thailand.....	103	1,283	3,733	8,944	7,681
Taiwan.....	177,848	191,346	10,088	7,857	6,999
France.....	2,003	8,612	3,469	5,239	6,013
Italy.....	968	1,295	1,599	2,762	2,188
Singapore.....	69	149	112	1,068	1,864
Morocco.....	0	0	0	60	1,041
Sweden.....	681	1,404	906	1,116	850
China.....	2,668	2,534	277	390	781
Hong Kong.....	125,896	91,062	5,439	1,984	579
Switzerland.....	706	1,969	247	254	403
All other.....	2,547	3,889	2,968	2,504	2,305
Total.....	443,161	461,101	216,035	233,576	239,273
GSP Total 2/..	15,030	25,424	46,151	46,588	50,117
GSP+4 2/.....	319,277	308,312	62,809	57,861	59,931
Percent					
Japan.....	9.5	11.7	26.5	34.0	31.0
Canada.....	10.7	10.9	22.9	16.4	19.8
Mexico.....	3.3	4.9	19.4	15.9	17.1
West Germany....	4.6	5.4	12.1	14.0	14.5
United Kingdom...	1.2	1.3	5.8	5.9	4.8
Thailand.....	1/	.3	1.7	3.8	3.2
Taiwan.....	40.1	41.5	4.7	3.4	2.9
France.....	.5	1.9	1.6	2.2	2.5
Italy.....	.2	.3	.7	1.2	.9
Singapore.....	1/	1/	.1	.5	.8
Morocco.....	.0	.0	.0	1/	.4
Sweden.....	.2	.3	.4	.5	.4
China.....	.6	.5	.1	.2	.3
Hong Kong.....	28.4	19.7	2.5	.8	.2
Switzerland.....	.2	.4	.1	.1	.2
All other.....	.6	.8	1.4	1.1	1.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	3.4	5.5	21.4	19.9	20.9
GSP+4 2/.....	72.0	66.9	29.1	24.8	25.0

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 fans and blowers
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	11,924	10,619	15,085	12,172	30,589
Mexico.....	4,040	3,356	5,184	7,098	13,477
Taiwan.....	960	690	1,425	1,313	3,755
Korea.....	879	715	780	1,906	3,181
United Kingdom...	828	786	1,413	1,946	2,486
Japan.....	350	724	918	733	2,186
France.....	302	459	182	898	1,562
Saudi Arabia.....	1,967	1,070	862	2,324	1,524
West Germany.....	744	449	573	980	1,362
Australia.....	442	533	697	712	1,303
Netherlands.....	131	118	180	408	1,273
Italy.....	381	587	746	464	1,261
Iraq.....	35	152	183	134	1,244
Sweden.....	61	117	190	123	1,009
Singapore.....	166	99	129	180	986
All other.....	4,590	4,116	4,928	6,838	10,833
Total.....	27,799	24,590	33,475	38,230	78,030
GSP Total 1/..	6,773	5,807	8,385	11,575	20,423
GSP+4 1/.....	9,644	7,816	11,028	15,887	28,580
Percent					
Canada.....	42.9	43.2	45.1	31.8	39.2
Mexico.....	14.5	13.6	15.5	18.6	17.3
Taiwan.....	3.5	2.8	4.3	3.4	4.8
Korea.....	3.2	2.9	2.3	5.0	4.1
United Kingdom...	3.0	3.2	4.2	5.1	3.2
Japan.....	1.3	2.9	2.7	1.9	2.8
France.....	1.1	1.9	.5	2.3	2.0
Saudi Arabia.....	7.1	4.3	2.6	6.1	2.0
West Germany.....	2.7	1.8	1.7	2.6	1.7
Australia.....	1.6	2.2	2.1	1.9	1.7
Netherlands.....	.5	.5	.5	1.1	1.6
Italy.....	1.4	2.4	2.2	1.2	1.6
Iraq.....	.1	.6	.5	.4	1.6
Sweden.....	.2	.5	.6	.3	1.3
Singapore.....	.6	.4	.4	.5	1.3
All other.....	16.5	16.7	14.7	17.9	13.9
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	24.4	23.6	25.0	30.3	26.2
GSP+4 1/.....	34.7	31.8	32.9	41.6	36.6

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 8418.10.00

REFRIGERATORS, FREEZERS, AND OTHER REFRIGERATING EQUIPMENT

Refrigerators, Freezers, and Other
Refrigerating Equipment¹

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90)	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
		<u>Percent ad valorem</u>		
8418.10.00	Combined refrigerator freezers	2.9%	Yes	***
8418.21.00	Household refrigerators - compression type	2.9%	Yes	***
8418.22.00	Household refrigerators - absorption	2.9%	Yes	***
8418.29.00	Other types of refrigerator freezers	2.9%	Yes	***
8418.30.00	Chest type freezers less than 800 liters	2.9%	Yes	***
8418.40.00	Freezers exceeding 900 liters	2.9%	Yes	***

Description and uses.—This digest covers refrigerators and freezers used for cold storage of food and beverages. Other refrigerating equipment include refrigerator-freezers fitted with separate external doors of all sizes, both compression and electrical absorption types for household use. Household freezers will not exceed an 800-liter capacity for this digest.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	19	19	19	19	-	19
Employment (1,000 employees)....	22	24	26	26	6	25
Shipments (million dollars).....	**2,999	**3,186	**3,017	**3,156	**2	**3,251
Exports (million dollars).....	6	6	8	13	32	21
Imports (million dollars).....	163	216	245	246	15	210
Consumption (million dollars)...	**3,157	**3,395	**3,254	**3,389	**2	**3,441
Import-to-consumption ratio (percent).....	**5	**6	**8	**7	**12	**6
Capacity utilization (percent)...	**72	**74	**73	**74	**1	**74

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—The U.S. industry producing refrigerators, freezers, and other refrigerating equipment is a relatively mature business. This industry is a world leader in terms of product technology and productivity. The United States is the single largest market for these products

¹This digest includes the following HTS subheadings: 8418.10.00, 8418.21.00, 8418.22.00, 8418.29.00, 8418.30.00, and 8418.40.00.

worldwide. This industry is characterized by a group of five world class producers that operate in a highly price sensitive market. In addition, there are numerous smaller producers of refrigerators, freezers and other refrigerating equipment. In recent years, the number of firms producing these products have diminished because of increased foreign competition, the need for large economies of scale, heavy capital investment, low profit margins, and increased mergers and acquisitions by larger producers. To remain internationally competitive, leading producers have resorted to entering into joint-venture agreements with major foreign corporations or have opted to shift the labor-intensive portion of their production operations abroad.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	210,370	100	-	**6
Imports from GSP countries:				
Total.....	88,191	42	100	**3
Mexico.....	47,490	23	54	**1
Yugoslavia.....	19,667	9	22	**1
Turkey.....	8,662	4	10	** ⁽¹⁾
Brazil.....	6,932	3	8	** ⁽¹⁾

¹Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989.....	<u> 1 </u>		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<u> X </u>	No <u> </u>
What is the price elasticity of U.S. demand?.....	High	<u> X </u>	Moderate <u> </u> Low <u> </u>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<u> X </u>	No <u> </u>
Does the country have significant export markets besides the United States?.....	Yes	<u> </u>	No <u> X </u>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<u> </u>	No <u> X </u>
What is the price elasticity of import supply?.....	High	<u> X </u>	Moderate <u> </u> Low <u> </u>
Price level compared with—			
U.S. products.....	Above	<u> </u>	Equivalent <u> X </u> Below <u> </u>
Other foreign products.....	Above	<u> </u>	Equivalent <u> X </u> Below <u> </u>
Quality compared with—			
U.S. products.....	Above	<u> </u>	Equivalent <u> X </u> Below <u> </u>
Other foreign products.....	Above	<u> </u>	Equivalent <u> X </u> Below <u> </u>

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested a waiver of competitive-need limit for refrigerators, freezers, and other refrigeration equipment provided under HTS subheading 8418.10.80 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange that will contribute to support Mexico's efforts to comply with its international financial commitments."

This petition is filed on behalf of both Whirlpool Corp., of Benton Harbor, Michigan, and Vitromatic, S.A. de C.V. of Monterrey, Mexico. Vitromatic is a joint venture between Whirlpool Corp. and Vitro, S.A. The purpose of this newly formed joint venture is to manufacture refrigerators, freezers, and other major appliances. These products will be sold in both the Mexican market and the U.S. market. According to the petition, Whirlpool Corp. would have to seriously consider ceasing the manufacture of certain refrigerators and freezers if the anticipated cost efficiencies available to Vitromatic in Mexico were unavailable. Whirlpool contends that the continued existence of GSP eligibility is a significant factor in ensuring Whirlpool's continued presence as a manufacturer of these products.

Opposition.—The W.C. Wood Co. Inc., opposes the petition for a competitive-need limit waiver on Mexican produced chest and upright freezers. According to W.C. Wood officials, granting a waiver for these products could result in "unrecoverable" damage to the U.S. industry currently producing chest and upright freezers. This petition indicates that both upright and chest freezer units sold in the United States have remained relatively constant in recent years. The W.C. Wood Co. contends that the U.S. consumer is well served by vigorous competition between the few remaining U.S. producers of these products, and by a variety of imports from Eastern Europe, Mexico, Brazil and other producing nations.

VI. Summary of probable economic effects--Waiver (Mexico)

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Digest Title: Refrigerators, freezers and other refrigerating equipment
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	10,780	14,351	27,194	37,189	47,490
Sweden.....	23,165	38,389	44,815	54,867	40,098
Korea.....	31,356	42,046	54,041	50,403	26,197
Canada.....	20,706	32,905	33,492	26,643	26,045
Yugoslavia.....	7,782	10,891	15,353	17,455	19,667
Japan.....	23,844	20,793	17,919	14,225	10,736
Turkey.....	0	623	1,750	2,813	8,662
Brazil.....	1,372	5,811	8,756	7,756	6,932
France.....	1,347	2,632	2,859	3,275	4,840
United Kingdom...	2,368	4,701	7,736	7,949	4,643
Philippines.....	3,226	3,065	3,287	2,905	4,161
West Germany.....	1,558	3,770	9,246	5,830	2,477
Italy.....	17,762	22,876	8,649	6,161	2,193
China.....	157	31	1	44	1,731
Hong Kong.....	31	60	32	6	943
All other.....	17,335	12,559	9,464	8,971	3,555
Total.....	162,791	215,501	244,594	246,493	210,370
GSP Total 2/..	23,679	35,513	57,313	69,407	88,191
GSP+4 2/.....	56,802	79,037	112,223	120,106	115,639
Percent					
Mexico.....	6.6	6.7	11.1	15.1	22.6
Sweden.....	14.2	17.8	18.3	22.3	19.1
Korea.....	19.3	19.5	22.1	20.4	12.5
Canada.....	12.7	15.3	13.7	10.8	12.4
Yugoslavia.....	4.8	5.1	6.3	7.1	9.3
Japan.....	14.6	9.6	7.3	5.8	5.1
Turkey.....	.0	.3	.7	1.1	4.1
Brazil.....	.8	2.7	3.6	3.1	3.3
France.....	.8	1.2	1.2	1.3	2.3
United Kingdom...	1.5	2.2	3.2	3.2	2.2
Philippines.....	2.0	1.4	1.3	1.2	2.0
West Germany.....	1.0	1.7	3.8	2.4	1.2
Italy.....	10.9	10.6	3.5	2.5	1.0
China.....	.1	1/	1/	1/	.8
Hong Kong.....	1/	1/	1/	1/	.4
All other.....	10.6	5.8	3.9	3.6	1.7
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	14.5	16.5	23.4	28.2	41.9
GSP+4 2/.....	34.9	36.7	45.9	48.7	55.0

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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: Refrigerators, freezers and other refrigerating equipment
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	364	288	380	1,658	4,539
Taiwan.....	141	190	574	1,027	4,315
Saudi Arabia.....	1,250	861	692	1,334	1,881
Canada.....	629	764	1,356	1,674	1,337
Korea.....	69	108	117	259	1,117
West Germany.....	22	155	332	194	562
Japan.....	181	256	233	563	402
Jamaica.....	41	23	76	134	354
Kuwait.....	52	110	261	199	320
Spain.....	17	52	78	168	302
Bahamas.....	103	149	280	187	301
Brazil.....	27	2	28	69	277
Panama.....	186	330	366	134	255
Hong Kong.....	116	94	80	117	237
Dominican Rep....	30	79	116	151	232
All other.....	2,540	2,848	2,952	5,135	4,390
Total.....	5,768	6,309	7,920	13,003	20,820
GSP Total 2/..	2,579	2,930	3,189	5,542	8,675
GSP+4 2/.....	2,997	3,372	3,984	6,992	14,459
Percent					
Mexico.....	6.3	4.6	4.8	12.8	21.8
Taiwan.....	2.4	3.0	7.3	7.9	20.7
Saudi Arabia.....	21.7	13.7	8.7	10.3	9.0
Canada.....	10.9	12.1	17.1	12.9	6.4
Korea.....	1.2	1.7	1.5	2.0	5.4
West Germany.....	.4	2.5	4.2	1.5	2.7
Japan.....	3.1	4.1	2.9	4.3	1.9
Jamaica.....	.7	.4	1.0	1.0	1.7
Kuwait.....	.9	1.7	3.3	1.5	1.5
Spain.....	.3	.8	1.0	1.3	1.5
Bahamas.....	1.8	2.4	3.5	1.4	1.4
Brazil.....	.5	1/	.4	.5	1.3
Panama.....	3.2	5.2	4.6	1.0	1.2
Hong Kong.....	2.0	1.5	1.0	.9	1.1
Dominican Rep....	.5	1.2	1.5	1.2	1.1
All other.....	44.0	45.1	37.3	39.5	21.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	44.7	46.4	40.3	42.6	41.7
GSP+4 2/.....	52.0	53.4	50.3	53.8	69.4

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 8475.20.00

MACHINES FOR MANUFACTURING OR WORKING GLASS
OR GLASSWARE

Machines for Manufacturing or Working
Glass or Glassware

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
8475.20.00	Glass working machinery	3.9%	Yes	***

Description and uses.—Glass-working machinery and parts for working glass in the hot state, when the glass is soft or liquid, are categorized into machinery for the manufacture of flat glass sheets and machines for making other glassware by hot working. Machinery for manufacturing flat glass are used in either the float-glass process or in the sheet-glass-drawing process.

Machinery for making glassware by hot-working include bottle-making machines; special machines and presses for molding various articles of glass; machines for drawing fused silica tubes; machines for making glass beads; machines for making glass fiber or filaments; and machines for bulb-blowing or making other glass parts of light bulbs or tubes, or for electronic valves or tubes. Machines for manufacturing glass-containers draw molten glass into a mold by suction or by a gob feeder, which cuts a stream of glass issuing from the forehearth of the furnace into gobs with automatic shears. The glass is then molded into a long form (parison) and placed into the container mold. Compressed air is injected into the mold, forcing the hot glass into the shape of the mold.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	**35	**35	**35	**35	-	**35
Employment (1,000 employees)....	**4	**4	**4	(³)		(³)
Shipments (1,000 dollars).....	(³)	(³)	(³)	(³)		(³)
Exports (1,000 dollars).....	18,495	20,692	36,306	55,168	186	52,868
Imports (1,000 dollars).....	12,018	18,111	31,579	19,043	68	20,247
Consumption (1,000 dollars).....	(³)	(³)	(³)	(³)	-	(³)
Import-to-consumption ratio (percent).....	(³)	(³)	(³)	(³)	-	(³)
Capacity utilization (percent)...	**54	**60	**60	**62	**15	**62

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

Comment.—U.S. producers supply the bulk of the domestically consumed digest products. This industry can be characterized as a small, highly capital-intensive, slowgrowth industry. A number of glass manufacturers produce their own machinery to be sold only to their licensees. In the world market, U.S. firms appear to be at a competitive disadvantage owing to the high cost of capital in the United States.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Imports from GSP countries:				
Total.....	1,824	9	100	(¹)
Mexico.....	1,824	9	100	(¹)

¹Consumption data for 1989 is not available.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 7

Price elasticity:

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

What is the price elasticity of U.S. 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 Below X

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

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested a waiver of competitive-need limit for machines for manufacturing glass or glassware provided under HTS subheading 8475.20.00 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange will contribute to support Mexico's efforts to comply with its international financial commitments."

Anchor Glass Container Corporation of Tampa, FL and Fabricacion De Maquinas of Monterrey, Mexico, in a written submission dated June 1, 1990 affirmed their support for a waiver of the GSP competitive-need limits for machines for manufacturing glass or glassware from Mexico. A competitive-need waiver was requested to ensure continued GSP eligibility in the event that imports from Mexico in 1990 exceed competitive-need limits.

VI. Summary of probable economic effects—Waiver (Mexico)

* * * * *

Table I.

Digest Title: Machines for manufacturing or working glass or glassware
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
France.....	358	1,271	325	774	4,697
West Germany.....	3,748	4,415	11,849	8,415	2,927
Belgium.....	75	196	0	1,324	2,851
Japan.....	1,052	5,173	1,758	3,591	2,736
Italy.....	3,123	836	1,976	1,050	2,291
United Kingdom...	1,405	664	2,233	1,718	2,080
Mexico.....	0	18	0	1,642	1,824
Denmark.....	0	0	0	0	588
Taiwan.....	72	110	58	67	73
Finland.....	1,032	89	1,234	79	65
Korea.....	0	0	0	0	38
Austria.....	339	701	1,011	0	34
Australia.....	0	317	0	0	14
Switzerland.....	33	401	999	0	13
Canada.....	137	0	67	169	9
All other.....	645	3,921	10,071	214	6
Total.....	12,018	18,111	31,579	19,043	20,247
GSP Total 2/..	46	266	315	1,829	1,824
GSP+4 2/.....	122	376	372	1,896	1,934
Percent					
France.....	3.0	7.0	1.0	4.1	23.2
West Germany.....	31.2	24.4	37.5	44.2	14.5
Belgium.....	.6	1.1	.0	7.0	14.1
Japan.....	8.8	28.6	5.6	18.9	13.5
Italy.....	26.0	4.6	6.3	5.5	11.3
United Kingdom...	11.7	3.7	7.1	9.0	10.3
Mexico.....	.0	.1	.0	8.6	9.0
Denmark.....	.0	.0	.0	.0	2.9
Taiwan.....	.6	.6	.2	.4	.4
Finland.....	8.6	.5	3.9	.4	.3
Korea.....	.0	.0	.0	.0	.2
Austria.....	2.8	3.9	3.2	.0	.2
Australia.....	.0	1.7	.0	.0	.1
Switzerland.....	.3	2.2	3.2	.0	.1
Canada.....	1.1	.0	.2	.9	1/
All other.....	5.4	21.6	31.9	1.1	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.4	1.5	1.0	9.6	9.0
GSP+4 2/.....	1.0	2.1	1.2	10.0	9.6

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest Title: Machines for manufacturing or working glass or glassware
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Venezuela.....	242	0	0	1,707	9,961
Korea.....	1,813	7,696	5,394	8,452	4,490
Italy.....	2,663	371	1,388	10,196	4,210
Japan.....	2,014	1,753	1,049	2,826	3,791
Rep So Africa....	7	2	1,276	2	3,520
France.....	138	19	1,084	3,393	2,951
Canada.....	187	2,951	5,141	1,796	2,786
Indonesia.....	0	0	1,097	1,604	2,239
Mexico.....	520	801	2,092	1,983	1,952
Singapore.....	0	0	5	47	1,860
Australia.....	2,433	224	518	1,806	1,654
United Kingdom...	1,532	860	472	3,770	1,420
West Germany.....	111	288	809	2,778	1,366
China.....	1,769	1,576	4,058	4,212	1,293
Thailand.....	22	933	3	39	1,216
All other.....	5,044	3,219	11,919	10,557	8,159
Total.....	18,495	20,692	36,306	55,168	52,868
GSP Total 2/..	4,500	3,309	7,471	6,838	19,714
GSP+4 2/.....	6,896	11,149	13,918	16,975	26,787
Percent					
Venezuela.....	1.3	.0	.0	3.1	18.8
Korea.....	9.8	37.2	14.9	15.3	8.5
Italy.....	14.4	1.8	3.8	18.5	8.0
Japan.....	10.9	8.5	2.9	5.1	7.2
Rep So Africa....	1/	1/	3.5	1/	6.7
France.....	.7	.1	3.0	6.2	5.6
Canada.....	1.0	14.3	14.2	3.3	5.3
Indonesia.....	.0	.0	3.0	2.9	4.2
Mexico.....	2.8	3.9	5.8	3.6	3.7
Singapore.....	.0	.0	1/	.1	3.5
Australia.....	13.2	1.1	1.4	3.3	3.1
United Kingdom...	8.3	4.2	1.3	6.8	2.7
West Germany.....	.6	1.4	2.2	5.0	2.6
China.....	9.6	7.6	11.2	7.6	2.4
Thailand.....	.1	4.5	1/	.1	2.3
All other.....	27.3	15.6	32.8	19.1	15.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	24.3	16.0	20.6	12.4	37.3
GSP+4 2/.....	37.3	53.9	38.3	30.8	50.7

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 8481.80.10(pt)

VALVES FOR MOTOR-VEHICLE TIRES AND INNER TUBES

Valves for Motor-Vehicle Tires and Inner Tubes¹

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90)	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
		<u>Percent ad valorem</u>		
8481.80.10(pt)	Valves for tires and tubes	3.9%	Yes	***
8481.80.90(pt)	Valves for tires and tubes	3.9%	Yes	***
8481.90.10(pt)	Valves for tires and tubes	3.9%	Yes	***
8481.90.90(pt)	Valves for tires and tubes	3.9%	Yes	***

Description and uses.—This digest covers tire and tube valves used in automobiles, trucks, and other vehicles. These valves have a specially compounded cushion gum base that permits either hot or cold (chemical/mechanical) bonding to inner tube tires. Other types are conventional snap-in tire valves that include a valve core and black plastic dust cap. Other vehicle tire valves include brass valves that are used for replacement applications on such products as go-carts, scooters, and trailer tubes.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**10	**10	**10	**8	**7	**8
Employment (1,000 employees)....	**5	**5	**5	**4	**7	**4
Shipments (1,000 dollars).....	**146,000	**150,000	**161,000	**170,000	**5	**178,000
Exports (1,000 dollars).....	13,201	16,894	21,926	21,421	18	37,189
Imports (1,000 dollars).....	2,749	4,391	7,381	8,667	47	8,849
Consumption (1,000 dollars)....	**135,548	**137,497	**146,455	**157,246	**5	**149,660
Import-to-consumption ratio (percent).....	**2	**3	**5	**6	**44	**6
Capacity utilization (percent)...	**68	**70	**72	**74	**3	**75

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—The U.S. industry producing valves for inner tubes and tires is characterized by a few large firms who historically have been suppliers to original-equipment manufacturers (OEMs) in the tire, automobile, and truck industries. These OEM producers account for the bulk of all shipments for producers of valves for inner tubes and tires. This industry is characterized as being highly price sensitive, suffering from declining profit margins and increased foreign competition.

¹This digest includes the following HTS subheadings: 8481.80.10(pt), 8481.80.90(pt), 8481.90.10(pt), and 8481.90.90(pt).

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	8,849	100	-	**6
Imports from GSP countries:				
Total.....	1,062	12	100	**1
Mexico.....	737	8	69	** ⁽¹⁾
Brazil.....	104	1	10	** ⁽¹⁾
Indonesia.....	82	1	1	** ⁽¹⁾

¹Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 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 X Below

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

Quality compared with—

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

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

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 10

Price elasticity:

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

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

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

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

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

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

Price level compared with—

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

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

Quality compared with—

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

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

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1989..... 12

Price elasticity:

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

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

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

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Competitiveness indicators for all countries for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

V. Position of interested parties

Petitioner.—Bridgeport-Piedmont Manufacturing Co. requested that imports of these products be removed from further GSP eligibility. Bridgeport contends that continued duty-free status for imports from foreign competitors is imposing marketing pressures on Bridgeport-Piedmont Co. that are unjustified in light of the deteriorated status of the U.S. industry and the relative competitiveness of foreign manufacturers located in GSP-eligible countries such as Mexico and Brazil.

Opposition.—Schrader Automotive Inc., a major U.S. tire valve, tire gauge, and related products manufacturer opposes the removal of Mexico from receiving duty-free treatment under the GSP program. According to Schrader Automotive, the U.S. domestic tube valve industry is not being, nor is it likely to be, adversely affected by imports receiving duty-free treatment under GSP. Furthermore, the U.S. tube valve market is not considered import sensitive and should be eligible for GSP treatment. Lastly, Schrader believes that the Mexican economy continues to need GSP benefits to assist its economic recovery.

VI. Summary of probable economic effects--Removal (Mexico)

* * * * *

Digest Title: Valves for motor-vehicle tires and inner tubes and parts
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
West Germany.....	425	1,201	1,959	2,008	1,990
Taiwan.....	799	953	1,420	1,810	1,608
Japan.....	456	731	1,652	1,546	1,484
Mexico.....	95	110	284	552	737
Italy.....	209	292	380	624	716
Canada.....	271	349	379	449	659
United Kingdom...	124	154	267	410	383
Switzerland.....	56	69	167	197	179
France.....	38	105	100	171	124
Brazil.....	28	42	109	120	104
Sweden.....	21	43	58	70	100
Indonesia.....	0	1/	8	11	82
Korea.....	26	29	77	124	73
China.....	1	1	7	54	72
Denmark.....	15	26	48	61	71
All other.....	186	286	466	461	468
Total.....	2,749	4,391	7,381	8,667	8,849
GSP Total 2/..	183	228	487	796	1,062
GSP+4 2/.....	1,011	1,213	1,995	2,742	2,765
Percent					
West Germany.....	15.5	27.3	26.5	23.2	22.5
Taiwan.....	29.1	21.7	19.2	20.9	18.2
Japan.....	16.6	16.6	22.4	17.8	16.8
Mexico.....	3.4	2.5	3.9	6.4	8.3
Italy.....	7.6	6.7	5.2	7.2	8.1
Canada.....	9.9	8.0	5.1	5.2	7.4
United Kingdom...	4.5	3.5	3.6	4.7	4.3
Switzerland.....	2.0	1.6	2.3	2.3	2.0
France.....	1.4	2.4	1.3	2.0	1.4
Brazil.....	1.0	1.0	1.5	1.4	1.2
Sweden.....	.8	1.0	.8	.8	1.1
Indonesia.....	.0	1/	.1	.1	.9
Korea.....	.9	.7	1.0	1.4	.8
China.....	1/	1/	.1	.6	.8
Denmark.....	.6	.6	.6	.7	.8
All other.....	6.8	6.5	6.3	5.3	5.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	6.6	5.2	6.6	9.2	12.0
GSP+4 2/.....	36.8	27.6	27.0	31.6	31.2

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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: Valves for motor-vehicle tires and inner tubes and parts
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	2,096	1,893	2,247	2,841	12,732
Mexico.....	3,565	6,902	11,362	8,406	7,845
Japan.....	954	988	774	1,595	2,666
United Kingdom...	847	979	1,133	1,266	2,182
West Germany.....	558	733	563	685	1,427
Korea.....	273	214	342	630	1,009
Indonesia.....	22	71	31	31	852
Australia.....	315	243	285	368	827
Singapore.....	188	198	198	380	670
Taiwan.....	120	534	330	661	662
France.....	314	269	323	355	622
Italy.....	232	395	225	305	524
Netherlands.....	476	294	240	341	464
Philippines.....	63	69	391	145	341
Brazil.....	107	150	134	335	337
All other.....	3,069	2,962	3,346	3,076	4,028
Total.....	13,201	16,894	21,926	21,421	37,189
GSP Total 1/..	5,191	8,343	13,309	10,048	10,926
GSP+4 1/.....	5,813	9,336	14,248	11,793	13,345
Percent					
Canada.....	15.9	11.2	10.2	13.3	34.2
Mexico.....	27.0	40.9	51.8	39.2	21.1
Japan.....	7.2	5.9	3.5	7.4	7.2
United Kingdom...	6.4	5.8	5.2	5.9	5.9
West Germany.....	4.2	4.3	2.6	3.2	3.8
Korea.....	2.1	1.3	1.6	2.9	2.7
Indonesia.....	.2	.4	.1	.1	2.3
Australia.....	2.4	1.4	1.3	1.7	2.2
Singapore.....	1.4	1.2	.9	1.8	1.8
Taiwan.....	.9	3.2	1.5	3.1	1.8
France.....	2.4	1.6	1.5	1.7	1.7
Italy.....	1.8	2.3	1.0	1.4	1.4
Netherlands.....	3.6	1.7	1.1	1.6	1.2
Philippines.....	.5	.4	1.8	.7	.9
Brazil.....	.8	.9	.6	1.6	.9
All other.....	23.3	17.5	15.3	14.4	10.8
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	39.3	49.4	60.7	46.9	29.4
GSP+4 1/.....	44.0	55.3	65.0	55.1	35.9

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 8504.10.00

CERTAIN ELECTRICAL TRANSFORMERS

Certain Electrical Transformers¹

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
8504.10.00 ¹	Ballasts for discharge lamps or tubes	3%	Yes	***
8504.32.00	Liquid dielectric transformers of between 1 kVA and 16 kVA	2.4%	Yes	***

¹Mexico has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 8504.10.00.

Description and uses.—Electrical transformers are devices that consist of two or more windings of insulated wire, which by magnetic induction are capable of transferring alternating current from one winding to the other. In the progress of this energy transfer, the incoming voltage value is either raised or lowered in proportion to the number of turns in the windings. In the case of transformers (ballasts) for electrical discharge lamps, electronic ballasts are most commonly used to raise the frequency of an electric current from the standard household 60 cycles per second (hertz), to as high as 20,000 hertz. This is done because fluorescent and other discharge lamps operate more efficiently at higher frequencies. Electronic ballasts differ from traditional "core and coil" transformers in that they are made from capacitors, resistors, transistors, integrated circuits, and high frequency transformers. Higher voltage transformers of the type classified under HTS subheading 8504.32.00 are typically used in industrial and commercial applications to lower or "step down" high utility-generated voltages to levels that can be utilized by business and commercial customers.

¹This digest includes the following HTS subheadings: 8504.10.00 and 8504.32.00.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**40	**40	**40	**35	*-4	**35
Employment (1,000 employees)....	**7	**7	**7	**7	-	**8
Shipments (1,000 dollars).....	*660,000	*650,000	*715,000	*780,000	*6	*850,000
Exports (1,000 dollars).....	17,866	19,131	23,499	37,140	28	55,376
Imports (1,000 dollars).....	30,020	31,114	34,124	51,685	20	110,517
Consumption (1,000 dollars).....	*672,154	*661,983	*725,625	*794,545	*6	*905,141
Import-to-consumption ratio (percent).....	*4	*5	*5	*7	*21	*12
Capacity utilization (percent)..	*74	*73	*71	*74	-	*78

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—The U.S. market for the products classified in this digest is generally characterized as highly price competitive. These products, for the most part, represent mature production technologies. Most of the products sold in U.S. markets are either produced to customer specifications, or are subject to routine product standards developed by such organizations as Underwriters Laboratories or the National Electrical Manufacturers Association. There are, therefore, typically few discernible differences in the quality or construction of comparable foreign and domestic merchandise.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	110,517	100	-	*12
Imports from GSP countries:				
Total.....	76,743	69	100	*8
Mexico.....	76,461	69	100	*8
Brazil.....	105	(¹)	(¹)	*(¹)

¹Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 1

Price elasticity:

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

What is the price elasticity of U.S. 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 ___ Below X

 Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Approximately 60 percent of total U.S. imports from Mexico in 1989 entered totally duty free under the provision of HTS subheading 9802.00.80.

V. Position of interested parties

Petitioner.--The Government of Mexico (GOM) has requested a waiver of competitive-need limit for liquid dielectric transformers rated between 1 kVA and 16 kVA provided under HTS subheading 8504.32.00 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Electronic Ballast Technology, Inc. (EBT) filed a petition with respect to the waiver of the competitive need limit for ballasts for discharge lamps or tubes from Mexico provided for in HTS subheading 8504.10.00. EBT, which currently produces these articles in Taiwan, is also in the process of establishing a comparable facility in Tijuana, Mexico. The company indicates in its statement that it believes that the waiver of GSP status with respect to Mexico would increase the price competitiveness of the Mexican product without adversely affecting U.S. production of the products.

Westinghouse Electric Corporation and its wholly owned Mexican subsidiary, Operaciones de Maquila de Juarez, S.A. de C.V., filed a petition for the waiver of the competitive need limits with respect to electrical transformers imported from Mexico under HTS subheading 8504.32.00. Westinghouse stated in its petition that not only did Mexico narrowly exceed (52 percent) the 50 percent competitive-need limit for these products in 1989 but that only \$3.9 million, or 23 percent, of total Mexican entries were under the GSP. Westinghouse also indicated in its petition that the waiver of the 2.4 percent duty on imports of products from its Mexican facility would increase significantly the price competitiveness of these products vis-a-vis other foreign merchandise.

VI. Summary of probable economic effects--Waiver (Mexico)

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Table I.

Digest Title: Certain electrical transformers
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	15,443	19,037	21,964	34,502	76,461
Taiwan.....	670	437	2,638	4,707	8,879
Canada.....	3,902	1,661	1,049	1,786	7,077
Japan.....	1,144	1,083	1,134	1,087	5,388
West Germany.....	669	877	647	1,433	2,593
Singapore.....	962	916	545	992	1,635
United Kingdom...	328	418	467	531	1,577
China.....	2	0	5	2,184	1,440
Belgium.....	13	67	86	273	946
Hong Kong.....	1,813	2,087	942	427	886
Korea.....	458	921	1,651	1,044	764
France.....	276	978	555	517	613
Norway.....	1/	67	164	262	590
Italy.....	262	349	835	865	517
Sweden.....	192	96	86	31	289
All other.....	3,885	2,119	1,354	1,044	861
Total.....	30,020	31,114	34,124	51,685	110,517
GSP Total 2/..	18,881	20,774	22,522	34,822	76,743
GSP+4 2/.....	22,784	25,136	28,299	41,992	88,908
Percent					
Mexico.....	51.4	61.2	64.4	66.8	69.2
Taiwan.....	2.2	1.4	7.7	9.1	8.0
Canada.....	13.0	5.3	3.1	3.5	6.4
Japan.....	3.8	3.5	3.3	2.1	4.9
West Germany.....	2.2	2.8	1.9	2.8	2.3
Singapore.....	3.2	2.9	1.6	1.9	1.5
United Kingdom...	1.1	1.3	1.4	1.0	1.4
China.....	1/	.0	1/	4.2	1.3
Belgium.....	1/	.2	.3	.5	.9
Hong Kong.....	6.0	6.7	2.8	.8	.8
Korea.....	1.5	3.0	4.8	2.0	.7
France.....	.9	3.1	1.6	1.0	.6
Norway.....	1/	.2	.5	.5	.5
Italy.....	.9	1.1	2.4	1.7	.5
Sweden.....	.6	.3	.3	.1	.3
All other.....	12.9	6.8	4.0	2.0	.8
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	62.9	66.8	66.0	67.4	69.4
GSP+4 2/.....	75.9	80.8	82.9	81.2	80.4

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest Title: Certain electrical transformers
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	611	559	858	1,371	20,849
Canada.....	8,500	7,877	11,079	20,790	14,149
Saudi Arabia.....	1,572	1,194	962	2,234	2,875
Guatemala.....	224	413	682	410	1,362
United Kingdom...	495	726	1,016	1,219	1,300
Taiwan.....	187	370	622	634	968
Costa Rica.....	519	381	860	822	889
Ecuador.....	314	496	331	325	888
Italy.....	94	100	116	187	855
Honduras.....	145	109	440	270	752
Dominican Rep....	77	157	142	320	743
Panama.....	403	1,325	859	348	616
Singapore.....	234	237	216	226	604
Netherlands.....	168	124	147	307	509
Hong Kong.....	138	263	126	319	502
All other.....	4,187	4,801	5,043	7,360	7,514
Total.....	17,866	19,131	23,499	37,140	55,376
GSP Total 1/..	4,433	5,945	6,787	8,401	29,699
GSP+4 1/.....	5,102	6,971	7,819	9,870	32,233
Percent					
Mexico.....	3.4	2.9	3.7	3.7	37.6
Canada.....	47.6	41.2	47.1	56.0	25.6
Saudi Arabia.....	8.8	6.2	4.1	6.0	5.2
Guatemala.....	1.3	2.2	2.9	1.1	2.5
United Kingdom...	2.8	3.8	4.3	3.3	2.3
Taiwan.....	1.0	1.9	2.6	1.7	1.7
Costa Rica.....	2.9	2.0	3.7	2.2	1.6
Ecuador.....	1.8	2.6	1.4	.9	1.6
Italy.....	.5	.5	.5	.5	1.5
Honduras.....	.8	.6	1.9	.7	1.4
Dominican Rep....	.4	.8	.6	.9	1.3
Panama.....	2.3	6.9	3.7	.9	1.1
Singapore.....	1.3	1.2	.9	.6	1.1
Netherlands.....	.9	.7	.6	.8	.9
Hong Kong.....	.8	1.4	.5	.9	.9
All other.....	23.4	25.1	21.5	19.8	13.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	24.8	31.1	28.9	22.6	53.6
GSP+4 1/.....	28.6	36.4	33.3	26.6	58.2

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 8505.19.00

PERMANENT, NON-METAL MAGNETS AND ARTICLES

Permanent, Non-Metal Magnets and Articles

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8505.19.00	Permanent magnets of other than metal.	4.9%	Yes	***

Description and uses.—The articles classified under HTS subheading 8505.19.00 are permanent magnets and articles intended to become permanent magnets after magnetization of other than base metals or metal alloys. These articles consist primarily of ceramic permanent magnets and magnetic materials, which are also commonly referred to as ferrites. Ferrites are made by sintering a mixture of high purity iron oxides and varying amounts of oxides or carbonates of other metals, principally aluminum, barium, cobalt, copper, lead, manganese, nickel, strontium, and zinc. The most important uses for the articles classified in HTS 8505.19.00 are in transformers, antenna rods, loudspeakers, and as permanent magnets for various holding or attaching applications. Ferrites used specifically as ferrite core memories for computers and related devices are classified separately under HTS subheading 6909.19.10.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988, over 1985 ²	1989
Producers (number).....	*12	*11	*10	*9	*-9	*10
Employment (1,000 employees)....	*1	*1	*1	*2	*26	*2
Shipments (1,000 dollars).....	*85,000	*75,000	*85,000	*140,000	*18	*145,000
Exports (1,000 dollars).....	6,199	7,127	7,902	12,478	26	16,792
Imports (1,000 dollars).....	50,980	37,642	44,315	37,930	-9	44,452
Consumption (1,000 dollars)....	*129,781	*105,515	*121,413	*165,452	*8	*172,660
Import-to-consumption ratio (percent).....	*39	*36	*36	*23	*-16	*26
Capacity utilization (percent)..	**80	**85	**80	**85	**2	**85

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—The U.S. market for most ceramic magnets is very competitive, with U.S. sales being won or lost by a few cents per pound. During 1985-88, a number of U.S. producers succumbed to these competitive pressures and left the business. One major U.S. producer sold a majority equity interest in its ceramic magnet production operations to a major Japanese supplier. Yet another major U.S. producer is a wholly owned subsidiary of a second major Japanese producer. As a result of these foreign ties, there is some reason to believe that a significant portion of U.S. producers' shipments consists of imported materials and are therefore somewhat overstated. In general, the

overall competitiveness of U.S.-owned producers of ceramic magnets declined during this period vis-a-vis the major foreign suppliers of these products.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	44,452	100	-	*26
Imports from GSP countries:				
Total.....	15,091	34	100	*9
Mexico.....	13,830	31	92	*8
Brazil.....	496	1	3	* ⁽¹⁾
Macao.....	223	1	1	* ⁽¹⁾
Thailand.....	203	⁽¹⁾	1	* ⁽¹⁾

¹ Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ Below X

Other foreign products..... Above ___ Equivalent X Below ___

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested a waiver of competitive-need limit for permanent, non-metal magnets and articles provided under HTS subheading 8505.19.00 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

General Motors Corp., Delco Products Div., which supplies a variety of automotive electrical parts and components to vehicle assembly plants, is also petitioning for the waiver of competitive-need limits for imports under HTS item 8505.19.00 from Mexico. GM operates a plant in Nuevo Laredo, Mexico, which produces ceramic magnets that are installed in automotive electric motors manufactured at a Delco Products plant in Rochester, NY. The electric motors are used in windshield wipers, air conditioner and heater blower fans, power seats, radio antennas, and power window units. GM indicated in its petition that the waiver of the 4.9-percent duty on ceramic magnets from Mexico would help to increase the price competitiveness of the products in which they are used. GM contends that this in turn would help the company to compete with Japanese, Canadian, and West German suppliers of these products and preserve the 3,700 jobs in Rochester.

Opposition.—Crucible Magnetics, a division of Crucible Materials Corp., issued a statement on September 27, 1990 in opposition to the request by the Delco Products Division of General Motors to waive the competitive-need limit for ceramic magnets (HTS subheading 8505.19.00) from Mexico. Crucible acknowledged in its statement that the Delco Products plant in Mexico supplied products directly to its Rochester, NY plant that did not openly compete against other domestic producers in the U.S. market. The company, however, indicated that there was at least one Japanese-owned producer of ceramic magnets in Mexico that could take advantage of duty-free GSP eligibility status. Crucible contends that this producer, which does compete directly in U.S. markets against U.S. producers, stands to gain a windfall tariff advantage, should Mexico gain waiver status with respect to these products.

VI. Summary of probable economic effects—Waiver (Mexico)

* * * * *

Table I.

Digest Title: Permanent, non-metal magnets and articles
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	16,595	11,027	15,618	16,685	18,072
Mexico.....	26,866	21,914	22,602	14,405	13,830
Taiwan.....	468	646	1,653	1,727	4,874
West Germany.....	1,683	1,504	1,545	2,452	2,508
China.....	50	20	0	8	1,455
United Kingdom...	2,114	733	812	177	547
Hong Kong.....	15	26	160	93	500
Brazil.....	78	85	176	362	496
Italy.....	105	181	96	85	297
Canada.....	555	198	32	66	260
France.....	1,195	580	694	802	229
Macao.....	4	0	0	0	223
Thailand.....	0	0	0	1	203
Switzerland.....	72	79	135	78	177
Philippines.....	5	0	21	0	150
All other.....	1,177	649	768	987	633
Total.....	50,980	37,642	44,315	37,930	44,452
GSP Total 2/..	26,966	22,005	22,829	14,881	15,091
GSP+4 2/.....	28,183	22,822	24,765	16,963	20,614
Percent					
Japan.....	32.6	29.3	35.2	44.0	40.7
Mexico.....	52.7	58.2	51.0	38.0	31.1
Taiwan.....	.9	1.7	3.7	4.6	11.0
West Germany.....	3.3	4.0	3.5	6.5	5.6
China.....	.1	.1	.0	1/	3.3
United Kingdom...	4.1	1.9	1.8	.5	1.2
Hong Kong.....	1/	.1	.4	.2	1.1
Brazil.....	.2	.2	.4	1.0	1.1
Italy.....	.2	.5	.2	.2	.7
Canada.....	1.1	.5	.1	.2	.6
France.....	2.3	1.5	1.6	2.1	.5
Macao.....	1/	.0	.0	.0	.5
Thailand.....	.0	.0	.0	1/	.5
Switzerland.....	.1	.2	.3	.2	.4
Philippines.....	1/	.0	1/	.0	.3
All other.....	2.3	1.7	1.7	2.6	1.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	52.9	58.5	51.5	39.2	33.9
GSP+4 2/.....	55.3	60.6	55.9	44.7	46.4

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest Title: Permanent, non-metal magnets and articles
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	3,719	3,868	3,484	5,324	5,338
United Kingdom...	480	533	1,211	1,502	2,033
Haiti.....	36	0	203	1,212	1,416
Singapore.....	162	515	645	1,295	1,325
Mexico.....	288	175	255	616	1,132
Japan.....	164	152	316	760	1,096
Taiwan.....	63	127	137	176	694
Israel.....	26	37	12	82	629
Korea.....	84	61	83	109	577
Hong Kong.....	33	117	109	48	491
West Germany.....	80	142	159	138	481
France.....	91	42	60	95	392
Switzerland.....	31	97	126	149	230
Australia.....	15	63	32	43	142
Netherlands.....	69	58	27	184	114
All other.....	861	1,140	1,041	747	702
Total.....	6,199	7,127	7,902	12,478	16,792
GSP Total 1/..	940	858	1,009	2,222	3,548
GSP+4 1/.....	1,281	1,679	1,984	3,849	6,635
Percent					
Canada.....	60.0	54.3	44.1	42.7	31.8
United Kingdom...	7.7	7.5	15.3	12.0	12.1
Haiti.....	.6	.0	2.6	9.7	8.4
Singapore.....	2.6	7.2	8.2	10.4	7.9
Mexico.....	4.7	2.4	3.2	4.9	6.7
Japan.....	2.6	2.1	4.0	6.1	6.5
Taiwan.....	1.0	1.8	1.7	1.4	4.1
Israel.....	.4	.5	.2	.7	3.7
Korea.....	1.3	.9	1.1	.9	3.4
Hong Kong.....	.5	1.6	1.4	.4	2.9
West Germany.....	1.3	2.0	2.0	1.1	2.9
France.....	1.5	.6	.8	.8	2.3
Switzerland.....	.5	1.4	1.6	1.2	1.4
Australia.....	.2	.9	.4	.3	.8
Netherlands.....	1.1	.8	.3	1.5	.7
All other.....	13.9	16.0	13.2	6.0	4.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	15.2	12.0	12.8	17.8	21.1
GSP+4 1/.....	20.7	23.6	25.1	30.8	39.5

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 8507.90.40

PARTS OF LEAD-ACID STORAGE BATTERIES

Parts of Lead-Acid Storage Batteries

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico¹

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8507.90.40 ¹	Parts of lead-acid storage batteries	5.3%	Yes	***

¹***.

Description and uses.—A lead-acid storage battery consists essentially of a container, usually made of glass or plastic, which holds an electrolyte in which are immersed two electrodes fitted with terminals for connection to an external electrical circuit. Parts of lead-acid storage batteries include; containers and covers, lead plates and grids, connection terminals, and "separators," which are designed to rigid technical specifications to insulate individual "cells" within lead-acid storage batteries. The parts covered in this digest may be incorporated into lead-acid batteries which are in turn used in automobiles, motorcycles, boats, golf carts, and other vehicles. Such batteries also serve as stand-by power supplies in computers.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	(³)	(³)	(^{3})	(^{3})	(^{3})	(^{3})
Employment (1,000 employees)....	(³)	(³)	(^{3})	(^{3})	(^{3})	(^{3})
Shipments (1,000 dollars).....	(^{3})	(^{3})	(^{3})	(^{3})	(³)	(³)
Exports (1,000 dollars).....	21,457	19,154	20,468	27,090	8	20,620
Imports (1,000 dollars).....	12,746	11,182	17,825	14,298	4	11,888
Consumption (1,000 dollars).....	(³)	(³)	(^{3})	(^{3})	(^{3})	(^{3})
Import-to-consumption ratio (percent).....	(³)	(³)	(^{3})	(^{3})	(^{3})	(^{3})
Capacity utilization (percent)..	(^{3})	(^{3})	(^{3})	(^{3})	(³)	(³)

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available. The U.S. Bureau of Labor Statistics reported that the number of U.S. establishments manufacturing storage batteries remained at roughly 220 during 1985-89. However, there are no data available to determine the value of parts for lead-acid storage batteries that were manufactured by these battery producers. Similarly, data on employment and capacity utilization in the battery parts industry are also not available. There are thousands of U.S. electronic component manufacturers and machine shops that are capable of fabricating the metal and plastic parts which could be classified under the subject HTS subheading.

¹Advice is also requested on restoring the full competitive-need limit for this item from Mexico.

Comment.—The Battery Council International (BCI) reports that U.S. original equipment battery shipments have been subject to tremendous variability over the past two decades because of fluctuations in the health of the U.S. economy and the resultant variability in U.S. consumption of automobiles, motor cycles, boats, computers, and other battery-powered products. It is assumed that U.S. production, international trade, and consumption of lead-acid storage battery parts suffer from the same extreme variability. U.S. imports of complete batteries increased rapidly in the mid 1980s. Even with this increase in import volume, however, imports of finished lead-acid storage batteries accounted for a negligible share of total U.S. battery consumption, according to the BCI.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	11,888	100	-	(¹)
Imports from GSP countries:				
Total.....	3,483	29	100	(¹)
Mexico.....	3,216	27	92	(¹)
Yugoslavia.....	113	1	3	(¹)
Philippines.....	54	(²)	2	(¹)

¹Not available.

²Less than 0.5 percent.

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

Comment.—Mexico was the second largest supplier of imported parts of lead-acid storage batteries to the U.S. market in 1988 and 1989. These imports from Mexico accounted for 27 percent of total U.S. imports of these products, on average during these 2 years. Mexico also ranked as the second-largest foreign market for U.S. exports of lead-acid battery parts during 1985-89. The trend in U.S.-Mexican trade in parts of lead-acid storage batteries reflects the close relationships that have developed between battery producers and battery consumers in the two countries.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 Equivalent X Below

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

Quality compared with—

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

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

Comment.—The parts of lead-acid storage batteries covered in this digest are commodity products. Producers of these parts require specialized machinery for die casting, injection molding, and recovering lead from existing batteries. This production is therefore subject to significant scale economies. Mexican manufacturers of these articles can change their output levels or export markets by investing in additional production facilities. All batteries and parts of batteries sold in the U.S. market must meet exacting specifications on size, product life, and acid tolerance. Therefore, the quality of U.S. imports of parts of lead-acid storage batteries from Mexico will be equal to that of U.S.-made products. Mexican producers of parts of lead-acid storage batteries export their products to Latin America as well as to the United States.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested that the competitive-need limit for U.S. imports of parts of lead-acid storage batteries from Mexico provided for under HTS subheading (8507.90.40) be waived so as to provide these imports with duty-free access to the U.S. market under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Aislantes Leon, S.A. de C.V., located in Monterrey, N.L., Mexico requests that the competitive-need limit for U.S. imports of parts of lead-acid storage batteries from Mexico be waived so that Mexican exports may once again receive duty-free access to the U.S. market. The petitioner reports that such imports from Mexico received GSP benefits from the United States in the past, but such benefits were removed on July 1, 1990, because Mexico exceeded the relevant competitive-need limit in 1989. U.S. imports of parts of lead-acid storage batteries from Mexico are subject to a reduced competitive-need limit. Aislantes filed a similar petition requesting a waiver of competitive-need limit in February of 1985. At that time, the TSUS subheading under which U.S. imports of the subject parts were classified contained a broader mix of battery parts, according to petitioner. The petitioner's 1985 request was denied by the TPSC because of conditions in the U.S. battery industry at the time. Aislantes contends that the current HTS subheading 8507.90.40 is more narrowly specified, and that it therefore provides a better reflection of U.S. imports of the subject parts. Aislantes indicates that the relevant HTS subheading nomenclature now in use excludes the "other parts" that had inflated trade data under the previous TSUS item. The petitioner thus requests that the TPSC reconsider a waiver for Mexico based on current U.S. import data which the firm believes to be more accurate. The petitioner states that the firm is the largest producer and exporter of parts of lead-acid storage batteries in Mexico, and that the firm will suffer sales and resulting employment losses if GSP benefits are not reinstated.

VI. Summary of probable economic effects—competitive-need-limit waiver—Mexico

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VI. Summary of probable economic effects—restoration—Mexico

* * * * *

Table I.

Digest Title: Parts of lead-acid batteries
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	1,973	1,770	2,265	2,928	4,063
Mexico.....	1,915	823	3,014	3,500	3,216
Canada.....	5,254	4,204	6,468	3,956	2,523
West Germany.....	360	753	1,012	679	298
Australia.....	4	0	0	0	277
United Kingdom...	1,031	1,070	904	610	246
Korea.....	296	187	1,415	518	228
Italy.....	248	391	157	415	182
Sweden.....	59	225	56	16	124
Yugoslavia.....	0	0	0	0	113
Taiwan.....	620	270	415	485	98
Spain.....	38	14	128	84	98
Singapore.....	1	3	55	7	78
Hong Kong.....	173	375	117	43	68
China.....	12	45	7	58	58
All other.....	763	1,050	1,810	998	219
Total.....	12,746	11,182	17,825	14,298	11,888
GSP Total 2/..	2,348	861	3,316	3,952	3,483
GSP+4 2/.....	3,439	1,697	5,318	5,004	3,955
Percent					
Japan.....	15.5	15.8	12.7	20.5	34.2
Mexico.....	15.0	7.4	16.9	24.5	27.1
Canada.....	41.2	37.6	36.3	27.7	21.2
West Germany.....	2.8	6.7	5.7	4.8	2.5
Australia.....	1/	.0	.0	.0	2.3
United Kingdom...	8.1	9.6	5.1	4.3	2.1
Korea.....	2.3	1.7	7.9	3.6	1.9
Italy.....	1.9	3.5	.9	2.9	1.5
Sweden.....	.5	2.0	.3	.1	1.0
Yugoslavia.....	.0	.0	.0	.0	.9
Taiwan.....	4.9	2.4	2.3	3.4	.8
Spain.....	.3	.1	.7	.6	.8
Singapore.....	1/	1/	.3	1/	.7
Hong Kong.....	1.4	3.4	.7	.3	.6
China.....	.1	.4	1/	.4	.5
All other.....	6.0	9.4	10.2	7.0	1.8
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	18.4	7.7	18.6	27.6	29.3
GSP+4 2/.....	27.0	15.2	29.8	35.0	33.3

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest No.
85079040Digest Title: Parts of lead-acid batteries
U.S. exports of domestic merchandise, by principal markets, 1985-89

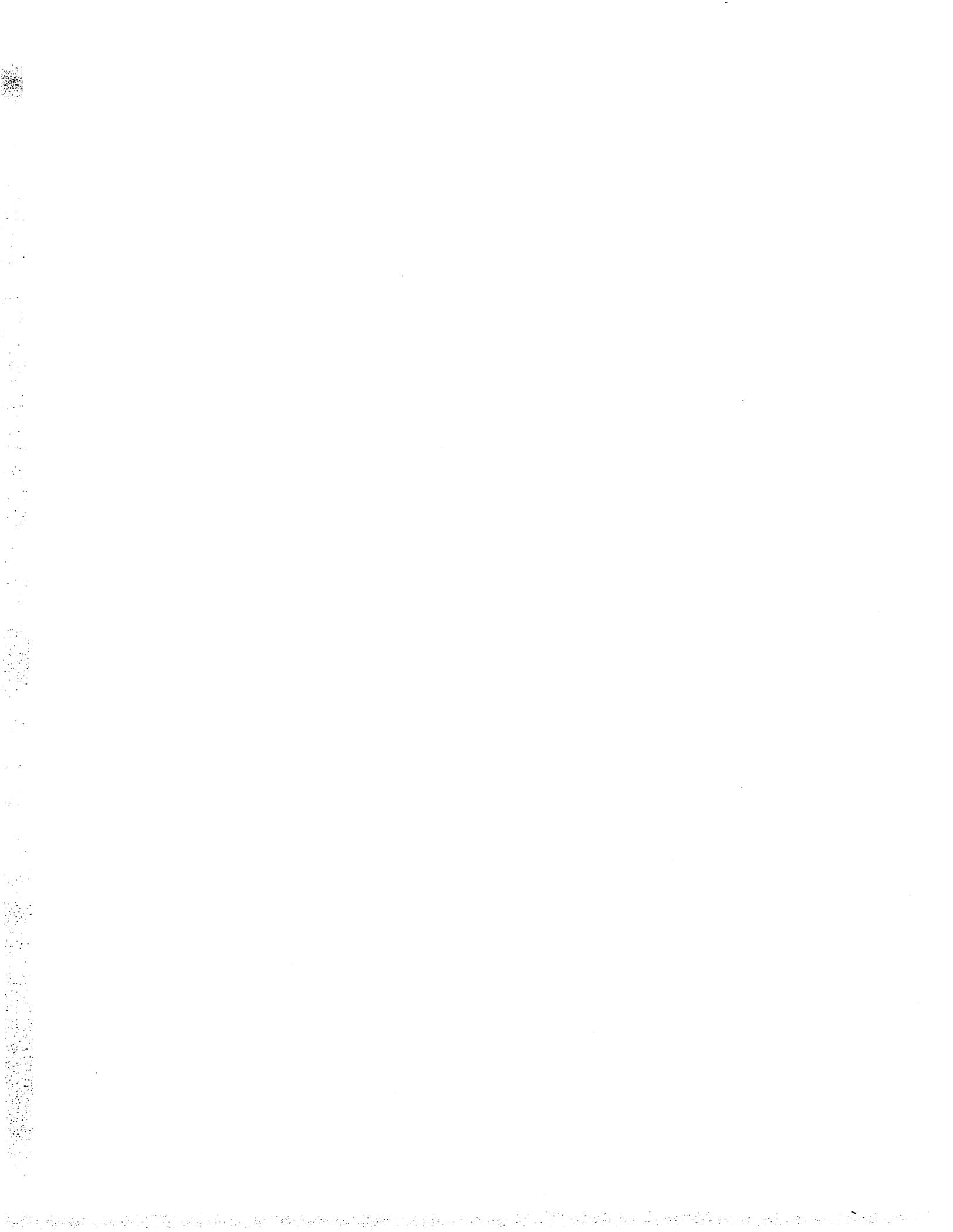
Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	7,569	5,639	6,900	8,738	7,184
Mexico.....	4,514	3,989	4,516	7,542	6,215
Venezuela.....	1,856	2,988	844	1,402	1,635
Rep So Africa....	1,139	686	234	1,332	1,246
Italy.....	140	180	238	410	1,093
Jamaica.....	334	411	406	939	469
Japan.....	13	376	161	1,816	381
Aruba.....	32	87	130	61	249
Australia.....	297	127	132	123	210
Brazil.....	399	183	219	264	162
United Kingdom...	393	151	904	591	156
Thailand.....	0	0	8	10	144
Cameroon.....	0	0	13	145	128
Egypt.....	6	0	35	72	120
Korea.....	51	532	516	482	118
All other.....	4,714	3,806	5,212	3,162	1,110
Total.....	21,457	19,154	20,468	27,090	20,620
GSP Total 2/..	9,865	10,364	8,150	12,341	9,858
GSP+4 2/.....	10,018	11,081	9,031	13,047	10,106
Percent					
Canada.....	35.3	29.4	33.7	32.3	34.8
Mexico.....	21.0	20.8	22.1	27.8	30.1
Venezuela.....	8.6	15.6	4.1	5.2	7.9
Rep So Africa....	5.3	3.6	1.1	4.9	6.0
Italy.....	.7	.9	1.2	1.5	5.3
Jamaica.....	1.6	2.1	2.0	3.5	2.3
Japan.....	.1	2.0	.8	6.7	1.8
Aruba.....	.2	.5	.6	.2	1.2
Australia.....	1.4	.7	.6	.5	1.0
Brazil.....	1.9	1.0	1.1	1.0	.8
United Kingdom...	1.8	.8	4.4	2.2	.8
Thailand.....	.0	.0	1/	1/	.7
Cameroon.....	.0	.0	.1	.5	.6
Egypt.....	1/	.0	.2	.3	.6
Korea.....	.2	2.8	2.5	1.8	.6
All other.....	22.0	19.9	25.5	11.7	5.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	46.0	54.1	39.8	45.6	47.8
GSP+4 2/.....	46.7	57.9	44.1	48.2	49.0

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 8511.10.00

SPARK PLUGS

Spark Plugs

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8511.10.00	Spark plugs	3.1%	Yes	***

Description and uses.—Spark plugs are electrical components inserted in the head of an internal-combustion-engine cylinder that ignites the air-fuel mixture by producing an electric spark. Spark plugs are key components in engine ignition systems. They are used primarily in the engines of motor vehicles, ships, aircraft, and motorized machinery, such as lawnmowers and chainsaws.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	*8	*7	*6	*6	*-9	*6
Employment (1,000 employees)....	*5	*5	*7	*6	*6	*6
Shipments (1,000 dollars).....	461,000	462,300	650,700	*663,714	*13	*676,988
Exports (1,000 dollars).....	18,313	18,420	18,510	28,228	16	34,754
Imports (1,000 dollars).....	53,274	63,792	76,836	78,952	14	93,682
Consumption (1,000 dollars)....	495,961	507,672	709,026	*714,438	*13	*735,916
Import-to-consumption ratio (percent).....	11	13	11	*11	-	*13
Capacity utilization (percent)..	*82	*79	*82	*74	*-3	*74

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—U.S. producers of spark plugs have an advantage over foreign competitors in the U.S. market in the service area. U.S. producers believe that their broad engineering base in the United States and their fairly large customer support staff give them a small advantage over their foreign competitors. U.S. producers believe that they neither have an advantage nor are at a disadvantage with respect to their foreign competitors in terms of price, quality, or brand loyalty.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	93,682	100	-	*13
Imports from GSP countries:				
Total.....	4,160	4	100	*1
Mexico.....	3,722	4	90	*1
Venezuela.....	218	(¹)	5	*(¹)
Brazil.....	201	(¹)	5	*(¹)
Sri Lanka.....	5	(¹)	(¹)	*(¹)

¹Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989.....	4		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
What is the price elasticity of U.S. demand?.....	High	<input checked="" type="checkbox"/>	Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does the country have significant export markets besides the United States?.....	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/>
What is the price elasticity of import supply?.....	High	<input type="checkbox"/>	Moderate <input type="checkbox"/> Low <input checked="" type="checkbox"/>
Price level compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Quality compared with—			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>

Comment.—During 1989, 14 percent of U.S. imports of spark plugs from Mexico entered duty free under the provision of HTS subheading 9802.00.80. Subheading 9802.00.80 provides tariff treatment for imported products containing U.S.-made components. Under this provision, duty is applied on the value of the imported product less the value of U.S.-made components. In accordance with this program, no duty was collected on U.S.-produced spark plugs that were exported to Mexico, assembled into another product, and re-exported to the United States.

According to industry sources, spark plugs produced in Mexico are similar in price and quality to those produced in the United States and many other countries. Even though labor costs are lower in Mexico than in the United States or in foreign countries, such as Japan, the price of spark plugs is not lower since production runs in Mexico tend to be shorter. Higher set-up costs per production run largely offset lower labor costs. ***

V. Position of interested parties

Petitioner.--The Government of Mexico (GOM) has requested a waiver of competitive-need limit for spark plugs provided under HTS subheading 8511.10.00 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Bujias Mexicanas, S.A. DE C.V., a subsidiary of Spicer, S.A, also requests a competitive-need-limit waiver. The company is the only Mexican-owned supplier of spark plugs to the United States. All of its exports are shipped to ACR. The petitioner claims that its exports to ACR would increase by *** percent if the waiver is granted.

VI. Summary of probable economic effects—Waiver (Mexico)

* * * * *

Table I.

Digest Title: Spark plugs
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	29,445	29,561	35,811	44,138	45,737
West Germany.....	18,528	22,157	25,428	22,999	25,711
Canada.....	2,579	967	5,285	9,098	15,591
Mexico.....	9	55	26	1,231	3,722
France.....	642	317	482	544	1,346
China.....	34	115	312	195	389
United Kingdom...	1,084	5,041	244	399	362
Venezuela.....	0	0	0	22	218
Brazil.....	6	259	135	6	201
Taiwan.....	54	41	53	43	160
Italy.....	87	47	96	98	76
Hong Kong.....	36	7	0	42	57
Belgium.....	131	4,884	8,740	76	45
Sweden.....	3	0	24	10	14
Korea.....	3	20	2	0	14
All other.....	633	324	199	50	40
Total.....	53,274	63,792	76,836	78,952	93,682
GSP Total 2/..	71	523	282	1,259	4,160
GSP+4 2/.....	687	597	337	1,344	4,391
Percent					
Japan.....	55.3	46.3	46.6	55.9	48.8
West Germany.....	34.8	34.7	33.1	29.1	27.4
Canada.....	4.8	1.5	6.9	11.5	16.6
Mexico.....	1/	.1	1/	1.6	4.0
France.....	1.2	.5	.6	.7	1.4
China.....	.1	.2	.4	.2	.4
United Kingdom...	2.0	7.9	.3	.5	.4
Venezuela.....	.0	.0	.0	1/	.2
Brazil.....	1/	.4	.2	1/	.2
Taiwan.....	.1	.1	.1	.1	.2
Italy.....	.2	.1	.1	.1	.1
Hong Kong.....	.1	1/	.0	.1	.1
Belgium.....	.2	7.7	11.4	.1	1/
Sweden.....	1/	.0	1/	1/	1/
Korea.....	1/	1/	1/	.0	1/
All other.....	1.2	.5	.3	.1	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.1	.8	.4	1.6	4.4
GSP+4 2/.....	1.3	.9	.4	1.7	4.7

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Spark plugs
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	7,694	5,725	6,791	12,575	16,575
Mexico.....	2,318	2,356	1,709	2,732	3,187
Japan.....	271	827	1,251	1,608	2,247
Belgium.....	632	1,398	1,012	2,175	1,833
France.....	98	97	77	16	1,030
Colombia.....	180	224	179	372	906
Turkey.....	368	747	132	223	778
United Kingdom...	141	233	474	892	761
West Germany.....	80	122	82	180	680
Peru.....	111	77	805	385	616
Saudi Arabia.....	1,193	308	751	906	612
Ecuador.....	180	297	309	341	600
Panama.....	953	487	641	591	568
Australia.....	193	375	255	555	556
Chile.....	147	156	211	234	350
All other.....	3,754	4,990	3,831	4,442	3,455
Total.....	18,313	18,420	18,510	28,228	34,754
GSP Total 1/..	5,657	5,665	5,822	6,802	8,528
GSP+4 1/.....	6,169	6,593	6,209	7,454	9,131
Percent					
Canada.....	42.0	31.1	36.7	44.5	47.7
Mexico.....	12.7	12.8	9.2	9.7	9.2
Japan.....	1.5	4.5	6.8	5.7	6.5
Belgium.....	3.4	7.6	5.5	7.7	5.3
France.....	.5	.5	.4	.1	3.0
Colombia.....	1.0	1.2	1.0	1.3	2.6
Turkey.....	2.0	4.1	.7	.8	2.2
United Kingdom...	.8	1.3	2.6	3.2	2.2
West Germany.....	.4	.7	.4	.6	2.0
Peru.....	.6	.4	4.3	1.4	1.8
Saudi Arabia.....	6.5	1.7	4.1	3.2	1.8
Ecuador.....	1.0	1.6	1.7	1.2	1.7
Panama.....	5.2	2.6	3.5	2.1	1.6
Australia.....	1.1	2.0	1.4	2.0	1.6
Chile.....	.8	.8	1.1	.8	1.0
All other.....	20.5	27.1	20.7	15.7	9.9
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	30.9	30.8	31.5	24.1	24.5
GSP+4 1/.....	33.7	35.8	33.5	26.4	26.3

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 8516.90.60(pt.)

GLASS COFFEE POTS

Glass Coffee Pots

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8516.90.60(pt)	Glass coffee pots	3.9%	Yes	***

Description and uses.—Glass coffee pots are machine-produced, "blown" glassware, formed by blowing at high pressure a "gob" of molten glass into a mold in the form of the pot. Glass coffee pots are for use with household, food service, or office automatic drip coffee makers, which can have a capacity of from two cups to more than 12 cups.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	***	***	***	***	***	***
Employment (1,000 employees)....	***	***	***	***	***	***
Shipments (1,000 dollars) ⁴	***	***	***	***	***	***
Exports (1,000 dollars) ⁴	31,658	32,760	38,305	53,411	19	77,575
Imports (1,000 dollars) ⁴	35,388	41,030	40,065	45,170	8	55,721
Consumption (1,000 dollars) ⁴	***	***	***	***	***	***
Import-to-consumption ratio (percent) ⁴	***	***	***	***	***	***
Capacity utilization (percent)...	***	***	***	***	***	***

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³***

⁴Data are for HTS subheading 8516.90.60, which includes the digest products for which advice is requested as well as other products.

Comment.—The number of producers of glass coffee pots has changed little during 1985-89. According to industry sources, there are *** U.S. producers of glass coffee pots, *** manufacture a wide variety of glass products for household, commercial, and industrial use. U.S. consumption of parts of small electrical appliances increased by *** percent during 1985-89. The recent growth in the consumption of glass coffee pots is stimulated by the introduction of new types of automatic drip coffee makers or variations of established ones, and the replacement of broken glass coffee pots. Manufacturers routinely give buyers generous incentives, such as quantity discounts, to influence the purchase of their product. The imported product has little discernible difference in quality, price, and features as compared with the U.S.-made product.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	55,721	100	-	***
Imports from GSP countries:				
Total.....	17,263	31	100	***
Mexico.....	16,881	30	98	***
India.....	248	(¹)	1	**(¹)
Thailand.....	71	(¹)	(¹)	**(¹)
Brazil.....	33	(¹)	(¹)	**(¹)

¹Less than ***.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 X No

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

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

Price level compared with—

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

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

Quality compared with—

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

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

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with—

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

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

Quality compared with—

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

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

Table I.

Digest No.
85169060Digest Title: Glass pots for coffee makers
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	10,214	12,913	14,913	18,333	16,881
Taiwan.....	10,547	9,424	5,067	3,093	7,739
West Germany.....	2,102	4,316	4,235	5,109	5,312
China.....	2	598	1,371	2,297	5,267
Hong Kong.....	6,099	7,723	6,298	5,963	4,515
Japan.....	1,596	1,270	1,259	1,425	4,300
Switzerland.....	319	430	858	1,816	2,793
Korea.....	685	675	1,019	1,432	2,433
Singapore.....	631	832	836	398	2,038
Canada.....	548	445	369	867	1,133
Italy.....	368	362	389	451	898
United Kingdom...	1,638	1,082	1,490	1,503	798
Netherlands.....	103	276	296	279	301
India.....	0	0	0	0	248
Sweden.....	104	137	135	330	198
All other.....	431	546	1,530	1,874	867
Total.....	35,388	41,030	40,065	45,170	55,721
GSP Total 2/..	10,376	13,014	15,063	18,806	17,263
GSP+4 2/.....	28,338	31,668	28,283	29,692	33,988
Percent					
Mexico.....	28.9	31.5	37.2	40.6	30.3
Taiwan.....	29.8	23.0	12.6	6.8	13.9
West Germany.....	5.9	10.5	10.6	11.3	9.5
China.....	1/	1.5	3.4	5.1	9.5
Hong Kong.....	17.2	18.8	15.7	13.2	8.1
Japan.....	4.5	3.1	3.1	3.2	7.7
Switzerland.....	.9	1.0	2.1	4.0	5.0
Korea.....	1.9	1.6	2.5	3.2	4.4
Singapore.....	1.8	2.0	2.1	.9	3.7
Canada.....	1.5	1.1	.9	1.9	2.0
Italy.....	1.0	.9	1.0	1.0	1.6
United Kingdom...	4.6	2.6	3.7	3.3	1.4
Netherlands.....	.3	.7	.7	.6	.5
India.....	.0	.0	.0	.0	.4
Sweden.....	.3	.3	.3	.7	.4
All other.....	1.2	1.3	3.8	4.1	1.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	29.3	31.7	37.6	41.6	31.0
GSP+4 2/.....	80.1	77.2	70.6	65.7	61.0

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Glasspots for coffee makers
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	6,132	5,982	8,276	15,995	44,854
Brazil.....	2,678	3,860	5,084	4,338	6,218
Singapore.....	3,628	5,557	6,073	7,677	6,024
Canada.....	4,780	3,742	4,885	7,065	5,932
Austria.....	1	22	3	621	1,764
United Kingdom...	3,811	3,507	3,684	5,915	1,639
Belgium.....	674	566	439	597	867
Japan.....	679	1,870	1,883	3,075	837
West Germany.....	1,861	685	783	952	780
Korea.....	560	265	594	592	704
Hong Kong.....	843	679	640	930	691
Argentina.....	70	14	154	3	686
Saudi Arabia.....	762	275	227	313	646
Venezuela.....	279	182	144	605	559
Australia.....	970	497	732	442	487
All other.....	3,931	5,058	4,706	4,291	4,886
Total.....	31,658	32,760	38,305	53,411	77,575
GSP Total 2/..	10,726	12,208	15,983	23,068	54,795
GSP+4 2/.....	16,365	19,040	23,553	32,702	62,635
Percent					
Mexico.....	19.4	18.3	21.6	29.9	57.8
Brazil.....	8.5	11.8	13.3	8.1	8.0
Singapore.....	11.5	17.0	15.9	14.4	7.8
Canada.....	15.1	11.4	12.8	13.2	7.6
Austria.....	1/	.1	1/	1.2	2.3
United Kingdom...	12.0	10.7	9.6	11.1	2.1
Belgium.....	2.1	1.7	1.1	1.1	1.1
Japan.....	2.1	5.7	4.9	5.8	1.1
West Germany.....	5.9	2.1	2.0	1.8	1.0
Korea.....	1.8	.8	1.6	1.1	.9
Hong Kong.....	2.7	2.1	1.7	1.7	.9
Argentina.....	.2	1/	.4	1/	.9
Saudi Arabia.....	2.4	.8	.6	.6	.8
Venezuela.....	.9	.6	.4	1.1	.7
Australia.....	3.1	1.5	1.9	.8	.6
All other.....	12.4	15.4	12.3	8.0	6.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	33.9	37.3	41.7	43.2	70.6
GSP+4 2/.....	51.7	58.1	61.5	61.2	80.7

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 8517.10.00

TELEPHONE LINE EQUIPMENT

Telephone Line Equipment¹

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Malaysia

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8517.10.00 ¹	Telephone sets	8.5%	Yes	***
8520.20.00 ¹	Telephone answering devices	3.9%	Yes	***

¹***.

Description and uses.—Telephone line equipment includes telephone sets and telephone answering devices. Telephone sets are used by individuals to place telephone calls. Telephone answering devices are used by individuals and business to intercept incoming telephone calls, play an announcement to the calling party, and record messages which the calling party may leave.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	*24	*24	*26	*28	*5	**28
Employment (1,000 employees).....	*9	*6	*3	*3	*-31	**3
Shipments (million dollars).....	*1,274	*853	*396	*476	*-28	**467
Exports (million dollars).....	51	51	83	153	44	313
Imports (million dollars).....	668	1,022	1,086	1,166	20	1,250
Consumption (million dollars)....	*1,891	*1,823	*1,399	*1,490	*-8	**1,405
Import-to-consumption ratio (percent).....	*35	*56	*78	*78	*31	**89
Capacity utilization (percent)...	*62	*68	*61	**65	**2	**65

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—U.S. production of the types of telephone sets and telephone answering machines which are imported from Malaysia is small. The data on U.S. production presented in the table above are those reported in the U.S. Department of Commerce's publication Communication Equipment including Telephone, Telegraph, and Other Electronic Equipment and Systems. These data for U.S. production are for products which are generally more sophisticated than products imported from Malaysia. Most U.S. producers of telephone apparatus have offshore production facilities which manufacture items such as low-cost consumer telephone sets and telephone answering machines similar to those imported from Malaysia.

¹This digest includes the following HTS subheadings: 8517.10.00 and 8520.20.00.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports million dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	1,250	100	-	**89
Imports from GSP countries:				
Total.....	165	13	100	12
Malaysia.....	140	11	85	10
Thailand.....	20	2	12	1
Mexico.....	3	(¹)	2	(¹)
Philippines.....	1	(¹)	1	(¹)

¹ Less than 0.5 percent.

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

Comment.—U.S. imports of all digest products from Malaysia increased by six-fold from 1988 to 1989. The imports from Taiwan, Korea, Hong Kong, and Singapore declined in 1989 as these countries were removed from GSP eligibility for these products. Japan was the leading source of imports in 1989, accounting for over 21 percent of the total. China was the second-leading source of imports, accounting for slightly less than 21 percent of total imports.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1989..... 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 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.—Thomson Consumer Electronics, Inc. is a major manufacturer of a wide variety of consumer radio and telephone products. According to the petition, Thomson manufactures, sources, and sells the General Electric (GE) and RCA brands of consumer electronic products at several domestic facilities and at three facilities located in Malaysia. Thomson's production in Malaysia is primarily for export to the United States. Thomson expects the value of exports of these products from Malaysia to exceed the competitive-need limit because of the opening of new plants by other manufacturers of these products. The products produced in Malaysia by Thomson incorporate components manufactured in the United States. Thus, according to the petitioner, the loss of GSP duty-free status for these products will adversely affect U.S. exports to Malaysia.

VI. Summary of probable economic effects—Competitive-need-limit waiver (Malaysia)

* * * * *

Table I.

Digest Title: Telephone line equipment
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	262,899	331,342	301,801	248,127	265,302
China.....	356	12,882	45,816	112,274	256,607
Korea.....	109,774	155,431	212,542	199,676	140,611
Malaysia.....	46	1,126	3,697	20,734	140,278
Taiwan.....	113,245	232,019	192,947	157,459	125,307
Singapore.....	36,076	79,411	132,889	197,235	122,797
Hong Kong.....	90,934	159,269	159,370	171,204	74,927
Canada.....	24,605	21,471	23,935	34,322	67,759
Thailand.....	0	473	1,887	3,678	19,829
West Germany.....	4,725	5,280	4,251	6,691	12,177
United Kingdom...	1,092	3,652	873	2,818	9,202
Switzerland.....	0	3	21	6,232	6,732
Mexico.....	3,026	428	976	1,723	3,357
Sweden.....	389	3,246	1,070	2,525	2,294
Philippines.....	0	60	1,124	251	949
All other.....	21,036	15,555	2,681	1,252	2,226
Total.....	668,204	1,021,647	1,085,882	1,166,204	1,250,354
GSP Total 2/..	3,405	2,911	7,986	26,506	165,206
GSP+4 2/.....	353,435	629,040	705,734	752,080	628,849
Percent					
Japan.....	39.3	32.4	27.8	21.3	21.2
China.....	.1	1.3	4.2	9.6	20.5
Korea.....	16.4	15.2	19.6	17.1	11.2
Malaysia.....	1/	.1	.3	1.8	11.2
Taiwan.....	16.9	22.7	17.8	13.5	10.0
Singapore.....	5.4	7.8	12.2	16.9	9.8
Hong Kong.....	13.6	15.6	14.7	14.7	6.0
Canada.....	3.7	2.1	2.2	2.9	5.4
Thailand.....	.0	1/	.2	.3	1.6
West Germany.....	.7	.5	.4	.6	1.0
United Kingdom...	.2	.4	.1	.2	.7
Switzerland.....	.0	1/	1/	.5	.5
Mexico.....	.5	1/	.1	.1	.3
Sweden.....	.1	.3	.1	.2	.2
Philippines.....	.0	1/	.1	1/	.1
All other.....	3.1	1.5	.2	.1	.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.5	.3	.7	2.3	13.2
GSP+4 2/.....	52.9	61.6	65.0	64.5	50.3

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Telephone line equipment
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
United Kingdom...	2,202	3,987	9,138	24,853	70,565
Canada.....	7,280	9,056	10,581	22,219	38,011
Japan.....	5,213	3,392	9,343	9,322	37,540
Hong Kong.....	3,652	5,123	8,517	24,026	37,302
Mexico.....	4,786	4,617	4,501	10,445	20,473
Taiwan.....	2,908	3,826	3,923	5,694	10,631
Singapore.....	374	627	1,694	6,860	9,068
Italy.....	548	1,162	2,427	5,668	8,525
Australia.....	881	1,566	4,866	3,909	7,965
West Germany.....	648	692	1,592	3,114	7,108
Thailand.....	65	66	1,561	3,206	7,101
China.....	216	228	372	2,106	7,100
Korea.....	514	549	3,624	3,311	4,509
Malaysia.....	19	0	6	21	4,267
Spain.....	2,463	2,068	370	1,142	4,155
All other.....	19,625	14,248	20,266	26,956	38,840
Total.....	51,394	51,207	82,783	152,853	313,160
GSP Total 2/..	17,215	14,134	16,671	25,656	48,490
GSP+4 2/.....	24,663	24,259	34,429	65,547	110,001
Percent					
United Kingdom...	4.3	7.8	11.0	16.3	22.5
Canada.....	14.2	17.7	12.8	14.5	12.1
Japan.....	10.1	6.6	11.3	6.1	12.0
Hong Kong.....	7.1	10.0	10.3	15.7	11.9
Mexico.....	9.3	9.0	5.4	6.8	6.5
Taiwan.....	5.7	7.5	4.7	3.7	3.4
Singapore.....	.7	1.2	2.0	4.5	2.9
Italy.....	1.1	2.3	2.9	3.7	2.7
Australia.....	1.7	3.1	5.9	2.6	2.5
West Germany.....	1.3	1.4	1.9	2.0	2.3
Thailand.....	.1	.1	1.9	2.1	2.3
China.....	.4	.4	.4	1.4	2.3
Korea.....	1.0	1.1	4.4	2.2	1.4
Malaysia.....	1/	.0	1/	1/	1.4
Spain.....	4.8	4.0	.4	.7	1.3
All other.....	38.2	27.8	24.5	17.6	12.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	33.5	27.6	20.1	16.8	15.5
GSP+4 2/.....	48.0	47.4	41.6	42.9	35.1

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 8527.11.11

PORTABLE RADIO-TAPE PLAYER COMBINATIONS

Portable Radio-Tape Player Combinations

I. Introduction

 Addition to GSP Removal from GSP X Competitive-need-limit waiver Malaysia

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8527.11.11 ¹	Portable radio-tape player combinations	3.7%	No	***

¹ Malaysia has been proclaimed by the President as non eligible for GSP treatment for articles included under HTS subheading 8527.11.11.

Description and uses.—Portable radio-tape player combinations are used for receiving radiobroadcast signals, and for playing back pre-recorded audio tapes. These products are capable of being operated on batteries, and are incapable of recording.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....						
Employment (1,000 employees)....						
Shipments (1,000 dollars).....						
Exports ³ (1,000 dollars).....	2,897	3,672	6,319	10,927	56	14,448
Imports (1,000 dollars).....	210,248	246,892	340,631	334,258	17	668,493
Consumption (1,000 dollars).....	207,351	243,220	334,312	323,331	16	654,045
Import-to-consumption ratio (percent).....	100	100	100	100	0	100
Capacity utilization (percent)...	(⁴)	(⁴)	(^{4})	(^{4})	(^{4})	(^{4})

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Exports represent products previously imported.

⁴Not applicable.

Comment.— There is no U.S. production of portable radio-tape player combinations. The product is a commodity, with no brand loyalty and few distinguishing characteristics. The purchase decision for a portable radio-tape player combination is primarily based on price alone. The most common form of the product is a personal headset-type unit.

The major sources of U.S. imports of portable radio-tape player combinations are Japan, China, Malaysia, Taiwan, and Singapore, together accounting for 83 percent of total U.S. imports in 1989. Of these, only Malaysia had GSP status in 1989.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	668,493	100	-	100
Imports from GSP countries:				
Total.....	123,228	18	100	19
Malaysia.....	102,045	15	83	16
Philippines.....	10,338	2	8	2
Thailand.....	8,505	1	7	1
Indonesia.....	1,132	(1)	1	(1)

¹Less than 0.5 percent.

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

Comment.— Malaysia, the country for which a waiver of GSP competitive-need-limit is sought, is the major source of GSP imports of portable radio-tape player combinations.

IV. Competitiveness profiles, GSP suppliers¹

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1989..... 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

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

Quality compared with—

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

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

¹There is no U.S. production of the items covered by this digest.

Comment.— According to the petitioner, there are 14 facilities in Malaysia producing radio-tape player combinations. They are operating at 92 percent of capacity, employing about 10,000 workers.

V. Position of interested parties

Petitioner.—Thomson Consumer Electronics requests that the President grant Malaysia a waiver of the GSP's competitive-need limit, pursuant to section 504(c)(3)(A) of the Trade Act of 1974, as amended, for battery-operated portable radio-tape players provided for under HTS 8527.11.11. In 1989, Malaysia exceeded the GSP's dollar value competitive-need limit. Thomson had previously submitted a petition requesting a waiver on June 1, 1989, expecting that Malaysia would exceed this limit in 1989. Because Thomson was unable to supply all of the information required, Thomson's petition was not formally accepted for review.

According to Thomson, the permanent imposition of the 3.7 percent ad valorem duty on Malaysian radio-tape players would have significant negative consequences for both Malaysian and U.S. interests. Failure to grant a waiver of the competitive-need limit would cause a significant reduction in employment in Malaysia, according to petitioner. Projections by Malaysian manufacturers for 1995 indicate that there could be over 6,000 jobs lost without GSP. Further, Thomson and possibly other manufacturers may shift production to other countries where labor costs are lower or where GSP treatment is still available. And, a failure to grant a waiver of the competitive need limit would result in an increase in the cost to U.S. consumer, according to petitioner.

As there are no U.S. manufacturers of these products, the continuation of GSP status would not adversely affect U.S. economic interests.

VI. Summary of probable economic effects—Competitive-need-limit waiver—Malaysia

* * * * *

Table I.

Digest Title: Portable radio/tape player combinations
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	96,879	133,098	128,207	122,772	132,275
China.....	457	2,378	23,181	49,037	120,606
Malaysia.....	0	4,118	18,799	37,056	102,045
Taiwan.....	36,844	42,503	66,779	41,357	100,311
Singapore.....	16,143	18,169	45,304	36,991	99,266
Korea.....	45,565	33,896	38,877	24,216	76,348
Hong Kong.....	12,930	10,271	16,378	12,240	16,371
Philippines.....	342	4	1,887	4,859	10,338
Thailand.....	29	0	0	1,034	8,505
Indonesia.....	0	0	0	14	1,132
Macao.....	56	653	297	2,246	819
Ivory Coast.....	0	0	40	0	239
Malta & Gozo.....	0	0	0	0	83
Canada.....	53	104	36	166	60
Kenya.....	86	86	0	0	48
All other.....	865	1,612	846	2,270	47
Total.....	210,248	246,892	340,631	334,258	668,493
GSP Total 2/..	971	5,478	21,124	45,616	123,228
GSP+4 2/.....	112,453	110,316	188,463	160,420	415,524
Percent					
Japan.....	46.1	53.9	37.6	36.7	19.8
China.....	.2	1.0	6.8	14.7	18.0
Malaysia.....	.0	1.7	5.5	11.1	15.3
Taiwan.....	17.5	17.2	19.6	12.4	15.0
Singapore.....	7.7	7.4	13.3	11.1	14.8
Korea.....	21.7	13.7	11.4	7.2	11.4
Hong Kong.....	6.1	4.2	4.8	3.7	2.4
Philippines.....	.2	1/	.6	1.5	1.5
Thailand.....	1/	.0	.0	.3	1.3
Indonesia.....	.0	.0	.0	1/	.2
Macao.....	1/	.3	.1	.7	.1
Ivory Coast.....	.0	.0	1/	.0	1/
Malta & Gozo.....	.0	.0	.0	.0	1/
Canada.....	1/	1/	1/	1/	1/
Kenya.....	1/	1/	.0	.0	1/
All other.....	.4	.7	.2	.7	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.5	2.2	6.2	13.6	18.4
GSP+4 2/.....	53.5	44.7	55.3	48.0	62.2

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Portable radio/tape player combinations
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	985	786	2,130	6,334	6,203
Zaire.....	0	0	0	0	969
Hong Kong.....	26	56	53	139	635
Belgium.....	34	9	14	24	617
Canada.....	201	471	498	496	567
Nigeria.....	2	50	18	7	492
United Kingdom...	19	63	304	290	366
Japan.....	80	295	118	237	347
Venezuela.....	220	211	368	436	322
Netherlands Ant..	0	0	0	99	273
Paraguay.....	194	132	93	65	262
Guatemala.....	52	66	158	168	238
Taiwan.....	9	64	107	122	221
Haiti.....	128	117	65	28	215
Costa Rica.....	16	41	34	57	201
All other.....	930	1,313	2,359	2,425	2,519
Total.....	2,897	3,672	6,319	10,927	14,448
GSP Total 1/..	2,323	2,408	4,768	8,912	10,442
GSP+4 1/.....	2,366	2,535	4,956	9,235	11,399
Percent					
Mexico.....	34.0	21.4	33.7	58.0	42.9
Zaire.....	.0	.0	.0	.0	6.7
Hong Kong.....	.9	1.5	.8	1.3	4.4
Belgium.....	1.2	.3	.2	.2	4.3
Canada.....	6.9	12.8	7.9	4.5	3.9
Nigeria.....	.1	1.4	.3	.1	3.4
United Kingdom...	.7	1.7	4.8	2.7	2.5
Japan.....	2.8	8.0	1.9	2.2	2.4
Venezuela.....	7.6	5.7	5.8	4.0	2.2
Netherlands Ant..	.0	.0	.0	.9	1.9
Paraguay.....	6.7	3.6	1.5	.6	1.8
Guatemala.....	1.8	1.8	2.5	1.5	1.6
Taiwan.....	.3	1.7	1.7	1.1	1.5
Haiti.....	4.4	3.2	1.0	.3	1.5
Costa Rica.....	.6	1.1	.5	.5	1.4
All other.....	32.1	35.7	37.3	22.2	17.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	80.2	65.6	75.4	81.6	72.3
GSP+4 1/.....	81.7	69.0	78.4	84.5	78.9

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 8533.10.00

FIXED CARBON RESISTORS

Fixed Carbon Resistors

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8533.10.00	Fixed carbon resistors, composition or film types	6%	Yes	***

Description and uses.—Fixed carbon resistors are electronic components that regulate the rate of current flow through a conductor. They are also frequently used to dissipate power in the form of heat in a device. Fixed carbon resistors are produced in a wide variety of sizes, all of which have carbon plates, cores, or film at their center. These products are used in large quantities in a variety of applications in the telecommunications, computer, consumer electronics, military equipment, and automobile industries.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	6	6	6	4	-13	*4
Employment (100 employees).....	8	8	11	11	11	*9
Shipments (1,000 dollars).....	64,693	51,611	82,542	73,433	4	*69,000
Exports (1,000 dollars).....	29,343	32,735	42,332	58,051	26	41,019
Imports (1,000 dollars).....	38,697	41,407	51,879	55,794	13	59,769
Consumption (1,000 dollars)....	74,047	60,283	92,089	71,176	-1	*87,750
Import-to-consumption ratio (percent).....	52	69	56	78	14	*68
Capacity utilization (percent)..	65	72	78	*78	*6	*80

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—Production of each major type of fixed carbon resistor has been standardized so that production and marketing of these products is a high volume, global, commodity business. U.S. demand for fixed carbon resistors is cyclical, and depends critically upon production levels in the U.S. telecommunications, computer, consumer electronic, military hardware, and automobile industries. U.S. shipments of fixed carbon resistors declined by an estimated *6 percent in 1989 because U.S. computer and automobile production decreased amid slower economic growth, and because the U.S. Department of Defense reduced purchases of military hardware.

In order to reduce labor costs in assembly and test operations, several major U.S. producers of fixed carbon resistors have established production facilities in Central America and the Far East. Thus the increase in U.S. imports of fixed carbon resistors partially reflects the activities of U.S. producers. At the same time, however, Japanese manufacturers of these devices have also acquired or constructed production facilities in the United States in order to supply fixed carbon resistors to U.S. companies and to the Japanese "transplants" that manufacture cars, televisions, and telecommunications equipment for sale in the U.S. market.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	<u>Imports</u> <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	59,769	100	-	*68
Imports from GSP countries:				
Total.....	12,304	21	100	*14
Mexico.....	8,457	14	69	*10
Brazil.....	2,234	4	18	*3
Dominican Republic.....	684	1	6	*1
Malaysia.....	513	1	4	*1

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

Comment.—There are a number of Mexican "Maquiladora" production facilities located along the U.S.-Mexican border that utilize low-wage Mexican labor to supply fixed carbon resistors to U.S. original equipment manufacturers of telecommunications equipment, computers, consumer electronics, and automobiles. These establishments are operated by U.S., Japanese, Mexican, and European firms.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ No X

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

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

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

Price level compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Mexican producers of fixed carbon resistors have established high-volume, long-term supply contracts with U.S. manufacturers of telecommunications equipment, computers, consumer electronics, and automobiles. In addition, a significant share of U.S. imports of fixed carbon resistors from Mexico comes from maquiladora production facilities, many of which are controlled by U.S. firms. These long-term marketing relationships and the cross ownership of Mexican fixed carbon resistor manufacturing facilities and U.S. end users tend to lower both the price elasticity of U.S. import supply and demand for these products. However, because fixed carbon resistors are commodity products, these import elasticities will be high regardless of the relationship between Mexican producers and U.S. consumers of these items.

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1989..... 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 ___ 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 X Below ___

Other foreign products..... Above ___ Equivalent X Below ___

Quality compared with—

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

Other foreign products..... Above ___ Equivalent X Below ___

Comment.—Brazil is a major producer and exporter of automobiles, armaments, and other electronic equipment, which requires large volumes of a wide variety of resistors. The Government of Brazil's "Infomatics" policies greatly restricted imports of computers, telecommunications equipment, and other electrical and electronic products, until recently. As a result of both the growth in Brazil's industrial production and the limits on imports of electronic equipment and components, Brazilian firms have created a broadly-based, well-developed electronic components manufacturing sector. Firms active in this sector produce fixed carbon resistors for domestic consumption and export markets.

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

- Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No
 What is the price elasticity of U.S. 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.—Japan and Taiwan are the dominant foreign suppliers of fixed carbon resistors to the U.S. market. In 1989, these two nations accounted for 64 percent of total U.S. imports of these devices. U.S. imports of fixed carbon resistors from prospective GSP beneficiary countries are similarly concentrated: Mexico accounted for nearly 70 percent of U.S. imports of these products from prospective GSP nations in 1989, and Brazil claimed an additional 18 percent of these imports. U.S. producers and end users of fixed carbon resistors have established close working relationships with components manufacturers located in both Mexico and Brazil. Many of these U.S. firms are partial owners of the fixed carbon resistor producers in Mexico and Brazil. These relationships tend to lower the price elasticity of import supply and demand for these products. The quality of U.S. imports of fixed carbon resistors is generally identical to that of U.S.-made products, because fixed carbon resistors incorporated into end-use products by U.S. manufacturers must conform to rigid specifications and pass quality control testing.

V. Position of interested parties

Petitioner.—The Government of Mexico has requested that fixed carbon resistors provided for under HTS subheading 8533.10.00 be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

The petition for adding imports of fixed carbon resistors from Mexico to the GSP was filed by the Government of Mexico (GOM) on behalf of Cia. General de Electronica, S.A. de C.V., (CGE). CGE requested in a post-hearing brief that the United States add imports of these devices from Mexico to the GSP in order to stimulate employment in production of fixed carbon resistors in Mexico and thereby help Mexican firms diversify the nation's manufacturing base so as to "...depend less on the exports of petroleum and from automotive manufacturings." Petitioner further indicated that adding these products to the GSP would likely provide U.S. consumers of these devices "...diversification of sources of supply since nowadays there is an exaggerated concentration and dependence in the U.S.A. from the suppliers from Asia." Specifically, including imports of fixed carbon resistors from Mexico under the GSP would lessen U.S. manufacturers' dependence on Japan, Taiwan, and Korea, and this addition would also lead to "...lower communication and transport costs..." Creating more employment in Mexico would also "...help to reduce the pressure for the interest of emigrating to the U.S.A.," and might also help Mexican firms gain a larger share of the Mexican market for these products, according to petitioner. CGE reported that the fixed carbon resistors the firm exports to the U.S. market are assembled from strictly U.S.-made components by Mexican workers and that adding these items to the GSP would "...not affect...the manufacturers in the U.S.A. because there is not any complete manufacturer of an equal product there."

VI. Summary of probable economic effects—Addition

* * * * *

Table I.

Digest Title: Fixed carbon resistors
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	10,412	11,613	14,730	14,512	24,428
Taiwan.....	7,930	8,313	11,335	14,259	13,765
Mexico.....	7,892	10,410	11,894	10,639	8,457
Singapore.....	1,104	1,012	2,658	3,914	5,822
Brazil.....	2,774	2,739	3,275	3,500	2,234
Korea.....	675	812	1,323	2,033	1,748
United Kingdom...	3,737	2,469	1,344	2,413	943
Dominican Rep....	0	0	0	151	684
Malaysia.....	154	1,274	1,241	826	513
Canada.....	924	482	385	614	283
Israel.....	128	189	246	1	265
West Germany.....	424	763	980	1,316	161
Sao Tome & Prin..	0	30	0	0	143
Hong Kong.....	58	18	60	119	104
Italy.....	337	32	64	91	58
All other.....	2,149	1,252	2,342	1,404	160
Total.....	38,697	41,407	51,879	55,794	59,769
GSP Total 2/..	11,251	15,056	16,839	15,411	12,304
GSP+4 2/.....	21,018	25,211	32,216	35,736	33,744
Percent					
Japan.....	26.9	28.0	28.4	26.0	40.9
Taiwan.....	20.5	20.1	21.8	25.6	23.0
Mexico.....	20.4	25.1	22.9	19.1	14.1
Singapore.....	2.9	2.4	5.1	7.0	9.7
Brazil.....	7.2	6.6	6.3	6.3	3.7
Korea.....	1.7	2.0	2.6	3.6	2.9
United Kingdom...	9.7	6.0	2.6	4.3	1.6
Dominican Rep....	.0	.0	.0	.3	1.1
Malaysia.....	.4	3.1	2.4	1.5	.9
Canada.....	2.4	1.2	.7	1.1	.5
Israel.....	.3	.5	.5	1/	.4
West Germany.....	1.1	1.8	1.9	2.4	.3
Sao Tome & Prin..	.0	.1	.0	.0	.2
Hong Kong.....	.2	1/	.1	.2	.2
Italy.....	.9	.1	.1	.2	.1
All other.....	5.6	3.0	4.5	2.5	.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	29.1	36.4	32.5	27.6	20.6
GSP+4 2/.....	54.3	60.9	62.1	64.0	56.5

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

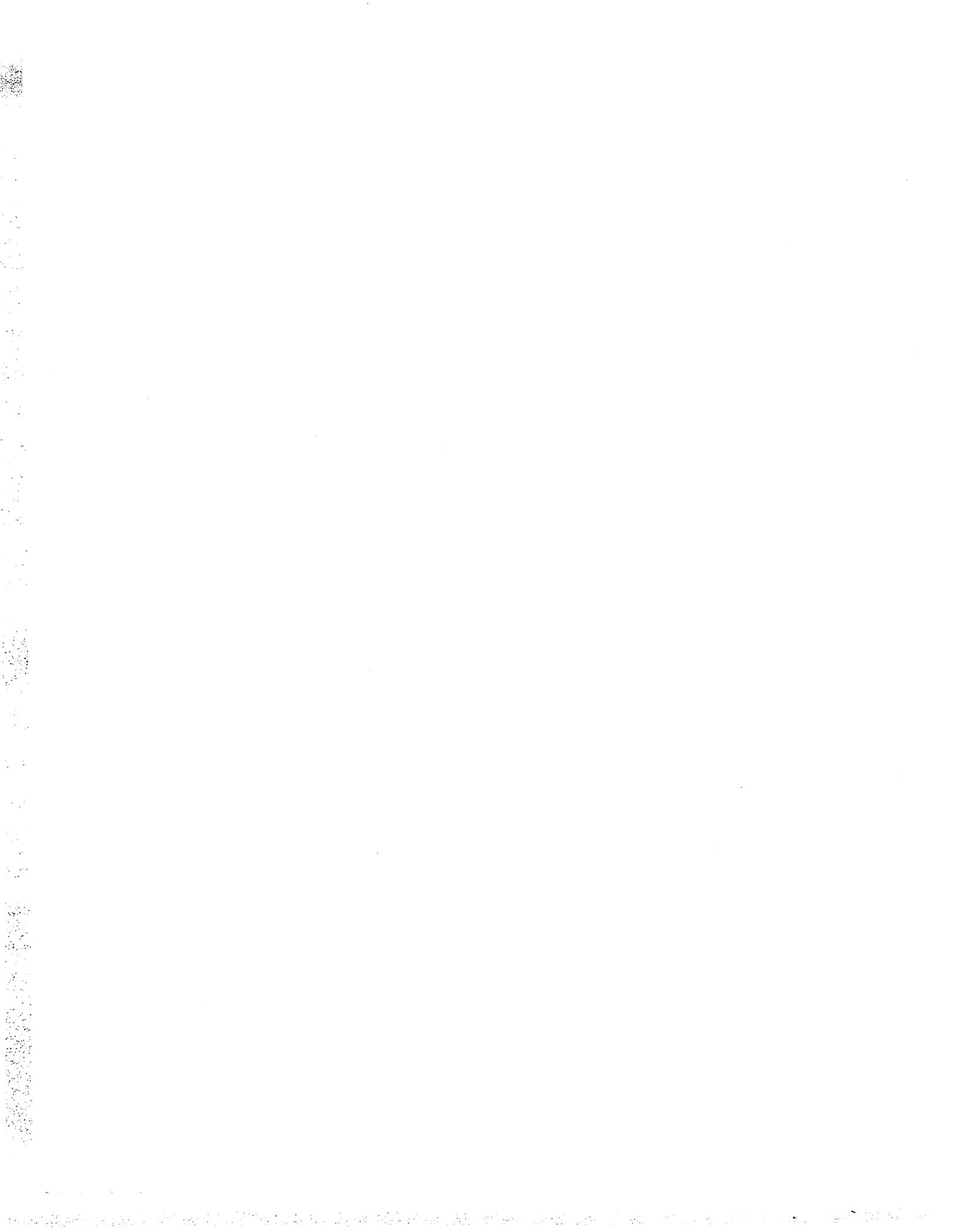
Digest Title: Fixed carbon resistors
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	2,322	2,620	3,651	10,157	17,773
Singapore.....	955	2,689	5,697	5,970	4,295
Canada.....	2,774	2,941	5,970	7,792	3,063
Japan.....	3,913	3,822	6,636	7,886	2,518
Korea.....	248	286	468	206	2,383
United Kingdom...	6,703	7,789	7,413	8,323	2,127
Italy.....	629	1,056	870	1,764	1,764
France.....	2,732	2,476	2,217	2,187	1,393
Switzerland.....	282	238	329	720	863
Ireland.....	31	81	156	598	654
West Germany.....	3,749	3,800	3,940	6,420	537
Taiwan.....	508	678	1,114	619	458
Hong Kong.....	278	788	546	1,322	426
Argentina.....	39	112	187	457	343
Spain.....	286	114	46	132	302
All other.....	3,894	3,245	3,094	3,498	2,119
Total.....	29,343	32,735	42,332	58,051	41,019
GSP Total 1/..	4,407	4,909	5,956	13,111	19,151
GSP+4 1/.....	6,395	9,351	13,780	21,227	26,714
Percent					
Mexico.....	7.9	8.0	8.6	17.5	43.3
Singapore.....	3.3	8.2	13.5	10.3	10.5
Canada.....	9.5	9.0	14.1	13.4	7.5
Japan.....	13.3	11.7	15.7	13.6	6.1
Korea.....	.8	.9	1.1	.4	5.8
United Kingdom...	22.8	23.8	17.5	14.3	5.2
Italy.....	2.1	3.2	2.1	3.0	4.3
France.....	9.3	7.6	5.2	3.8	3.4
Switzerland.....	1.0	.7	.8	1.2	2.1
Ireland.....	.1	.2	.4	1.0	1.6
West Germany.....	12.8	11.6	9.3	11.1	1.3
Taiwan.....	1.7	2.1	2.6	1.1	1.1
Hong Kong.....	.9	2.4	1.3	2.3	1.0
Argentina.....	.1	.3	.4	.8	.8
Spain.....	1.0	.3	.1	.2	.7
All other.....	13.3	9.9	7.3	6.0	5.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	15.0	15.0	14.1	22.6	46.7
GSP+4 1/.....	21.8	28.6	32.6	36.6	65.1

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 8536.69.00

LOW VOLTAGE SWITCHGEAR

Low Voltage Switchgear¹

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico²

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8536.69.00 ¹	Low voltage connectors	5.3%	Yes	***
8536.90.00 ¹	Other low voltage apparatus	5.3%	Yes	***

¹***.

Description and uses.—Low voltage switchgear covered in this digest principally includes connectors, distribution ducts, junction boxes, terminals, and other low powered electrical and electronic components rated at 1,000 volts or less.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988, over 1985 ²	1989
Producers (number).....	*383	*384	*386	*414	*3	**406
Employment (1,000 employees)....	*49	*48	*53	**56	**5	**54
Shipments (million dollars)....	*3,725	*3,744	*4,396	*4,702	*8	**4,960
Exports (million dollars).....	422	449	537	696	19	600
Imports (million dollars).....	364	445	561	764	28	957
Consumption (million dollars)...	*3,667	*3,740	*4,420	*4,770	*9	**5,318
Import-to-consumption ratio (percent).....	*10	*12	*13	*16	*18	**18
Capacity utilization (percent)..	*53	**57	**62	**68	**9	**65

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—The United States is the world's largest producer and consumer of low voltage switchgear. Large-vertically integrated firms account for over two-thirds of U.S. production. The majority of U.S. imports from Mexico are manufactured in free-trade zones by U.S., European and Japanese firms that are attracted by Mexico's low wage rates, and proximity to the United States.

¹This digest includes the following HTS subheadings: 8536.69.00 and 8536.90.00.

²Based on data for January to June 1990, the types of products for which the petitioner is requesting a waiver account for less than 20 percent of the U.S. imports from Mexico classified in subheadings 8536.69.00 and 8536.90.00 provisions of the HTS. ***.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	957	100	-	*18
Imports from GSP countries				
Total	343	36	100	**6
Mexico	283	30	83	**5
Haiti	24	3	7	** ⁽¹⁾
Dominican Republic	12	1	3	** ⁽¹⁾
Malaysia	9	1	3	** ⁽¹⁾

¹Less than 0.5 percent.

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

Comment.—Mexico competes with Haiti, the Dominican Republic, and other designated GSP beneficiary countries for U.S., European and Japanese investment in the production of low voltage switchgear. These GSP beneficiary countries are attractive to investors for fill-in product lines, and other labor-intensive manufacturing. This type of manufacturing is usually less costly in GSP beneficiary countries than in the United States because these beneficiary countries have lower labor rates. However, U.S.-quality standards are usually used in producing these products in these beneficiary countries in order to provide equivalent warranties for similar products manufactured in the United States. Mexico has usually been more attractive to investors than other GSP countries because Mexico is more accessible to the United States.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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.—U.S. imports of low voltage switchgear from Mexico are mainly manufactured by firms with large operations in the United States. These firms have rationalized a share of their production in plants along the Mexican border. Mexico is especially attractive to these firms for short production runs, fill-in product lines, and other labor-intensive manufacturing. This type of manufacturing is less costly in Mexico than in the United States because Mexico has lower labor rates. U.S. firms produce these articles in high volume in the United States, and depend on imports from Mexico for orders with longer lead times. U.S. quality standards are used in producing these products in Mexico in order to provide equivalent warranties for similar products manufactured in the United States.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested that the competitive-need limit for U.S. imports of parts of lead-acid storage batteries from Mexico provided for under HTS subheading (8507.90.40) be waived so as to provide these imports with duty-free access to the U.S. market under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

The petitioner, Labinal Electronica de Reynosa, S.A. de C.V., is a subsidiary of Labinal Inc., which is wholly owned by Precision Mecanique Labinal, a French conglomerate and leader in the production of electrical and electronic components and equipment. Labinal Inc. is located in the United States and imports into the United States all of the production of Labinal Electronica. About 60 percent of these imports are sold directly to major U.S. computer, military and telecommunications manufacturers. The remainder of these imports is sold through independent distributors. According to the petitioner, one of these distributors exports Labinal's low voltage switchgear products back to Mexico. The petitioner's position is that a waiver of the competitive-need limit would (1) generate more employment in areas outside of Mexico city; (2) raise foreign exchange, which Mexico needs to repay its external debt; and (3) reduce the costs of low voltage switchgear to U.S. consumers.

In a written statement presented at the Commission's GSP hearings the petitioner stated that a waiver of the competitive-need limit for electronic connectors classified in HTS subheadings 8536.69.00 and 8536.90.00¹ would have the following impact:

1. Improve Mexico's competitive position as a foreign supplier of electronic connectors to the U.S. market;
2. Generate further employment in the United States because producers in Mexico like Labinal import a large share of their inputs from the United States;
3. Assist U.S. industry to compete successfully against Japan in the electronics sector; and
4. Indirectly benefit U.S. consumers by reducing costs to U.S. manufacturers in military, telecommunications, automotive, and other sensitive industries. Given the intense competitiveness in the electronics industry, cost reductions would likely be reflected in lower prices to consumers.

The petitioner reported that the absence of negative consequences and the factors listed above strongly support a waiver of the competitive-need-limit.

¹Connectors account for about 1/3 of the U.S. imports classified in HTS subheadings 8536.69.00 and 8536.90.00. Labinal does not currently produce the other types of low voltage switchgear classified in these HTS subheadings, and thus the firm did not address these products in the written petition it presented at the Commission's GSP hearings. The petitioner suggested at the hearing that the waiver on U.S. imports of low voltage switchgear (other than connectors) would also be beneficial to the United States. However, the petitioner did not specify how the U.S. would be benefitted.

VI. Summary of probable economic effects—Competitive-need-limit waiver Mexico

* * * * *

Table I.

Digest Title: Low voltage switch gear
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	53,680	60,058	78,729	146,084	283,059
Japan.....	54,176	69,744	94,063	144,956	178,596
Canada.....	67,553	77,378	99,541	117,773	107,145
Taiwan.....	41,165	53,098	71,008	91,686	97,540
West Germany.....	34,966	49,832	51,651	69,706	68,382
Switzerland.....	17,882	24,941	30,768	30,577	25,973
Haiti.....	19,451	19,894	10,190	5,809	24,347
France.....	20,032	25,361	27,287	28,632	24,077
United Kingdom...	15,203	12,988	14,888	20,308	22,964
Korea.....	3,293	4,827	17,380	28,288	21,861
Hong Kong.....	4,119	7,451	11,372	10,016	13,610
Italy.....	5,562	7,584	8,449	10,150	12,406
Dominican Rep....	1,948	5,246	9,969	13,280	11,823
Singapore.....	4,523	3,897	6,659	9,488	9,475
Malaysia.....	213	272	605	1,407	9,128
All other.....	20,151	22,147	28,318	35,880	47,002
Total.....	363,916	444,718	560,877	764,040	957,388
GSP Total 1/..	81,418	91,472	109,229	174,916	342,989
GSP+4 1/.....	134,518	160,745	215,648	314,394	485,475
Percent					
Mexico.....	14.8	13.5	14.0	19.1	29.6
Japan.....	14.9	15.7	16.8	19.0	18.7
Canada.....	18.6	17.4	17.7	15.4	11.2
Taiwan.....	11.3	11.9	12.7	12.0	10.2
West Germany.....	9.6	11.2	9.2	9.1	7.1
Switzerland.....	4.9	5.6	5.5	4.0	2.7
Haiti.....	5.3	4.5	1.8	.8	2.5
France.....	5.5	5.7	4.9	3.7	2.5
United Kingdom...	4.2	2.9	2.7	2.7	2.4
Korea.....	.9	1.1	3.1	3.7	2.3
Hong Kong.....	1.1	1.7	2.0	1.3	1.4
Italy.....	1.5	1.7	1.5	1.3	1.3
Dominican Rep....	.5	1.2	1.8	1.7	1.2
Singapore.....	1.2	.9	1.2	1.2	1.0
Malaysia.....	.1	.1	.1	.2	1.0
All other.....	5.5	5.0	5.0	4.7	4.9
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	22.4	20.6	19.5	22.9	35.8
GSP+4 1/.....	37.0	36.1	38.4	41.1	50.7

1/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest No.
85366900Digest Title: Low voltage switch gear
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	60,838	69,993	79,885	119,693	123,577
Canada.....	62,561	64,575	82,377	87,103	83,645
United Kingdom...	41,569	47,497	60,632	69,429	57,429
Japan.....	42,848	42,729	46,558	62,452	57,389
West Germany.....	25,194	23,088	23,668	30,341	34,327
Singapore.....	11,441	17,232	24,707	28,008	26,035
France.....	16,837	17,518	24,713	42,700	25,683
Netherlands.....	15,940	16,675	15,547	16,564	22,330
Hong Kong.....	5,664	11,385	22,927	30,254	17,577
Italy.....	11,806	13,752	23,059	41,408	16,878
Taiwan.....	9,993	16,852	20,315	19,650	13,313
Korea.....	9,199	11,919	14,995	20,126	11,159
Switzerland.....	5,424	5,968	7,506	7,831	8,800
Dominican Rep....	2,327	2,633	1,178	1,688	8,121
Australia.....	5,535	6,031	5,337	7,858	8,018
All other.....	95,271	81,568	84,032	110,743	85,470
Total.....	422,446	449,418	537,436	695,849	599,752
GSP Total 1/..	122,511	121,031	134,044	186,439	178,935
GSP+4 1/.....	158,808	178,419	216,988	284,477	247,020
Percent					
Mexico.....	14.4	15.6	14.9	17.2	20.6
Canada.....	14.8	14.4	15.3	12.5	13.9
United Kingdom...	9.8	10.6	11.3	10.0	9.6
Japan.....	10.1	9.5	8.7	9.0	9.6
West Germany.....	6.0	5.1	4.4	4.4	5.7
Singapore.....	2.7	3.8	4.6	4.0	4.3
France.....	4.0	3.9	4.6	6.1	4.3
Netherlands.....	3.8	3.7	2.9	2.4	3.7
Hong Kong.....	1.3	2.5	4.3	4.3	2.9
Italy.....	2.8	3.1	4.3	6.0	2.8
Taiwan.....	2.4	3.7	3.8	2.8	2.2
Korea.....	2.2	2.7	2.8	2.9	1.9
Switzerland.....	1.3	1.3	1.4	1.1	1.5
Dominican Rep....	.6	.6	.2	.2	1.4
Australia.....	1.3	1.3	1.0	1.1	1.3
All other.....	22.6	18.1	15.6	15.9	14.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	29.0	26.9	24.9	26.8	29.8
GSP+4 1/.....	37.6	39.7	40.4	40.9	41.2

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 8544.30.00

CERTAIN INSULATED ELECTRICAL CONDUCTORS
AND WIRING SETS

Certain Insulated Electrical Conductors
and Wiring Sets¹

I. Introduction

 Addition to GSP Removal from GSP X Competitive-need-limit waiver Mexico, Philippines²

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8544.30.00 ¹	Ignition and other wiring sets	5%	Yes	***
8544.51.40 ²	Modular telephone wiring sets	5.3%	Yes	***

¹Mexico and the Philippines have been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 8544.30.00.

²***

Description and uses.—Ignition and other wiring sets are assemblies of two or more insulated electrical conductors to which have been affixed terminals, plugs, connectors, sockets, and other wiring devices. These sets are used in motor vehicles, aircraft, and ships to connect various electrical devices (such as lights, motors, and signalling apparatus) to the internal source of power (typically batteries or generators). Modular telephone wiring sets consist of cut lengths of straight or coiled (retractile) insulated cord to which have been affixed modular connectors. These sets are used to connect telephone hand or head sets to telephone terminal equipment and such equipment to internal wall outlets.

¹This digest includes the following HTS subheadings: 8544.30.00 and 8544.51.40.

²Waiver of competitive-need limit for the Philippines requested only with respect to HTS subheading 8544.30.00.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1988	1989
Producers (number).....	*15	*15	*13	*13	*-5	*13
Employment (1,000 employees)....	*8	*8	*7	*7	*-4	*6
Shipments (million dollars).....	**725	**870	**1,010	**1,370	**24	**1,600
Exports (million dollars).....	444	500	633	751	19	704
Imports (million dollars).....	658	784	923	1,262	24	1,511
Consumption (million dollars)...	**939	**1,154	**1,300	**1,881	**26	**2,407
Import-to-consumption ratio (percent).....	**70	**68	**71	**67	**-1	**63
Capacity utilization (percent)..	**75	**75	**80	**80	**2	**85

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—The import-to-consumption ratios for these products are somewhat misleading in that the vast majority of U.S. producers' shipments (which are predominately ignition wiring sets and harnesses) benefit to some extent from high-labor intensive operations that have been performed on them under the provision of HTS subheading 9802.00.80 in Mexico, Taiwan, Canada, and the Philippines. Due to the significant level of duty-free U.S. content of imports from these sources, significantly less than half of the value of U.S. imports is actually foreign value added. The rationalization of the high-labor intensive portion of the production operations on these products by U.S. producers, has enabled domestic suppliers to maintain varying degrees of price competitiveness vis-a-vis foreign merchandise.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	1,510,779	100	-	**63
Imports from GSP countries:				
Total.....	1,231,455	82	100	**51
Mexico.....	1,056,241	70	86	**44
Philippines.....	93,357	6	8	**4
Thailand.....	80,676	5	7	**3
Hungary.....	1,143	(¹)	(¹)	**(¹)

¹ Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 Moderate X Low

Price level compared with—

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

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

Quality compared with—

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

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

Comment.—During 1989, approximately 60 percent of the total value of imports from Mexico was entered duty free under HTS subheading 9802.00.80.

Competitiveness indicators for Philippines for all digest products

Ranking as a U.S. import supplier, 1989..... 3

Price elasticity:

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

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

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

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

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

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

Price level compared with—

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

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

Quality compared with—

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

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

Comment.—During 1989, imports from the Philippines that were entered duty free under HTS subheading 9802.00.80 amounted to \$5 million, or approximately 5 percent of the annual total.

V. Position of interested parties

Petitioner.--The Government of Mexico (GOM) has requested a waiver of competitive-need limit for ignition wiring sets and electric conductors fitted with modular telephone connectors provided under HTS subheadings 8544.30.00 and 8544.51.40 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and certain jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

The Government of the Philippines (GOP) is requesting the waiver of the competitive-need limit for ignition wiring sets imported under HTS subheading 8544.30.00. In their prepared statement, the GOP indicated that the industry producing these products domestically was relatively young and comprised of just three firms. The petition stressed the fact that the continuation of duty-free GSP eligibility for these companies was very important to maintaining the price competitiveness of these suppliers with respect to suppliers of these products in both developed and developing countries.

Servicios Condumex, S.A. de C.V. and Conductores Monterrey, S.A. de C.V., which called themselves "the Consortium" in their petition, filed a joint petition requesting the waiver of the competitive-need limitation on articles from Mexico entered under HTS subheading 8544.30.00. These two companies, one headquartered in Mexico City and the other in Monterrey, requested the waiver on the grounds that Mexico now provides the United States with equitable and reasonable access to its markets and is providing adequate and effective protection of intellectual property rights. The petitioners also indicated that "Mexico's level of development and the relative level of competitiveness of the Mexican economy merit providing GSP treatment to maintain the competitiveness of the subject articles".

ACS Industries, Inc. (ACS) of Woonsocket, RI, petitioned for the waiver of the competitive-need limit with respect to the importation of articles from Mexico classified under HTS subheading 8544.51.40. ACS has a wholly owned subsidiary, ACS Internacional, that assembles or manufactures various products including telephone cords in Monterrey, Mexico. ACS sells most of its telephone cords to U.S. distributors and to the U.S. replacement (after) market. ACS indicated in its petition that "the granting of GSP benefits would enable ACS...to be competitive in the U.S. market which is dominated by a huge multinational company (AT&T) and many large companies in the Far East.

VI. Summary of probable economic effects—Waiver (Mexico)

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VI. Summary of probable economic effects—Waiver (Philippines)¹

* * * * *

¹This advice only applies to imports under HTS subheading 8544.30.00.

Table I.

Digest Title: Certain insulated electrical conductors and wiring sets
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	472,520	519,531	616,103	891,814	1,056,241
Taiwan.....	75,893	90,960	86,481	85,579	123,832
Philippines.....	11,200	22,847	46,838	54,879	93,357
Canada.....	73,971	105,723	102,032	101,497	85,940
Thailand.....	12	22	5,741	31,587	80,676
Japan.....	12,811	28,638	52,944	79,800	50,364
West Germany.....	3,132	6,997	5,391	5,762	8,994
China.....	0	188	1,587	1,694	2,952
United Kingdom...	756	810	842	1,422	1,914
Hungary.....	10	0	0	0	1,143
Hong Kong.....	517	1,313	715	1,434	1,041
France.....	880	2,065	1,417	786	911
Korea.....	975	679	777	432	496
Peru.....	0	0	0	0	462
Brazil.....	282	216	396	428	438
All other.....	4,569	4,428	1,853	4,596	2,016
Total.....	657,528	784,417	923,118	1,261,712	1,510,779
GSP Total 2/..	487,838	546,284	669,924	978,946	1,231,455
GSP+4 2/.....	565,372	639,243	757,899	1,066,425	1,356,922
Percent					
Mexico.....	71.9	66.2	66.7	70.7	69.9
Taiwan.....	11.5	11.6	9.4	6.8	8.2
Philippines.....	1.7	2.9	5.1	4.3	6.2
Canada.....	11.2	13.5	11.1	8.0	5.7
Thailand.....	1/	1/	.6	2.5	5.3
Japan.....	1.9	3.7	5.7	6.3	3.3
West Germany.....	.5	.9	.6	.5	.6
China.....	.0	1/	.2	.1	.2
United Kingdom...	.1	.1	.1	.1	.1
Hungary.....	1/	.0	.0	.0	.1
Hong Kong.....	.1	.2	.1	.1	.1
France.....	.1	.3	.2	.1	.1
Korea.....	.1	.1	.1	1/	1/
Peru.....	.0	.0	.0	.0	1/
Brazil.....	1/	1/	1/	1/	1/
All other.....	.7	.6	.2	.4	.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	74.2	69.6	72.6	77.6	81.5
GSP+4 2/.....	86.0	81.5	82.1	84.5	89.8

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

Digest Title: Certain insulated electrical conductors and wiring sets
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Mexico.....	280,887	333,246	401,565	504,727	477,674
Canada.....	123,612	118,682	183,166	195,121	168,516
Taiwan.....	21,707	27,859	24,255	22,086	19,070
Thailand.....	64	403	1,945	11,864	14,355
Philippines.....	2,270	9,295	11,918	6,478	4,474
Australia.....	963	967	1,459	2,303	3,881
Japan.....	973	1,018	1,262	1,356	2,953
West Germany.....	955	648	366	391	2,635
United Kingdom...	461	435	427	493	1,604
El Salvador.....	1	6	1	4	1,450
Rep So Africa....	27	10	19	4	738
Hong Kong.....	86	12	16	41	708
Singapore.....	117	28	50	142	640
Ireland.....	4	4	26	34	559
Netherlands.....	326	64	66	53	469
All other.....	11,400	6,958	6,232	6,155	4,125
Total.....	443,851	499,634	632,772	751,253	703,850
GSP Total 2/..	293,718	349,028	420,648	527,501	499,236
GSP+4 2/.....	315,698	377,003	445,059	550,016	520,019
Percent					
Mexico.....	63.3	66.7	63.5	67.2	67.9
Canada.....	27.8	23.8	28.9	26.0	23.9
Taiwan.....	4.9	5.6	3.8	2.9	2.7
Thailand.....	1/	.1	.3	1.6	2.0
Philippines.....	.5	1.9	1.9	.9	.6
Australia.....	.2	.2	.2	.3	.6
Japan.....	.2	.2	.2	.2	.4
West Germany.....	.2	.1	.1	.1	.4
United Kingdom...	.1	.1	.1	.1	.2
El Salvador.....	1/	1/	1/	1/	.2
Rep So Africa....	1/	1/	1/	1/	.1
Hong Kong.....	1/	1/	1/	1/	.1
Singapore.....	1/	1/	1/	1/	.1
Ireland.....	1/	1/	1/	1/	.1
Netherlands.....	.1	1/	1/	1/	.1
All other.....	2.6	1.4	1.0	.8	.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	66.2	69.9	66.5	70.2	70.9
GSP+4 2/.....	71.1	75.5	70.3	73.2	73.9

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 8703.10.00(pt)

GOLF CARTS

Golf Carts

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8703.10.00(pt)	Golf carts	2.5%	Yes	***

Description and uses.—Golf carts are small, self-propelled vehicles designed to transport two golfers and their equipment around a golf course. Golf carts are either three- or four-wheeled, and are powered by either gasoline engines or electric motors. Golf carts may have other uses; for example, they are used as modes of transportation in retirement communities and manufacturing facilities.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	*9	*8	*8	*6	*-13	*4
Employment (1,000 employees)....	2	2	2	*2	*0	*2
Shipments (1,000 dollars).....	180,600	222,800	205,600	**200,000	**3	**286,000
Exports (1,000 dollars).....	15,228	16,232	20,011	23,477	15	27,864
Imports (1,000 dollars).....	290,832	272,007	232,281	158,570	-18	58,911
Consumption (1,000 dollars)....	456,145	478,575	417,870	**385,093	**-5	**317,047
Import-to-consumption ratio (percent).....	64	57	56	**41	**-14	**19
Capacity utilization (percent)..	**80	**85	**93	**82	**1	**82

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—Three major U.S. manufacturers account for approximately 80 to 90 percent of the U.S. market—E-Z-GO Division of Textron, Club Car, Inc. and the Japanese-based firm Yamaha, which began production in the United States in 1989. This explains the sizeable decrease in U.S. imports and increase in domestic shipments of golf carts from 1988 to 1989, as Yamaha is satisfying most of its U.S. market requirements from its Newnan, GA facility. The fourth U.S. manufacturer is Columbia Parcar. Since the overwhelming majority of golf carts are purchased in the United States by golf courses, there is a degree of brand loyalty in that golf courses generally maintain fleet contracts with particular manufacturers' dealers.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	58,911	100	-	**19
Imports from GSP countries:				
Total.....	908	2	100	** ⁽¹⁾
Poland.....	907	2	100	** ⁽¹⁾
Thailand.....	1	(¹)	(¹)	** ⁽¹⁾

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

¹Less than 0.5 percent.

Comment.—Poland did not become GSP-eligible until 1990.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Poland for all digest products

Ranking as a U.S. import supplier, 1989..... 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

V. Position of interested parties

Petitioner.—The petitioner, Melex USA, Inc., the exclusive U.S. importer of golf carts from Poland, is a wholly owned subsidiary of Pezetel, Ltd., headquartered in Warsaw, Poland. Pezetel represents WSK PZL-Mielec, the sole manufacturer of golf carts in Poland, in international trade transactions.

The petitioner asserts that exemption from the 2.5 percent ad valorem duty rate on golf carts would have a beneficial impact on the manufacturer's production and employment levels, as well as contributing significantly to Poland's overall economic development. Golf carts were Poland's 28th largest export to the United States in 1989.

The petitioner believes that the addition of golf carts to the list of GSP-eligible products would not adversely affect U.S. producers, and may improve the competitive position of Poland at the expense of other golf cart exporters, particularly Korea. The Korean manufacturer Hyundai began exporting golf carts to the United States in 1990; Melex believes that Hyundai is entering into direct competition with it as it has solicited many of Melex's distributors to carry the Hyundai golf cart, including its two largest distributors.

Club Car, Inc.—Club Car, one of the four major U.S. manufacturers of golf carts, has expressed its opposition to the proposed elimination of import duties under the GSP for golf carts. Club Car stated that Melex is already fully competitive in the United States and has a tremendous price advantage over domestic manufacturers. Moreover, according to Club Car, as the U.S. golf cart market is import sensitive, low-priced imports have caused lost sales and price depression. Club Car produces both gas- and electric-powered golf carts in Augusta, GA.

E-Z-GO Division of Textron.—E-Z-GO, another of the leading U.S. manufacturers of gas- and electric-powered golf carts, also located in Augusta, GA, opposes the proposed elimination of import duties under the GSP for golf carts as well. E-Z-GO stated that in the mature and intensely competitive domestic golf cart market, price is the most important factor. E-Z-GO asserted that Melex is the price leader in the U.S. market for electric-powered golf carts. E-Z-GO pointed out that the GSP statute states that a beneficiary developing country should not receive GSP benefits on articles for which it has demonstrated competitiveness. The company further asserted that Melex has demonstrated long-term competitiveness in the U.S. golf cart market based on its current rate of duty through competitive prices and substantial underselling. E-Z-GO added that in the bidding for fleet contracts with golf courses, which constitutes an overwhelming majority of U.S. golf cart sales, Melex's low prices depress prices from domestic suppliers, whether or not Melex wins the bid. E-Z-GO concluded that it would be inappropriate to provide the lowest price competitor in the U.S. golf cart market with an additional 2.5 percent advantage, particularly at a time when general economic conditions may lead to a downturn in the market.

VI. Summary of probable economic effects—Addition

* * * * *

Table I.

Digest No.
87031000(pt)Digest Title: Golf carts
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	265,137	246,168	199,471	120,769	34,782
Canada.....	14,297	15,441	23,300	28,742	22,370
Poland.....	643	828	722	774	907
Taiwan.....	1,045	792	3,147	952	308
Korea.....	1,963	471	237	14	197
United Kingdom...	3,837	4,547	4,187	3,372	118
Finland.....	0	13	245	43	97
Australia.....	3	21	6	15	46
West Germany.....	1,246	878	180	1,882	36
France.....	106	97	185	799	23
Denmark.....	0	0	2	16	17
Belgium.....	5	4	11	10	6
Italy.....	506	135	279	1,007	2
Thailand.....	0	0	1	0	1
Mexico.....	20	244	2	45	0
All other.....	2,025	2,366	306	130	0
Total.....	290,832	272,007	232,281	158,570	58,911
GSP Total 2/..	706	3,088	782	829	908
GSP+4 2/.....	3,788	4,352	4,171	1,795	1,413
Percent					
Japan.....	91.2	90.5	85.9	76.2	59.0
Canada.....	4.9	5.7	10.0	18.1	38.0
Poland.....	.2	.3	.3	.5	1.5
Taiwan.....	.4	.3	1.4	.6	.5
Korea.....	.7	.2	.1	1/	.3
United Kingdom...	1.3	1.7	1.8	2.1	.2
Finland.....	.0	1/	.1	1/	.2
Australia.....	1/	1/	1/	1/	.1
West Germany.....	.4	.3	.1	1.2	.1
France.....	1/	1/	.1	.5	1/
Denmark.....	.0	.0	1/	1/	1/
Belgium.....	1/	1/	1/	1/	1/
Italy.....	.2	1/	.1	.6	1/
Thailand.....	.0	.0	1/	.0	1/
Mexico.....	1/	.1	1/	1/	.0
All other.....	.7	.9	.1	.1	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.2	1.1	.3	.5	1.5
GSP+4 2/.....	1.3	1.6	1.8	1.1	2.4

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest Title: Golf carts
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	7,770	3,539	5,325	4,475	6,095
Japan.....	93	520	1,600	1,568	4,237
Australia.....	90	340	782	2,609	2,648
United Kingdom...	643	1,016	1,393	2,270	2,028
Mexico.....	317	200	661	1,108	1,264
Dominican Rep....	249	373	754	249	1,246
Taiwan.....	0	25	211	163	1,191
Sweden.....	6	41	120	312	1,070
France.....	350	41	454	511	930
West Germany.....	1,016	1,859	2,528	1,414	761
Portugal.....	5	4	5	0	475
Belgium.....	11	69	151	248	429
Switzerland.....	14	122	113	240	425
Saudi Arabia.....	1,531	1,214	84	175	418
Spain.....	8	85	171	256	409
All other.....	3,124	6,786	5,658	7,878	4,237
Total.....	15,228	16,232	20,011	23,477	27,864
GSP Total 2/..	2,765	4,571	4,202	6,001	4,521
GSP+4 2/.....	2,817	4,641	4,964	6,942	6,390
Percent					
Canada.....	51.0	21.8	26.6	19.1	21.9
Japan.....	.6	3.2	8.0	6.7	15.2
Australia.....	.6	2.1	3.9	11.1	9.5
United Kingdom...	4.2	6.3	7.0	9.7	7.3
Mexico.....	2.1	1.2	3.3	4.7	4.5
Dominican Rep....	1.6	2.3	3.8	1.1	4.5
Taiwan.....	.0	.2	1.1	.7	4.3
Sweden.....	1/	.3	.6	1.3	3.8
France.....	2.3	.3	2.3	2.2	3.3
West Germany.....	6.7	11.4	12.6	6.0	2.7
Portugal.....	1/	1/	1/	.0	1.7
Belgium.....	.1	.4	.8	1.1	1.5
Switzerland.....	.1	.8	.6	1.0	1.5
Saudi Arabia.....	10.1	7.5	.4	.7	1.5
Spain.....	.1	.5	.9	1.1	1.5
All other.....	20.5	41.8	28.3	33.6	15.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	18.2	28.2	21.0	25.6	16.2
GSP+4 2/.....	18.5	28.6	24.8	29.6	22.9

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 8708.70.80

CERTAIN MOTOR-VEHICLE PARTS

Certain Motor-Vehicle Parts¹

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheadings	Short description	Col. 1 rate of duty (1/1/90) Percent ad valorem	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8708.70.80	Wheels and parts thereof	3.1%	Yes	***
8708.99.50 ¹	Miscellaneous motor-vehicle parts	3.1%	Yes	***

¹Mexico has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 8708.99.50.

Description and uses.—This digest covers wheels and parts thereof used in motor vehicles, other than tractors, and certain other motor-vehicle parts not made of cast iron, such as beam hanger units and radiator cores used in the assembly of automobiles, buses, trucks, and trailers.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	*885	*878	*900	*908	*1	*910
Employment (1,000 employees)....	*116	*113	*116	*121	*1	*124
Shipments (million dollars).....	*17,379	*17,218	*18,235	*19,119	*3	*19,225
Exports (million dollars).....	1,154	1,024	1,180	1,413	7	4,427
Imports (million dollars).....	4,932	5,613	6,267	7,263	14	6,832
Consumption (million dollars)...	*21,157	*21,807	*23,322	*24,969	*6	*21,630
Import-to-consumption ratio (percent).....	*23	*26	*27	*29	*8	*32
Capacity utilization (percent)...	*77	*76	*75	*76	*0	*77

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—U.S. producers of wheels and miscellaneous vehicle parts are generally very competitive with foreign manufacturers with respect to both quality and service. Major foreign competitors of the U.S. motor-vehicle parts industry include Canada, Japan, West Germany, and Mexico. However, Mexican producers have a competitive advantage with respect to labor costs over U.S. producers.

¹This digest includes the following HTS subheadings: 8708.70.80 and 8708.99.50.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	6,832,357	100	-	*32
Imports from GSP countries:				
Total.....	456,633	7	100	*2
Mexico.....	322,107	5	71	*1
Brazil.....	90,258	1	20	*(¹)
Venezuela.....	20,301	(¹)	4	*(¹)

¹Less than 0.5 percent.

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

Comment.—U.S. imports of certain motor-vehicle parts from GSP countries constitute a fairly small share of total U.S. imports (7 percent), and the total value of GSP imports represents only *2 percent of apparent U.S. consumption. U.S. imports from Mexico account for only *1 percent of total U.S. consumption.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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

Comment.--Mexico's competitive price advantage in the U.S. market stems from its lower labor costs. During 1989, 63 percent of the subject imports from Mexico entered the United States free of duty under the provision of HTS subheading 9802.00.80.

V. Position of interested parties

Petitioner.—The Government of Mexico (GOM) has requested a waiver of competitive-need limit for wheels and parts provided under HTS subheading 8708.70.80 and for certain other parts under HTS subheading 8708.99.50 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Kelsey Hayes de Mexico, S.A. (KHM) requested a waiver of competitive-need limit for wheels and parts provided under HTS subheading 8708.70.80. KHM manufactures and exports aluminum and steel wheels to the United States. KHM has stated that granting such a request "will give KHM the opportunity to offer a more competitive price, because exportation cost will be reduced".

Gabriel de Mexico S.A. (GDM) requested a waiver of competitive-need limit for shock absorber components provided under HTS subheading 8708.99.50. GDM manufactures and exports shock absorbers and shock absorber components to the United States. GDM has stated that granting such a request "would benefit GDM's customers in the United States".

VI. Summary of probable economic effects—Waiver (Mexico)

* * * * *

Table I.

Digest No.
87087080Digest Title: Certain motor-vehicle parts
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	3,148,522	3,236,645	3,331,576	3,649,950	3,898,946
Japan.....	695,375	1,009,906	1,247,020	1,617,050	1,411,279
West Germany.....	239,322	333,602	461,511	519,544	357,622
Mexico.....	238,423	217,723	238,763	395,536	322,107
United Kingdom...	116,558	168,515	158,550	167,731	142,636
Taiwan.....	72,690	104,529	121,263	139,936	131,186
Spain.....	47,148	68,129	80,524	100,179	98,061
France.....	88,473	133,012	151,777	141,109	95,397
Brazil.....	89,089	105,872	155,966	144,395	90,258
Italy.....	48,211	64,848	80,668	87,877	66,790
Korea.....	19,894	28,210	36,049	49,610	50,320
Sweden.....	15,853	24,201	21,273	24,368	31,265
Belgium.....	6,106	12,925	24,922	31,766	23,455
Venezuela.....	3,794	7,266	10,877	17,308	20,301
New Zealand.....	1,902	9,736	13,192	17,734	18,799
All other.....	100,227	88,126	133,402	159,389	73,935
Total.....	4,931,586	5,613,244	6,267,333	7,263,482	6,832,357
GSP Total 2/..	375,645	369,867	461,071	623,263	456,633
GSP+4 2/.....	481,655	512,647	628,856	829,243	652,580
Percent					
Canada.....	63.8	57.7	53.2	50.3	57.1
Japan.....	14.1	18.0	19.9	22.3	20.7
West Germany.....	4.9	5.9	7.4	7.2	5.2
Mexico.....	4.8	3.9	3.8	5.4	4.7
United Kingdom...	2.4	3.0	2.5	2.3	2.1
Taiwan.....	1.5	1.9	1.9	1.9	1.9
Spain.....	1.0	1.2	1.3	1.4	1.4
France.....	1.8	2.4	2.4	1.9	1.4
Brazil.....	1.8	1.9	2.5	2.0	1.3
Italy.....	1.0	1.2	1.3	1.2	1.0
Korea.....	.4	.5	.6	.7	.7
Sweden.....	.3	.4	.3	.3	.5
Belgium.....	.1	.2	.4	.4	.3
Venezuela.....	.1	.1	.2	.2	.3
New Zealand.....	1/	.2	.2	.2	.3
All other.....	2.0	1.6	2.1	2.2	1.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	7.6	6.6	7.4	8.6	6.7
GSP+4 2/.....	9.8	9.1	10.0	11.4	9.6

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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

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

Table II.

Digest No.
87087080Digest Title: Certain motor-vehicle parts
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	718,950	591,464	678,447	782,651	2,471,084
Mexico.....	204,774	176,728	216,444	272,012	901,901
West Germany.....	26,512	29,741	32,064	45,204	158,772
Japan.....	19,846	23,126	22,160	34,783	112,829
Australia.....	20,878	15,545	17,670	23,372	88,710
United Kingdom...	16,808	18,059	22,599	27,797	83,778
Brazil.....	9,284	10,874	15,557	18,846	68,116
Korea.....	2,337	5,557	12,334	11,744	36,890
Belgium.....	9,047	7,603	7,453	11,816	36,536
Saudi Arabia.....	9,202	5,496	7,817	12,077	34,553
Sweden.....	9,620	11,488	11,372	10,472	33,879
Venezuela.....	34,772	43,735	43,670	44,545	33,448
France.....	6,693	6,309	11,623	32,089	33,273
Netherlands.....	1,918	2,543	3,554	8,442	32,964
Austria.....	2,113	1,474	337	3,248	22,957
All other.....	61,408	74,724	77,189	73,808	277,749
Total.....	1,154,162	1,024,464	1,180,290	1,412,905	4,427,435
GSP Total 2/..	284,921	282,374	324,369	376,126	1,161,447
GSP+4 2/.....	290,427	291,098	340,915	393,924	1,230,906
Percent					
Canada.....	62.3	57.7	57.5	55.4	55.8
Mexico.....	17.7	17.3	18.3	19.3	20.4
West Germany.....	2.3	2.9	2.7	3.2	3.6
Japan.....	1.7	2.3	1.9	2.5	2.5
Australia.....	1.8	1.5	1.5	1.7	2.0
United Kingdom...	1.5	1.8	1.9	2.0	1.9
Brazil.....	.8	1.1	1.3	1.3	1.5
Korea.....	.2	.5	1.0	.8	.8
Belgium.....	.8	.7	.6	.8	.8
Saudi Arabia.....	.8	.5	.7	.9	.8
Sweden.....	.8	1.1	1.0	.7	.8
Venezuela.....	3.0	4.3	3.7	3.2	.8
France.....	.6	.6	1.0	2.3	.8
Netherlands.....	.2	.2	.3	.6	.7
Austria.....	.2	.1	1/	.2	.5
All other.....	5.3	7.3	6.5	5.2	6.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	24.7	27.6	27.5	26.6	26.2
GSP+4 2/.....	25.2	28.4	28.9	27.9	27.8

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

2/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 8714.92.50

SPOKES FOR BICYCLES AND CERTAIN CYCLES

Spokes for Bicycles and Certain Cycles

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
8714.92.50	Spokes for bicycles and certain cycles	10%	Yes	***

Description and uses.—Spokes for bicycles and certain cycles (spokes) are the thin, circular metal rods that hold the hub centered in the rim. The hub has two thin, circular metal pieces called flanges attached to each end. One end of the spoke is attached (laced) through a hole in one flange and the other end is laced through the rim. The spoke head is on the end attached to the hub. The other, threaded end is attached to the rim with a spoke nipple, which is a short, tubular, internally threaded piece. Nipples are not covered in this request. Commonly used spokes are made of plain gauge metal whereas butted spokes are thicker at the ends. The principal use for the spokes classified here is for bicycles. However, certain spokes for other nonmotorized cycles are also included, such as those for adult tricycles and unicycles.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	2	2	2	3	14	3
Employment (1,000 employeegs)....	***	***	***	***	***	***
Shipments (1,000 dollars) ³	(4)	(4)	(4)	(4)	(4)	***
Exports (1,000 dollars).....	0	0	0	0	0	0
Imports (1,000 dollars).....	(4)	(4)	(4)	(4)	(4)	1,762
Consumption (1,000 dollars) ⁵	(4)	(4)	(4)	(4)	(4)	***
Import-to-consumption ratio (percent).....	(4)	(4)	(4)	(4)	(4)	***
Capacity utilization (percent)..	(4)	(4)	(4)	(4)	(4)	***

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³***.

⁴Not available.

⁵Data do not include captive production by U.S. bicycle producers. Such production probably amounted to the equivalent of *** percent of total value of U.S. producers shipments of spokes.

Comment.—Currently three firms are known to produce spokes for sale to other firms. In addition *** U.S. producers of bicycles engage in captive production for use in the manufacture of their own bicycles. The former account for *** percent of the total value of U.S. production and all of U.S. producers' shipments. Such shipments amounted to *** spokes, valued at *** in 1989, or an average unit value of *** per

spoke. None of these firms exports spokes. Total employment in the industry amounted to *** workers. The industry is operating at *** percent of capacity, ***.

The spokes produced for sale to other firms go to two principal channels of distribution: original equipment manufacturers (OEMs) and the aftermarket, primarily small independent bicycle dealers (IBDs). The value of sales to OEMs accounted for about *** percent of the total in 1989 with the remainder going to the aftermarket.

The quality and price of spokes has a considerable range. Spokes come in various gauges (diameters) and materials, such as galvanized steel for less expensive, lower quality spokes and stainless steel and titanium for more expensive, higher quality spokes. More expensive spokes may also be shaped in contours to achieve maximum aerodynamic qualities. These price and quality ranges reflect the broad quality and price selection for bicycles. An important aspect of the U.S. retail market for bicycles is major market segmentation into bicycles sold through IBDs and bicycles sold through volume mass merchandisers. Less expensive bicycles are sold in mass merchandise outlets and more expensive ones are sold in IBDs. Virtually all sales of spokes in the aftermarket are sold directly to IBDs or to bicycle wholesale distributors, which in turn sell the spokes to IBDs. The sales of *** were primarily directed at bicycles for the OEM market (for both mass merchandise and IBD bicycles) and had *** in 1989. The sales of *** were primarily directed at bicycles for the aftermarket and had *** in 1989.

Imported spokes are sold to both OEMs and the aftermarket, but the proportion sold to each is not known. On a value basis, the share of consumption accounted for by imports amounted to *** percent in 1989. It was probably higher on a quantity basis because the average price and quality of imported spokes were probably higher than those of domestic spokes. The probable higher average price and associated quality of imported spokes may in part explain why there have not been any U.S. imports of cheaper, lower quality spokes from GSP suppliers in recent years. U.S. industry sources state that price competition from developed country suppliers has been intense, forcing them to keep prices down in order to keep current customers. ***. The following tabulation shows all sources of U.S. imports of spokes during 1989, the only year for which separate data on spokes are available (in thousands of dollars):

<u>Source</u>	<u>U.S. imports</u>
Switzerland.....	\$773
Japan.....	495
Taiwan.....	206
Belgium.....	142
West Germany.....	46
Italy.....	46
United Kingdom.....	32
Canada.....	13
France.....	9
Total.....	\$1,762

U.S. consumption of spokes (not counting captive production) was *** in 1989; the share consumption accounted for by imports was *** percent.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	1,762	100	-	***
Imports from GSP countries:				
Total.....	0	0	100	0

Comment.—No GSP-eligible country exported spokes to the United States during 1989. Industry sources do not know of U.S. imports from any such country in recent years. However, they expressed concern about possible future U.S. imports from certain GSP countries, such as India, Argentina, Thailand, Hungary, and Mexico.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for India for all digest products

Ranking as a U.S. import supplier, 1989..... (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

¹India did not provide U.S. imports for HTS subheading 8714.92.50 in 1989.

Comment.—One U.S. producer indicated that the firm had had correspondence with ***, India, in recent years, making an enquiry about having the U.S. firm act as an agent to sell bicycle spokes in the United States. Those spokes were not then competitive in the U.S. market. However, India is reported to be the fourth-largest producer country of bicycles in the world, behind China, Taiwan, and Japan. Some U.S. industry spokesmen see India as a future major supplier of bicycles and parts to the U.S. market. According to one trade publication, outside of China, Hero Cycles in India is estimated to have the largest single-company annual production (2.54 million units and is predicting production of 3.25 million units in 1990) in the world. Hero is known to have a subsidiary, Munjal Steel and Majestic Auto, which produces bicycle spokes.

A recent report in Cycle Press International indicated that the government of India may have identified the bicycle and bicycle parts industries as likely large earners of hard (foreign) currency. The decision to target bicycles and parts for export growth may have prompted India recently to provide significant government support through various concessions to the bicycle and bicycle parts industries. These concessions are reported to include reduction in the import duties on state of the art bicycle production machinery from 85 percent to 35 percent, provision of raw materials at world prices, the refunding of taxes applied on domestically-acquired raw materials for export-oriented products, and no taxes against the profits of companies wholly dedicated to exporting. Reportedly, "... India is now investing massive amounts of money for upgrading their capital facilities."

The report stated that parts producers have been the most responsive to these incentives so far, some shifting entirely to exporting, and that two U.S. producers, Huffy (the largest U.S. producer) and Roadmaster, reportedly expressed interest in obtaining parts from India at a recent industry show in Milan. However, India has a reputation of having problems with the quality of the bicycles and parts it has supplied to world markets in the past. Most of the export orders reported are for Eastern Europe and the Union of Soviet Socialist Republics, where quality standards are much below those for most western countries.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1989..... (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 Moderate Low

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

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

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

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

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

¹Peru did not provide U.S. imports for HTS subheading 8714.92.50 in 1989.

Comment.—The petition of the Government of Peru indicated that only one firm in Peru, Monark (Peru) S.A. of Callao-Peru, produces bicycle spokes. The firm produces spokes only for the domestic market. The quantity and value of production in 1989 amounted to 236,160 spokes valued at \$4,950, or \$0.021 per spoke in 1989. This was about *** per spoke than the average unit value of spokes produced in the United States. The petition estimates that production would increase by 15 percent to 20 percent under GSP. This was, and would be, *** of U.S. production and consumption. The petition reports total employment at 95 workers and projects an increase in employment because of GSP to 108 workers, or a 14 percent increase. ***. The petition showed a 42 percent capacity utilization rate in 1989, indicating excess capacity amounting to about 326,160 spokes, ***. Although U.S. producers are not aware of any U.S. imports from GSP sources in recent years, Peru's petition alleged that Mexico, Indonesia, and Thailand would benefit from the granting of GSP on the basis of having exported spokes to the United States in 1988. However, it is the opinion of the staff that from the raw data supplied in the petition that the petitioner selected GSP-eligible countries from the so-called "basket" TSUSA item in which spokes were classified prior to 1989 and reported the entire value of imports for each country as if it were all spokes.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

Comment.--Besides India and Peru, U.S. industry sources expressed concern about the future potential of Argentina, Thailand, Hungary, and Mexico to export spokes to the United States if GSP were granted. One U.S. producer reported that he had been approached by *** of Argentina about serving as a U.S. distributor of its products, but rejected the firm because its spokes were not price competitive.

With regard to the other three countries, the concern was based upon the growing potential of these countries as suppliers of bicycles to the United States and other markets and upon the fact that each country has a bicycle joint venture with a U.S. partner that also produces bicycles in the United States. U.S. industry sources believe the elimination of a 10 percent ad valorem duty might be sufficient incentive to begin production or shift any existing production of spokes to the U.S. market.

Cycle Press International has reported that the industry in Thailand is export oriented toward western markets and its capacity has increased significantly in the last several years. The two major bicycle export firms have been granted export promotional privileges from the Board of Investment of Thailand, a government organization. The major factors behind the shift to Thailand are the appreciation of the value of the Japanese yen and the New Taiwan dollar relative to the U.S. dollar. In addition, Thailand has an abundant supply of young workers and a relatively low average wage rate relative to the U.S. wages in the bicycle industry about \$3.44 per day (86 bahts at 4 cents per baht) for factory workers. Most of the workers are reported to be in their early twenties. This source considered the political risk to be low. Reportedly, there is a close tie between bicycle producers in Thailand and those in Taiwan (where most bicycles imported into the U.S. market now come from). Cycle Press International speculates that the reason for this may be that "...the majority of bike makers and managers of trading companies are of Chinese descent..." The number of producers of bicycles is estimated to be about 20 and the number of producers of parts is about 50. Total annual production is estimated to be about 1 million bicycles. The size of the domestic market in Thailand is about 500,000 units.

One of the two major producers and exporters in Thailand is Siam Cycle Mfg. (1987), a quality-oriented producer with an estimated annual capacity of 2 million bicycles, about twice current annual production. This company was formed as a joint venture in 1987 by Siam Steel Group, Kent International (a major U.S. importer and U.S. producer of mass merchandise bicycles), and Taipei Bicycle of Taiwan (a parts supplier). The factory reportedly is fully renovated and has modern machinery. The firm is expecting approval by the government this year of designation as a bond factory which will give it favorable tariff treatment for exports. Reportedly, Siam Cycle produces virtually all of its own parts either in its bicycle factory or in one of its two subsidiary companies in Thailand. One of these subsidiaries is a joint venture formed in 1988 with another U.S. company, American Cycle System, a large importer of bicycle parts which once was a large U.S. producer of parts before switching entirely to imports. Production is estimated to have been 250,000 to 300,000 bicycles in 1988 and 500,000 to 600,000 in 1989. Currently, Kent is a major U.S. importer of these bicycles. The other major producer and exporter, Thai Bicycle, also reportedly makes most of its own parts.

Industry sources believe that Mexico may also be a potential major supplier of spokes to the U.S. market because of recent investment in a bicycle factory by another U.S. producer of bicycles.

Cycle Press International reported that late in 1989, Bicycle Corporation of America (BCA) entered a joint venture agreement with Acer-Mex of Mexico. Under the agreement, BCA will provide technological expertise and will market bicycles and parts made by Acer-Mex in North America and Europe. Acer-Mex operates a bicycle factory in Naucalpan and a parts factory in Mexico City, together employing 480 workers. Reportedly, the factories are equipped with modern facilities with a capacity to produce 600,000 bicycles per year.

The last country of concern to U.S. industry sources is Hungary because in January 1989, Schwinn Cycle and Fitness (Schwinn) entered into a joint venture in a 70 year old plant in Budapest, Hungary, with Willie Bicycle Corp. (Willie) (owned by the owner of BCA, the firm which has invested in Acer-Mex in Mexico); Csepel Works, the factory's parent complex; and EGI, an energy conglomerate. Together Schwinn and Willie control a 51-percent interest. Schwinn reportedly paid about \$1 million for a 41 percent share. The name of the company is Schwinn (USA)-Csepel Co. Ltd. The plant reportedly had a 200,000 to 400,000 unit capacity. Schwinn has successfully introduced Western management and wage incentives. It planned to focus on the markets in Hungary and the EC, but recently announced that it would soon begin exporting bicycles to the United States.

V. Position of interested parties

Petitioner: The Government of Peru, through its Instituto de Comercio Exterior del Peru, submitted this petition on behalf of Monark (Peru) S.A. The petitioner stated that granting GSP would make exports of spokes from Peru to the United States more competitive because U.S. imports of spokes from Israel and the Caribbean Basin now receive duty-free treatment under the United States-Israel Free Trade Implementation Act of 1985 and the Caribbean Basin Economic Recovery Act, respectively. The petitioner further stated that the tariff reduction would allow Peru to begin exports of spokes to the United States, causing an increase in the use of installed capacity of 15 percent to 20 percent and an increase in the number of employees of 14 percent.

Opposition: The Cycle Parts and Accessories Association, Inc., (CPAA) opposes the granting of GSP for bicycle spokes. CPAA states that bicycles and parts of bicycles were exempted from the GSP program when it was first established because such articles were determined to be import sensitive within the context of that program. CPAA further states that numerous petitions have been submitted and rejected over the years because of this recognized import sensitivity. The most recent instance of this was the denial of a request by Colombia for benefits for certain bicycles and parts of bicycles on all but very expensive frames. CPAA cites statistics to show that the share of the U.S. market for both bicycles and parts of bicycles supplied by U.S. imports has grown significantly since the inception of the GSP program, suggesting even greater import sensitivity. Furthermore, CPAA points out, the present tariff does not prevent the importation of bicycle spokes. CPAA believes the petition by Peru is frivolous because it does not have the economic ability to capitalize on duty elimination. Citing data from Peru's petition, CPAA states that the firm in Peru is very inefficient and that Peru could not compete in world markets. On the contrary, Peru would benefit economically by importing, given such inefficiency. Instead, other GSP suppliers, with some proven ability to export bicycles and other parts of bicycles, would be more likely to benefit from duty elimination on bicycle spokes. These likely beneficiaries include Brazil, Thailand, Mexico, India, and Hungary.

The Bicycle Manufacturers Association of America, Inc., (BMA) opposes the granting of GSP on spokes on behalf of its three bicycle member firms, producers of more than three-quarters of U.S. bicycle production, and two of its supplier firms, the major U.S. producers of bicycle spokes. Two of the Association's member firms, Murray Ohio Manufacturing Company and Roadmaster Corporation, produce substantially all their own spokes. Although Huffy Corporation produces much of its own needs, it also purchases substantial quantities from Ohio Rod Products, one of the BMA's supplier members. Union Frondenberg, the U.S. subsidiary of Union Sils, Van De Loo & Company is the other supplier member. Of these companies, Ohio Rod's production is the most heavily concentrated in spokes and Ohio Rod would be the company most effected if GSP were granted. BMA estimates that the U.S. bicycle industry may have a total capital investment of about \$1 million which would be undermined by the granting of GSP. Because of this commitment to domestic production, these firms have no interest in switching to imports but believe they might be forced to by economic forces should GSP be granted. In addition, BMA has a policy that it supports the maintenance of a strong domestic supplier base of bicycle parts. BMA promotes this policy by endorsing the current rates of duty on parts still produced in the United States. For the many parts no longer produced in the United States, it has sought, and been granted since 1971, the temporary suspension of duties. When viable domestic production of certain cycle parts has emerged, the duty has been restored. Thus, BMA does not support the permanent reduction of duties for GSP suppliers. It does not believe that Peru would benefit from the granting of GSP, but other GSP suppliers, such as India, Thailand, Hungary, and Malaysia, would. BMA highlighted India and Thailand, both of which have substantial export-oriented bicycle industries and known internal production of bicycle spokes, as the most likely to benefit.

VI. Summary of probable economic effects--Addition

* * * * *

DIGEST NO. 9401.90.10

PARTS OF SEATS OF MOTOR VEHICLES

Parts of Seats of Motor Vehicles

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
9401.90.10 ¹	Parts of seats of motor vehicles	3.1%	Yes	***

¹Mexico has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 9401.90.10.

Description and uses.—Parts of seats of motor vehicles are assembled into complete seats for cars, light trucks, vans, buses, and heavy trucks. Parts of seats of motor vehicles include the seat frame, foam padding, cover, and hardware (reclining device, tracking, bolts and screws, and, in the case of electrically powered seats, a motor). Seat frames are made of metal. Seat covers are made of either vinyl, textile material, or leather.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	*25	*25	*25	*25	*0	*25
Employment (1,000 employees).....	*10	*10	*10	*10	*0	*10
Shipments (1,000 dollars) ³	*1,650,000	*1,560,000	*1,415,000	*1,420,000	*-5	*1,360,000
Exports (1,000 dollars)...	(^{4})	(^{4})	(^{4})	(^{4})	(⁴)	93,594
Imports (1,000 dollars)...	279,669	360,840	367,196	473,161	19	621,345
Consumption (1,000 dollars) ³	**1,929,669	**1,920,840	**1,782,196	**1,892,161	** -2	*1,887,751
Import-to-consumption ratio (percent).....	**14	**19	**21	**25	**21	*33
Capacity utilization (percent).....	*76	*74	*74	*74	*-1	*74

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Data on shipments and consumption do not include captive production by manufacturers of motor vehicles in the United States. Industry representatives estimate that such captive production accounts for about half of total production of parts of motor vehicle seats.

⁴Not available.

Comment.—There are about *25 independent U.S. producers of parts of motor vehicle seats in addition to domestic car manufacturers. These independent producers of parts of motor vehicle seats include four companies that are capable of manufacturing every component needed for a complete seat (these companies also assemble complete seats) and two companies that supply foam seat pads. The remaining manufacturers produce either frames, hardware, or seat covers. All manufacturers supply components to car manufacturers or other independent seat manufacturers. Roughly 40 percent of the total value of a completed seat is accounted for by the seat cover. According to industry sources, independent seat and seat parts producers account for roughly 43 percent of the production of complete seats and 50 percent of all domestically manufactured seats parts. The rest of the production of seats and seat parts is accounted for by motor vehicle manufacturers. Virtually all of the seats for heavy commercial vehicles are produced in-house by the vehicle manufacturers.

Manufacturers of motor vehicle seats and parts of seats usually place their factories close to plants that produce or assemble motor vehicles. Motor vehicle producers make their own seats, including about half of the parts used in the assembly of seats, as well as purchase seats and parts from unrelated suppliers. Some of these "parts" are almost complete seats that are final assembled at motor vehicle assembly plants. It is believed that most imports of seat parts from Canada are partially assembled seats from companies related to U.S. automobile producers. Most seat parts imported from Japan are destined to either Japanese "transplant" auto manufacturers or Japanese seat producers that have moved assembly of the seats to the United States to supply the U.S. subsidiaries of Japanese auto producers "just-in-time." These Japanese-owned U.S. seat producers also sell seats to the "Big Three" U.S. auto makers. Most imports from Mexico, on the other hand, are seat covers made by subsidiaries of U.S. car producers in maquilas using U.S.-made material. Some independent U.S. motor vehicle seat producers (including a couple of Japanese-owned companies) send pre-cut pieces to Mexico to be sewn into seat covers in order to reduce the labor cost in performing the quite labor intensive sewing operations.

Independent U.S. seat part producers that do not use foreign assembly have a competitive advantage over those in Mexico owing to shorter delivery times, lower transportation costs, and greater

customer control over the production process. Producers in Canada have advantages of slightly lower labor costs, economies of scale because of the large Canadian auto assembly industry, and close proximity to U.S. auto assemblers. The Mexican advantage is based on low labor costs.

Most U.S. exports of parts of seats of motor vehicles are sent to Mexico, which accounted for 80 percent of total exports of these articles in 1989 (see tabulation below). All but a small part of U.S. exports of such products to Mexico consisted of pre-cut, U.S.-made components for use in the assembly of seat covers which were later imported into the United States under HTS subheading 9802.00.80.¹ It is believed that a significant portion of U.S. exports of motor vehicle seat parts to Canada (the second leading export market at 16 percent of total exports in 1989) are returned to the United States in the form of partially assembled seats made from both U.S. and Canadian-made components and materials. A significant portion of these imports from Canada also enter under HTS subheading 9802.00.80. The following tabulation shows principal markets for U.S. exports of parts of seats of motor vehicles during 1989, the only year for which separate data on parts of seats of motor vehicles are available (in thousands of dollars).

<u>Market</u>	<u>U.S. exports</u>
Mexico.....	\$75,081
Canada.....	14,987
Japan.....	2,129
United Kingdom.....	508
All other.....	<u>889</u>
Total.....	\$93,594

¹When articles are imported under HTS subheading 9802.00.80, no duty or Customs user fee is applied toward the value of the U.S.-made components contained in the assembled articles.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	621,345	100	-	*33
Imports from GSP countries:				
Total.....	109,286	18	100	*6
Mexico.....	109,078	18	(¹)	*6
Brazil.....	161	(²)	(²)	*(²)
Uruguay.....	18	(²)	(²)	*(²)
Yugoslavia.....	16	(²)	(²)	*(²)

¹Mexico was not eligible for duty-free treatment under the GSP because Mexico had previously exceeded the competitive-need limits in terms of dollar value for motor vehicle seats and parts imported under the Tariff Schedules of the United States.

²Less than 0.5 percent.

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

Comment.—U.S. imports of parts of seats of motor vehicles from Mexico consist almost exclusively of seat covers assembled from pre-cut U.S.-made material. Virtually all of the imports from Mexico entered under HTS subheading 9802.00.80. HTS subheading 9802.00.80 provides that duty is applied on the value of the imported product less the value of the U.S.-made components. The duty-free content of U.S. imports of parts of seats of motor vehicles from Mexico under HTS subheading 9802.00.80 in 1989 was \$29 million. Parts of seats for motor vehicles from Mexico are not eligible for duty-free treatment under the GSP. Other GSP eligible countries are not significant sources of U.S. imports of these products.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 Moderate X Low

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

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

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

What is the price elasticity of import supply?..... High 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.—U.S. imports from Mexico are principally seat covers assembled from pre-cut U.S.-made material. Most of these seat covers are sewn in maquilas operated by or for U.S. motor vehicle manufacturers. Some independent car seat producers also sew seat covers in Mexico to reduce their labor costs. Independent U.S. producers of seat covers that sew seat covers in the United States compete with companies that sew seat covers in Mexico on the basis of shorter delivery dates, greater customer control over production, and lower transportation costs.

V. Position of interested parties

Petitioners: The Government of Mexico (GOM) has requested a waiver of the competitive-need limit for parts of seats for motor vehicles provided under HTS subheading 9401.90.10 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange that will contribute to support Mexico's efforts to comply with its international financial commitments."

Inland Fisher Guide Division of General Motors has requested a waiver of the competitive need limits for parts of seats for motor vehicles provided under HTS subheading 9401.90.10 with respect to the list of articles eligible for duty-free treatment under the GSP. Inland Fisher Guide has stated that the seat covers imported from Mexico are assembled from U.S. components. Granting a waiver to Mexico would make their seat covers more competitive with those produced in East Asia. Seat covers from East Asia contain very little U.S. content.

VI. Summary of probable economic effects—competitive-need-limit waiver Mexico

* * * * *

Table I.

Digest Title: Parts of seats of motor vehicles
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Canada.....	160,073	172,623	152,166	173,358	396,624
Mexico.....	73,972	114,919	132,464	198,680	109,078
Japan.....	30,272	54,007	61,653	74,606	97,980
West Germany.....	5,450	9,308	8,666	12,647	11,807
Taiwan.....	3,281	3,875	4,458	4,735	3,349
France.....	2,462	1,419	3,125	4,933	1,074
Sweden.....	1,189	1,918	1,686	1,312	362
Korea.....	24	390	500	498	304
United Kingdom...	1,462	740	972	915	216
Brazil.....	529	510	643	604	161
Italy.....	375	205	208	201	132
Spain.....	117	47	4	209	92
Ireland.....	3	0	1	0	51
Austria.....	1	5	1	4	26
Uruguay.....	205	0	0	13	18
All other.....	255	874	650	446	70
Total.....	279,669	360,840	367,196	473,161	621,345
GSP Total 2/..	74,759	115,979	133,562	199,473	109,286
GSP+4 2/.....	78,120	120,281	138,540	204,706	112,953
Percent					
Canada.....	57.2	47.8	41.4	36.6	63.8
Mexico.....	26.4	31.8	36.1	42.0	17.6
Japan.....	10.8	15.0	16.8	15.8	15.8
West Germany.....	1.9	2.6	2.4	2.7	1.9
Taiwan.....	1.2	1.1	1.2	1.0	.5
France.....	.9	.4	.9	1.0	.2
Sweden.....	.4	.5	.5	.3	.1
Korea.....	1/	.1	.1	.1	1/
United Kingdom...	.5	.2	.3	.2	1/
Brazil.....	.2	.1	.2	.1	1/
Italy.....	.1	.1	.1	1/	1/
Spain.....	1/	1/	1/	1/	1/
Ireland.....	1/	.0	1/	.0	1/
Austria.....	1/	1/	1/	1/	1/
Uruguay.....	.1	.0	.0	1/	1/
All other.....	.1	.2	.2	.1	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	26.7	32.1	36.4	42.2	17.6
GSP+4 2/.....	27.9	33.3	37.7	43.3	18.2

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty-free treatment.

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 NO. 9503.70.80

CERTAIN TOYS PUT UP IN SETS, AND PARTS THEREOF

Certain toys put up in sets, and parts thereof

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
9503.70.80	Miscellaneous toys put up in sets or outfits, and parts and accessories thereof	6.8%	Yes	***

Description and uses.—This basket category encompasses retail-packaged toys consisting of two or more mutually complementary articles. The essential character of a toy set is established by the combination of articles in the set, not by any individual article. To be classified as a set, the individual articles in the set should not establish the set's essential character. Some items classified as sets include: chemistry sets, toy tool sets, toy manicure sets, toy sports equipment, fishing sets, non-halloween toy dress-up sets for younger children, and animal play sets.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	*34	*30	*22	*22	*-14	*22
Employment (1,000 employees)...	(³)	(³)	(^{3})	(^{3})	(^{3})	(^{3})
Shipments (1,000 dollars).....	**144,000	**143,000	**141,000	**138,000	** -1	**133,000
Exports (1,000 dollars).....	(^{3})	(^{3})	(^{3})	(^{3})	(³)	14,566
Imports (1,000 dollars).....	(^{3})	(^{3})	(^{3})	(^{3})	(³)	138,718
Consumption (1,000 dollars)....	(^{3})	(^{3})	(^{3})	(^{3})	(³)	**257,152
Import-to-consumption ratio (percent).....	(^{3})	(^{3})	(^{3})	(^{3})	(³)	**54
Capacity utilization (percent).	*85	*85	*85	*85	*0	*83

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

Comment.—Most domestic firms that produce digest products manufacture limited quantities of toys in this digest, or toy sets that do not compete directly with imports. During the past decade, U.S. toy firms have become less manufacturing oriented, and more import, distribution, and marketing oriented. The industry has increased its competitiveness by relocating some production offshore, by investing in foreign production facilities in lower wage areas such as Asia and Mexico, or by dealing with foreign contract manufacturers.

The U.S. industry does produce certain 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 has seen declining employment and shipments, and has experienced numerous takeovers, mergers, and bankruptcies in the past few years. This has been, in part, the result of some of the large toy firms' over-reliance on a small number of high-selling fad toys that subsequently lost much of their appeal in the U.S. market. During the past two decades, production has generally moved to low-wage-rate countries, particularly East Asian countries. Although U.S. shipments remain sizable, most new growth in consumption is being supplied by imports. In the first 6 months of 1990, imports of digest products rose to \$64 million, compared to \$50 million for the same period in 1989. U.S. production of the toy sets in this digest often use imported components.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	138,718	100	-	**54
Imports from GSP countries:				
Total.....	32,221	23	100	**13
Mexico.....	16,249	12	50	**6
Macao.....	6,126	4	19	**2
Thailand.....	5,882	4	18	**2
Israel ¹	859	1	3	**(²)

¹Although imports of certain toy sets from Israel are eligible for duty free entry under the GSP, imports of this item during 1989 from Israel entered duty free under the provisions of the United States Free Trade Area Implementation Act of 1985.

²Less than 0.5 percent.

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

Comment.—China was the leading supplier of imports of the toys in this digest in 1989. Such imports accounted for 45 percent of the total in 1989, when they amounted to \$62 million. The second-largest supplier in 1989 was Hong Kong, with shipments valued at \$18 million, accounting for 13 percent of total imports. Mexico was the third-largest supplier, with goods valued at \$16 million in 1989. Products from Hong Kong, Taiwan, Singapore, and Korea lost GSP eligibility on January 1, 1989. Because of this, industry sources believe that production will continue to be shifted from these countries to other GSP and lower wage countries.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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

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 HTS subheading 9802.00.80 provisions. Many Mexican producers are subsidiaries of U.S. firms, and most shipments are related-party transactions.

V. Position of interested parties

Petitioner: The Government of Mexico (GOM) has requested a waiver of competitive-need limit for certain toys put up in sets, and parts thereof provided under HTS subheading 9503.70.80 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Mattel, Inc., Hawthorne, CA; and Tonka Corp., Minnetonka, MN. The petitioners state that granting a competitive-needs-limit (CNL) waiver to Mexico for digest products would preserve GSP eligibility for those goods. Digest products currently enter duty free, but because of the increased volume of Mexican imports, digest products may exceed the GSP's CNL after July 1, 1991, and may lose GSP eligibility. The petitioners Mattel, Inc., and Tonka Corp. state that goods imported from Mexico, mostly from maquiladora plants owned by the petitioners, do not compete with domestic goods, because like products are not produced domestically. Petitioners believe that digest products manufactured in Mexico compete mainly with goods from China, Hong Kong, Taiwan, Macao, Thailand, and Korea. The petitioners indicate that a waiver would enhance the competitiveness of Mexican products in the U.S. market, which would benefit the U.S. toy industry, other U.S. industries that supply Mexican facilities, and the U.S. consumer.

VI. Summary of probable economic effects—Waiver (Mexico)

* * * * *

Table I

Digest Title: Certain toys put up in sets, and parts thereof
U.S. imports for consumption, principal sources, 1985-89

Source	1985 ¹	1986 ¹	1987 ¹	1988 ¹	1989
Value (1,000 dollars)					
China.....					62,232
Hong Kong.....					18,312
Mexico.....					16,249
Taiwan.....					15,525
Macao.....					6,126
Thailand.....					5,882
West Germany.....					2,696
Italy.....					2,330
Japan.....					1,810
United Kingdom.....					1,300
Isreal.....					859
Brazil.....					840
Poland.....					801
Canada.....					707
Korea.....					689
All other.....					2,362
Total.....					138,718
GSP Total ²					32,221
GSP+4 ²					66,883
Percent					
China.....					44.9
Hong Kong.....					13.2
Mexico.....					11.7
Taiwan.....					11.2
Macao.....					4.4
Thailand.....					4.2
West Germany.....					1.9
Italy.....					1.7
Japan.....					1.3
United Kingdom.....					.9
Isreal.....					.6
Brazil.....					.6
Poland.....					.6
Canada.....					.5
Korea.....					.5
All other.....					1.7
Total.....					100.0
GSP Total ²					23.2
GSP+4 ²					48.2

¹Not available.

²These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II

Digest Title: Certain toys put up in sets, and parts thereof
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985 ¹	1986 ¹	1987 ¹	1988 ¹	1989
Value (1,000 dollars)					
Mexico.....					3,448
Canada.....					2,064
United Kingdom.....					1,638
Australia.....					705
Saudi Arabia.....					615
Italy.....					548
Bahamas.....					491
Japan.....					468
Paraguay.....					428
West Germany.....					350
Ecuador.....					328
United Arab Em.....					260
France.....					256
Chile.....					232
Colombia.....					196
All other.....					2,540
Total.....					14,566
GSP Total ²					6,460
GSP+4 ²					6,966
Percent					
Mexico.....					23.7
Canada.....					14.2
United Kingdom.....					11.2
Australia.....					4.8
Saudi Arabia.....					4.2
Italy.....					3.8
Bahamas.....					3.4
Japan.....					3.2
Paraguay.....					2.9
West Germany.....					2.4
Ecuador.....					2.2
United Arab Em.....					1.8
France.....					1.8
Chile.....					1.6
Colombia.....					1.3
All other.....					17.4
Total.....					100.0
GSP Total ²					44.4
GSP+4 ²					47.8

¹Not available.

²These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 9503.90.60

MISCELLANEOUS TOYS, PARTS, AND ACCESSORIES

Miscellaneous toys, parts, and accessories

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Mexico

HTS subheading	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/production
9503.90.60	Miscellaneous toys, and parts and accessories thereof	6.8%	Yes	***

Description and uses.—This basket category encompasses unmotorized toys, other than models, without spring mechanisms, and accessories thereof. Items classified under this subheading include a very broad range of toys, such as certain plastic or rubber toy vehicles, toy telephones, and doll house accessories.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	1989
Producers (number).....	**100-200	**75-150	**75-125	**75-125	** ⁽³⁾	**75-125
Employment (1,000 employees)....	⁽³⁾	⁽³⁾	⁽³⁾	⁽³⁾	⁽³⁾	⁽³⁾
Shipments (1,000 dollars).....	**235,000	**210,000	**200,000	**195,000	** ⁽³⁾	**183,000
Exports (1,000 dollars).....	⁽³⁾	⁽³⁾	⁽³⁾	⁽³⁾	⁽³⁾	44,758
Imports (1,000 dollars).....	⁽³⁾	⁽³⁾	⁽³⁾	⁽³⁾	⁽³⁾	690,896
Consumption (1,000 dollars).....	⁽³⁾	⁽³⁾	⁽³⁾	⁽³⁾	⁽³⁾	**829,138
Import-to-consumption ratio (percent).....	⁽³⁾	⁽³⁾	⁽³⁾	⁽³⁾	⁽³⁾	**83
Capacity utilization (percent)..	*75	*80	*80	*80	*2	*80

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

³Not available.

Comment.—There are currently **75-125 domestic firms producing digest products. Most of these manufacturers produce limited quantities of the toys in this digest, or toys that do not compete directly with imports. During the past decade, U.S. toy firms have become less manufacturing oriented, and more import, distribution, and marketing oriented. The industry has increased its competitiveness by relocating some production offshore, by investing in foreign production facilities in lower wage areas such as Asia and Mexico, or by dealing with foreign contract manufacturers. The U.S. industry does produce certain 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 has seen declining employment and shipments, and has experienced numerous takeovers, mergers, and bankruptcies in the past few years. This has been, in part, the result of some of the large toy firms' over-reliance on a small number of high-selling fad toys that subsequently lost much of their appeal in the U.S. market. During the past two decades, production has generally moved to low-wage rate countries, particularly those in East Asia. Although U.S. shipments remain sizable, most new growth in consumption is being supplied by imports.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	690,896	100	-	**83
Imports from GSP countries:				
Total.....	152,111	22	100	**18
Mexico.....	65,736	10	43	**8
Macao.....	46,548	7	31	**6
Thailand.....	25,681	4	17	**3
Malaysia.....	5,087	1	3	**1

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

Comment.—China was the leading supplier of imports of the toys in this digest in 1989. Imports from China amounted to 48 percent of the total in 1989, when they were valued at \$328 million. The second-largest supplier in 1989 was Taiwan, with shipments valued at \$82 million, accounting for 12 percent of total imports. Hong Kong was the third-largest supplier, with imports valued at \$70 million. Mexico was the fourth-largest supplier, with goods valued at \$66 million in 1989. Imports of digest products from Mexico, which exceeded the reduced competitive-need-limit (CNL) dollar value of \$35 million based on 1989 U.S. nominal GNP, lost GSP eligibility effective July 1, 1989. However, a waiver of the reduced CNL was granted to Mexico as the result of the annual GSP review in 1989. GSP eligibility for Mexico was reestablished effective July 1, 1990, subject to an estimated CNL dollar value limit of \$93 million.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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 No X

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

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

Price level compared with—

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

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

Quality compared with—

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

Other foreign products..... Above X 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 HTS subheading 9802.00.80 provisions. Domestic suppliers feel that importation from Mexico under GSP provisions with a CNL waiver would be more advantageous than importing under HTS subheading 9802.00.80 provisions, despite the fact that many Mexican producers are subsidiaries of U.S. firms, and most shipments are related-party transactions. Mexico, which supplied imports valued at \$66 million, or 10 percent of total digest imports in 1989, is currently waived from the reduced CNL of 25%, or \$35 million, for HTS 9503.90.60.

V. Position of interested parties

Petitioner: The Government of Mexico (GOM) has requested a waiver of competitive-need limit for miscellaneous toys and parts and accessories thereof provided under HTS subheading 9503.90.60 with respect to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Mattel, Inc., Hawthorne, CA; and Tonka Corp., Minnetonka, MN. The petitioners state that granting a CNL waiver to Mexico for digest products would preserve GSP eligibility for those goods. Digest products currently enter duty free, due to the waiver of reduced CNL now in effect. However, because of the increased volume of imports from Mexico, digest products may exceed the GSP's CNL after July 1, 1991, and may lose GSP eligibility.

The petitioners Mattel, Inc., and Tonka Corp. state that goods they import from Mexico are mostly from plants owned by the petitioners, and do not compete with domestic goods. Petitioners believe that digest products manufactured in Mexico compete mainly with goods from China, Hong Kong, Taiwan, Macao, Thailand, and Korea. The petitioners feel that a waiver would maintain the competitiveness of Mexican products in the U.S. market, which would benefit the U.S. toy industry, other U.S. industries that supply the Mexican facilities, and the U.S. consumer.

VI. Summary of probable economic effects—competitive-need-limit waiver (Mexico)

* * * * *

Table I

Digest Title: Miscellaneous toys, parts, and accessories
U.S. imports for consumption, principal sources, 1985-89

Source	1985 ¹	1986 ¹	1987 ¹	1988 ¹	1989
Value (1,000 dollars)					
China.....					328,192
Taiwan.....					81,762
Hong Kong.....					69,541
Mexico.....					65,736
Macao.....					46,548
Thailand.....					25,681
Korea.....					22,592
Sweden.....					5,952
West Germany.....					5,867
United Kingdom.....					5,424
Malaysia.....					5,087
Brazil.....					4,799
Italy.....					3,862
Canada.....					3,070
Japan.....					3,058
All other.....					13,725
Total.....					690,896
GSP Total ²					152,111
GSP+4 ²					328,009
Percent					
China.....					47.5
Taiwan.....					11.8
Hong Kong.....					10.1
Mexico.....					9.5
Macao.....					6.7
Thailand.....					3.7
Korea.....					3.3
Sweden.....					.9
West Germany.....					.8
United Kingdom.....					.8
Malaysia.....					.7
Brazil.....					.7
Italy.....					.6
Canada.....					.4
Japan.....					.4
All other.....					2.0
Total.....					100.0
GSP Total ²					22.0
GSP+4 ²					47.5

¹Not available.

²These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II

Digest Title: Miscellaneous toys, parts, and accessories
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985 ¹	1986 ¹	1987 ¹	1988 ¹	1989
Value (1,000 dollars)					
Canada.....					19,948
Mexico.....					9,643
United Kingdom.....					4,138
Japan.....					2,233
Belgium.....					1,881
Australia.....					1,618
Hong Kong.....					1,123
Singapore.....					983
Taiwan.....					389
New Zealand.....					228
Korea.....					203
Chile.....					173
Brazil.....					169
West Germany.....					165
Isreal.....					158
All other.....					1,704
Total.....					44,758
GSP Total ²					10,949
GSP+4 ²					13,647
Percent					
Canada.....					44.6
Mexico.....					21.5
United Kingdom.....					9.2
Japan.....					5.0
Belgium.....					4.2
Australia.....					3.6
Hong Kong.....					2.5
Singapore.....					2.2
Taiwan.....					.9
New Zealand.....					.5
Korea.....					.5
Chile.....					.4
Brazil.....					.4
West Germany.....					.4
Isreal.....					.4
All other.....					3.8
Total.....					100.0
GSP Total ²					24.5
GSP+4 ²					30.5

¹Not available.

²These data include exports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 NO. 9608.10.00

Ball Point Pens

Ball Point Pens

I. Introduction

X Addition to GSP ___ Removal from GSP ___ Competitive-need-limit waiver

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/90) <u>Percent ad valorem</u>	Article produced in the United States on Jan. 3, 1985?	Probable effects on U.S. imports/ production
9608.10.00	Ball point pens	34.2%	Yes	***

Description and uses.—Ball-point pens are tools used for writing or drawing with ink or a similar fluid. These writing instruments use a small rotating ball that rolls ink supplied from a cartridge or tube onto a writing surface. Ball-point pens are the most commonly used and popular writing instrument. Most are inexpensive, plastic-bodied articles which are thrown away when dry (nonrefillable); however, in some types, the spent cartridge may be replaced (refillable), the bodies may be made of metal, and the price may be several times that of plastic, nonrefillable pens.

II. U.S. market profile

Profile of U.S. industry and market, 1985-89¹

Item	1985	1986	1987	1988	Percentage change, 1988 over 1985 ²	
					1985 ²	1989
Producers (number).....	*55	*58	*60	*65	*6	*65
Employment (1,000 employees)....	*6	*7	*7	*8	*10	*8
Shipments (1,000 dollars).....	*290,000	*310,000	*340,000	*390,000	*10	*420,000
Exports (1,000 dollars).....	16,500	15,092	18,659	30,031	22	52,800
Imports (1,000 dollars).....	58,509	78,543	101,040	125,013	29	140,975
Consumption (1,000 dollars)....	*332,009	*373,451	*422,381	*484,982	*13	*508,175
Import-to-consumption ratio (percent).....	*18	*21	*24	*26	*13	*28
Capacity utilization (percent)..	*75	*78	*80	*85	*4	*85

¹Trade data for 1985-1988 were converted from the TSUSA import statistics and Schedule B export statistics to the HTS. Because of the fundamental difference between the HTS classification system and the TSUSA/Schedule B, trade data for 1985-1988 may not be directly comparable with HTS trade data for 1989.

²This figure represents the average annual rate of change during 1985-1988.

Comment.—Most of the *65 domestic producers of ball-point pens are concentrated in the northeast region of the United States; some are located in the midwest, Florida, and Tennessee. Although these are several medium to small companies, the industry is dominated by * * *. The * * * are vertically integrated and produce several types of writing instruments, including ball-point pens, and other products worldwide. Several of the smaller U.S. companies simply assemble components of ball-point pens. The * * * percent of annual U.S. producers' shipments of ball-point pen.

In 1989, ball-point pens accounted for *39 percent of total sales of writing instruments. Ball-point pens are marketed to virtually every segment of society; ninety percent of these ball-point pens were the inexpensive non-refillable disposable-type. Ball-point pens supply three major markets: the over-the-counter or retail sales market accounts for 70 percent of total sales; the office supply market, 20 percent; and the advertising specialty and business gift market, 10 percent.

The production of ball-point pens is usually highly automated and capital intensive, requiring little labor. However, small firms in the industry are more labor-intensive than the large firms because they have not made a major investment in capital equipment. The production process consists of the manufacture of parts (standard metal-working and plastics-forming operations), assembly of these parts into ball-point pens, and packaging. In the past five years, as competition from low-cost, foreign producers have increased, large companies have sought ways to improve their productivity. Several have invested in new manufacturing technologies that have reduced their labor needs, such as robots, and have begun to rely more on computers and state-of-the-art testing.

Some medium to large companies have improved their competitive position by establishing assembly operations in Mexico or are contracting the work to Mexican companies. These companies export U.S.-made components to Mexico which are assembled into the finished products that are exported to the United States. No duty is applied to the value of the U.S.-made components contained in these pens.

Generally, U.S. producers have a competitive edge in producing and marketing ball-point pens. They produce quality pens at low-prices but are increasingly faced with imports of quality pens at low prices from Japan, Korea, and Taiwan. These producers tend to concentrate on the low-to-middle portions of the market. In 1989, Japan was the dominant supplier of ball-point pens, accounting for 54 percent of total U.S. imports, followed by Taiwan and West Germany at 11 percent each. The most important aspects of marketing ball-point pens are in developing innovative designs and getting these designs to the marketplace first.

III. GSP import situation, 1989

U.S. imports and share of U.S. consumption, 1989

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	140,975	100	-	*28
Imports from GSP countries:				
Total.....	9,239	7	100	*2
Mexico.....	8,599	6	93	*2
Thailand.....	269	(¹)	3	*(¹)
Malaysia.....	154	(¹)	2	*(¹)
Israel ²	77	(¹)	1	*(¹)

¹Less than 0.5 percent.

²Although imports of ball-point pens from Israel are eligible for duty-free entry under GSP, imports of this item during 1989 from Israel entered duty-free under the provisions of the United States Free Trade Area Implementation Act of 1985.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1989..... 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

Comment.—The maquiladora industry accounts for 99 percent of Mexican exports of ball point pens to the United States. These facilities are used by U.S. pen producers to assemble pens from U.S.-made components using low cost Mexican labor. U.S.-made components accounted for 94 percent of the value of imports of ball point pens from Mexico's maquiladora industry in 1989. Since 35 percent of the value of these pens must originate in Mexico or other GSP eligible countries to qualify for duty-free treatment under the GSP, U.S. imports from the maquiladora industry are almost certain to remain ineligible for the GSP. There are four non-maquila producers of ball point pens in Mexico. The Mexican content of these pens is 80 percent of production costs so pens from these companies would qualify for the GSP in terms of local value added. These firms, however, accounted for only 1 percent of U.S. imports of ball point pens from Mexico in 1989.

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:
 Can the U.S. purchaser easily shift among this and other suppliers?..... Yes No
 What is the price elasticity of U.S. 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

Petitioners: The Government of Mexico (GOM) has requested that ball point pens provided for under HTS subheading 9608.10.00 be added to the list of articles eligible for duty-free treatment under the GSP. The GOM has stated that granting such a request "would greatly benefit Mexico's economy through increases in production and exports, and creation of jobs, as well as generating foreign exchange which will contribute to support Mexico's efforts to comply with its international financial commitments."

Wearever De Mexico, S.A. has requested that ball-point pens provided for under HTS subheading 9608.10.00 be added to the list of articles eligible for duty-free treatment under the GSP. They state that the amount of U.S. imports of ball-point pens entering under the GSP will not be significant compared with the total U.S. production of such pens. Granting GSP status for ball-point pens will help contribute to the development of the Mexican industry of this product. It will also aid this company in becoming competitive in the U.S. market.

VI. Summary of probable economic effects--Addition

* * * * *

Table I.

Digest Title: Ball point pens
U.S. imports for consumption, principal sources, 1985-89

Source	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	38,236	49,501	59,464	69,162	76,554
Taiwan.....	4,051	6,586	9,533	12,184	15,730
West Germany.....	4,364	5,357	8,438	10,394	14,862
Mexico.....	365	993	3,901	8,837	8,599
Korea.....	632	1,107	2,780	3,553	5,848
France.....	1,282	1,742	3,906	6,034	4,098
Italy.....	2,434	4,710	4,325	3,599	3,777
China.....	99	299	1,090	1,906	1,986
Hong Kong.....	1,610	2,459	2,079	1,883	1,829
Canada.....	27	133	61	64	1,512
United Kingdom...	3,397	1,462	1,433	3,003	1,330
Spain.....	481	1,112	990	1,057	1,233
Ireland.....	0	10	22	16	1,042
Denmark.....	603	632	917	1,080	1,018
Singapore.....	8	21	44	289	324
All other.....	920	2,420	2,057	1,953	1,233
Total.....	58,509	78,543	101,040	125,013	140,975
GSP Total 2/..	471	1,682	4,655	9,849	9,239
GSP+4 2/.....	6,773	11,855	19,090	27,757	32,971
Percent					
Japan.....	65.4	63.0	58.9	55.3	54.3
Taiwan.....	6.9	8.4	9.4	9.7	11.2
West Germany.....	7.5	6.8	8.4	8.3	10.5
Mexico.....	.6	1.3	3.9	7.1	6.1
Korea.....	1.1	1.4	2.8	2.8	4.1
France.....	2.2	2.2	3.9	4.8	2.9
Italy.....	4.2	6.0	4.3	2.9	2.7
China.....	.2	.4	1.1	1.5	1.4
Hong Kong.....	2.8	3.1	2.1	1.5	1.3
Canada.....	1/	.2	.1	.1	1.1
United Kingdom...	5.8	1.9	1.4	2.4	.9
Spain.....	.8	1.4	1.0	.8	.9
Ireland.....	.0	1/	1/	1/	.7
Denmark.....	1.0	.8	.9	.9	.7
Singapore.....	1/	1/	1/	.2	.2
All other.....	1.6	3.1	2.0	1.6	.9
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 2/..	.8	2.1	4.6	7.9	6.6
GSP+4 2/.....	11.6	15.1	18.9	22.2	23.4

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

2/ These data include imports from Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II.

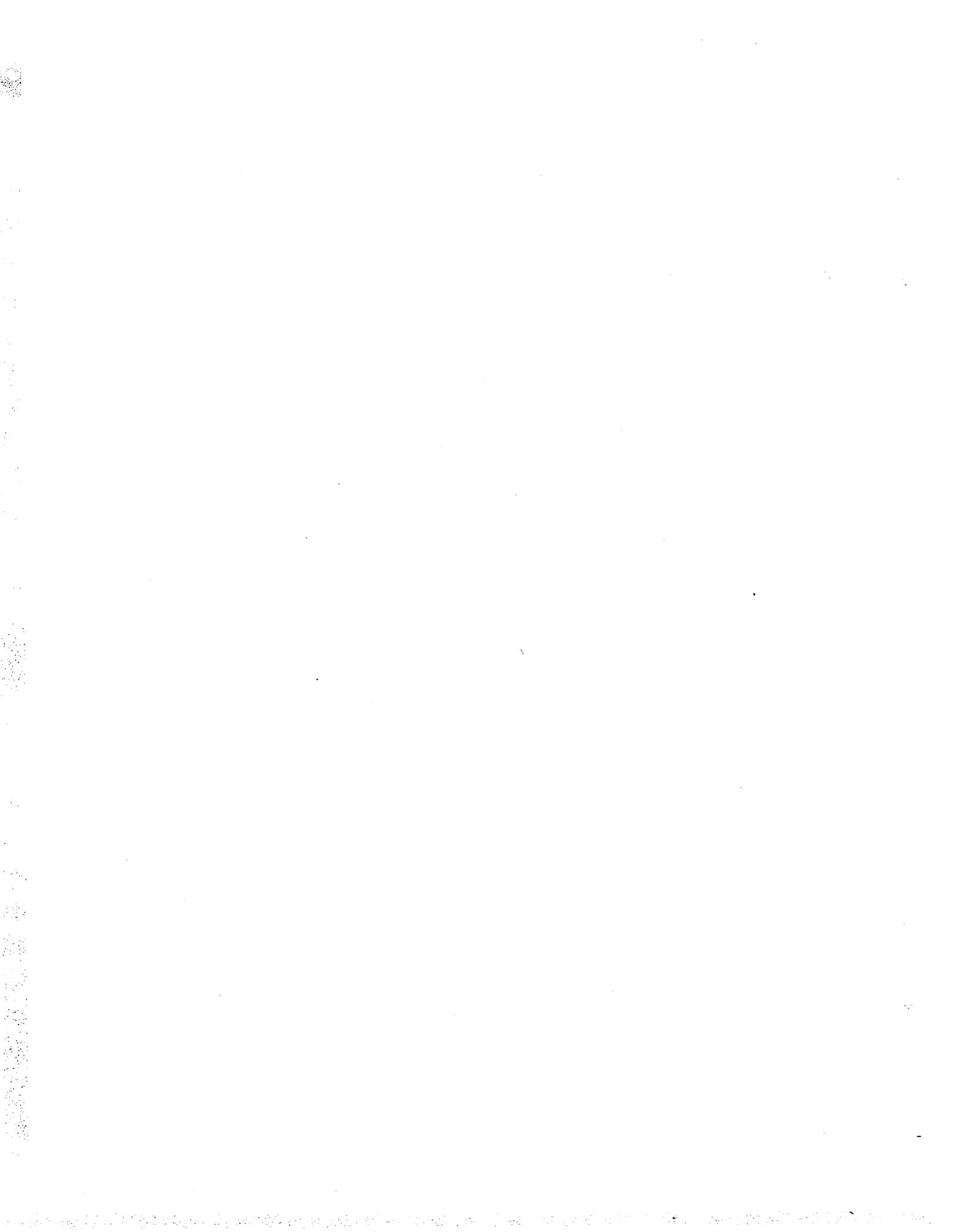
Digest Title: Ball point pens
U.S. exports of domestic merchandise, by principal markets, 1985-89

Market	1985	1986	1987	1988	1989
Value (1,000 dollars)					
Japan.....	2,425	2,994	3,917	4,875	8,538
Mexico.....	91	118	196	829	6,382
Canada.....	3,201	2,720	3,473	3,826	5,858
Hong Kong.....	773	807	1,289	3,389	5,351
Netherlands.....	250	289	233	1,681	4,347
United Kingdom...	2,499	1,877	2,424	3,214	3,973
Singapore.....	555	530	678	1,668	2,664
West Germany.....	214	415	344	1,872	2,591
Australia.....	1,176	621	723	812	1,890
Spain.....	143	203	264	326	1,079
Thailand.....	349	234	273	298	765
France.....	199	235	170	396	730
Korea.....	58	137	183	281	606
Chile.....	179	146	174	418	572
Panama.....	320	495	693	477	549
All other.....	4,066	3,273	3,626	5,669	6,906
Total.....	16,500	15,092	18,659	30,031	52,800
GSP Total 1/..	2,287	2,569	2,816	3,885	11,115
GSP+4 1/.....	3,742	4,154	5,197	9,590	20,263
Percent					
Japan.....	14.7	19.8	21.0	16.2	16.2
Mexico.....	.6	.8	1.0	2.8	12.1
Canada.....	19.4	18.0	18.6	12.7	11.1
Hong Kong.....	4.7	5.3	6.9	11.3	10.1
Netherlands.....	1.5	1.9	1.2	5.6	8.2
United Kingdom...	15.1	12.4	13.0	10.7	7.5
Singapore.....	3.4	3.5	3.6	5.6	5.0
West Germany.....	1.3	2.7	1.8	6.2	4.9
Australia.....	7.1	4.1	3.9	2.7	3.6
Spain.....	.9	1.3	1.4	1.1	2.0
Thailand.....	2.1	1.5	1.5	1.0	1.4
France.....	1.2	1.6	.9	1.3	1.4
Korea.....	.4	.9	1.0	.9	1.1
Chile.....	1.1	1.0	.9	1.4	1.1
Panama.....	1.9	3.3	3.7	1.6	1.0
All other.....	24.6	21.7	19.4	18.9	13.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total 1/..	13.9	17.0	15.1	12.9	21.1
GSP+4 1/.....	22.7	27.5	27.9	31.9	38.4

1/ These data include exports to Chile and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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



APPENDIX A

United States Trade Representative Request received
August 22, 1990, for Probable Economic Effect Advice

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

RECEIVED

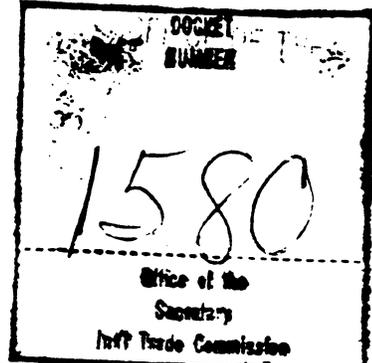
RECEIVED
OFFICE OF THE SECRETARY
U.S. INT'L TRADE COMMISSION

30 AUG 22 P2:15

AUG 17 1990

'90 AUG 23 A9:09

The Honorable Anne Brunsdale
Acting Chairman
U.S. 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 1990 annual review. Modifications to the GSP which may result from this review will be announced in early 1991 and become effective July 1, 1991. In this connection, I am making the requests listed below.

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

Pursuant to sections 503(a) and 131(a) of the 1974 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 U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties under the GSP.

In providing its advice, I request the Commission to assume that the benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the competitive need limits specified in section 504(c)(1) of the 1974 Act (except as noted in cases 90-8, 90-9, 90-12, 90-38, and 90-66).

Under authority delegated by 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 U.S. industries producing like or directly competitive articles and on consumers of the removal of the articles in Part B of the enclosed list from eligibility for duty-free treatment under the GSP;
- (b) in accordance with section 504(c)(3)(A)(i) of the 1974 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 in Part C of the enclosed list and for Mexico with respect to articles involved in cases 90-8 (HTS subheading 0710.80.95(pt.)), 90-9 (HTS subheading 0710.80.9530), 90-38 (HTS subheading 2917.37.00), and 90-66 (HTS subheading 7901.11.00) and for Poland with respect to the articles involved in case 90-12 (HTS subheading 1602.41.20).
- (c) that the Commission provide advice as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of restoring the competitive need limits specified in section 504(c)(1) of the 1974 Act for Mexico with respect to the articles involved in each of the cases 90-94 (HTS subheading 8414.59.80) and 90-105 (HTS subheading 8507.90.40), all of the foregoing articles for which Mexico currently is subject to the reduced competitive need limits specified in section 504(c)(2)(B) of the 1974 Act.
- (d) in accordance with section 504(d) of the 1974 Act which exempts from one of the competitive need limits in section 504(c) of the 1974 Act articles for which no like or directly competitive article was being produced in the United States on January 3, 1985, that the Commission provide advice with respect to whether products like or directly competitive with the articles in Part A of the enclosed list were being produced in the United States on January 3, 1985.

Under the provisions of the 1974 Act, the Commission has six months to provide the advice requested herein pursuant to sections 503(a) and 131(a) of the 1974 Act on Part A of the enclosed list. However, it would be greatly appreciated if all of the requested advice could be provided by November 30, 1990,

The Honorable Anne Brunsdale
Page Three

in order to permit any actions to be taken on these items to be included in a presidential proclamation which should be issued in early April 1991. Also, to the maximum extent possible, it would be greatly appreciated if statistics (profile of U.S. industry and market) and any other relevant information or advice be provided for each individual case. As soon as possible after the Commission's advice is provided to this office, the Commission should make available to the public a non-confidential version of the report prepared in accordance with past instructions on reports of this type.

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, 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,



Carla A. Hills

CAH:obrt

Enclosure

Case No.	HTS Subheading ^{1/}	Article	Petitioner
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[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.

		Meat of bovine animals, frozen: [Carcasses and half-carcasses; Other cuts with bone in]	
		Boneless: Processed: High-quality beef cuts	
90-1	0202.30.20		Company for Livestock and Meat Processing of County "Heves", Hungary
		Meat of swine, fresh, chilled or frozen: Frozen: [Carcasses and half-carcasses] Hams, shoulders and cuts thereof, with bone in:	
90-2	0203.22.10	Processed	do.
90-3	0203.29.20	Other: Processed	do.
		Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavored or containing added fruit, nuts or cocoa: [Yogurt] Other: [Sour cream containing not over 45 percent by weight of butterfat; buttermilk; Sour cream containing over 45 percent by weight of butterfat]	
90-4	0403.90.80(pt.)	Other: Chongos	Government of Mexico; Dulces Regionales Tres Reyes, Mexico
		Cheese and curd: [Articles provided for in subheadings 0406.10.00 through 0406.40.80] Other cheese: Goya cheese: [Made from cow's milk and not in original loaves]	
90-5	0406.90.3040	Other	Duna Cheese Company, Wapakoneta, OH
		Potatoes, fresh or chilled: [Seed] Other:	
90-6	0701.90.00(pt.)	Yellow (Solano) potatoes	Government of Colombia

^{1/} Harmonized Tariff Schedule of the United States.

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.)			
90-7	0710.30.00	Vegetables (uncooked or cooked by steaming or boiling in water), frozen: Spinach, New Zealand spinach and orache spinach (garden spinach)	Government of Mexico; Congelados Don Jose, S.A. de C.V., Mexico; Covemex, S.A. de C.V., Mexico; Empacadora General Agricola de Bajio, S.P.R.R.L., Mexico; Expohort, S.A. de C.V., Mexico; MAR BRAN, S. de R.L. de C.V., Mexico; Vegetales Congelados S. de P.R., Mexico
90-8	0710.80.95(pt.) ^{2/}	Other vegetables: Other: Reduced in size: Other: Broccoli	Government of Colombia; Government of Mexico; Congelados Don Jose, S.A. de C.V., Mexico; Covemex, S.A. de C.V., Mexico; Empacadora General Agricola de Bajio, S.P.R.R.L., Mexico; Expohort, S.A. de C.V., Mexico; MAR BRAN, S. de R.L. de C.V., Mexico; Vegetales Congelados S. de P.R., Mexico
90-9	0710.80.9530 ^{3/}	Cauliflower	do.
90-10	0710.80.9540	Okra	do.
90-11	0807.10.60	Melons (including watermelons) and papayas (papaws), fresh: Melons (including watermelons): Ogen and Galia melons: [If entered during the period from December 1, in any year, to the following May 31, inclusive] If entered at any other time	Government of Mexico; Asociacion Agricola Local de Productos de Nuez, Durazno y Manzana de Sonora, Mexico

^{1/} Harmonized Tariff Schedule of the United States.

^{2/} The TPSC requests advice on a waiver of competitive need for Mexico for articles provided for in HTS subheading 0710.80.95(pt.) (broccoli).

^{3/} The TPSC requests advice on a waiver of competitive need for Mexico for articles provided for in HTS subheading 0710.80.9530 (cauliflower).

Case No.	HTS Subheading 1/	Article	Petitioner
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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

		Other prepared or preserved meat, meat offal or blood: [Homogenized preparations; Of liver of any animal] Of swine: Hams and cuts thereof: [Containing cereals or vegetables] Other:	
90-12	1602.41.20 2/	Boned and cooked and packed in airtight containers	Animex Export-Import Limited, Poland
90-13	1602.42.20	Shoulders and cuts thereof: Boned and cooked and packed in airtight containers	do.
		Other, including mixtures: [Offal] Other: Not containing cereals or vegetables: Boned and cooked and packed in airtight containers	
90-14	1602.49.20		do.
		Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavoring or coloring matter; artificial honey, whether or not mixed with natural honey; caramel: Glucose and glucose syrup, not containing fructose or containing in the dry state less than 20 percent by weight of fructose: [Blended with other sugars of chapter 17 of the HTS]	
90-15	1702.30.40	Other	Government of Mexico; Arancia, S.A. de C.V., Mexico
90-16	2003.10.00	Mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid: Mushrooms	The Pillsbury Company, Minneapolis, MN; Debrecen Canning Factory, Hungary
		Jams, fruit jellies, marmalades, fruit or nut puree and fruit or nut pastes, being cooked preparations, whether or not containing added sugar or other sweetening matter: [Homogenized preparations] Other: [Citrus fruit] Other: Jams:	
90-17	2007.99.05	Lingonberry and raspberry	Fructal p.o. Ajdovscina, Yugoslavia
90-18	2007.99.10	Strawberry	do.
90-19	2007.99.20	Apricot	do.
90-20	2007.99.25	Cherry	do.

1/ Harmonized Tariff Schedule of the United States.

2/ The TPSC requests advice on a waiver of competitive need for Poland for articles provided for in HTS subheading 1602.41.20.

Case No.	HTS Subheading ^{1/}	Article	Petitioner
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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

		Acyclic hydrocarbons: Saturated: [Ethane and butane] Other: Derived in whole or in part from petroleum, shale oil or natural gas: n-Pentane and isopentane	
90-25	2901.10.20(pt.)		Government of Mexico; International Commodities Export Corp., Purchase, NY; Productos Quimicos Coin, S.A. de C.V., Mexico
		Halogenated derivatives of hydrocarbons: [Articles provided for in subheadings 2903.11.00 through 2903.59.50]	
		Halogenated derivatives of aromatic hydrocarbons: Chlorobenzene, o-dichlorobenzene and p-dichlorobenzene: Chlorobenzene	Nitroclor Productos Quimicos, S.A., Brazil
90-26	2903.61.10		
90-27	2903.61.30	p-Dichlorobenzene [Hexachlorobenzene and DDT (1,1,1-Tri-chloro-2,2-bis(p-chlorophenyl)ethane)]	do.
		Other: [Articles provided for in subheadings 2903.69.10 through 2903.69.25]	
		Other: [Pesticides] Other: 3-Bromo- α,α,α -trifluoro-toluene; 2-Chloro-5-bromo- α,α,α -tri-fluorotoluene; and α -Chloro-3-methyltoluene	
90-28	2903.69.50(pt)		Chemolimpex Hungarian Trading Co. for Chemicals, Hungary; Budapest Chemical Works, Hungary
		Sulfonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated: [Articles provided for in subheadings 2904.10.10 through 2904.20.50]	
		Other: Monochloromononitrobenzenes: o-Nitrochlorobenzene; and p-Nitrochlorobenzene	
90-29	2904.90.10(pt.)		Nitroclor Productos Quimicos, S.A., Brazil

^{1/} Harmonized Tariff Schedule of the United States.

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. (con.)</u>			
Sulfonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated (con.):			
Other (con.):			
[Articles provided for in subheadings 2904.90.20 through 2904.90.35]			
Other:			
Aromatic:			
90-30	2904.90.45(pt.)	4-Chloro-3-nitro- α,α,α -trifluorotoluene; 2-Chloro-5-nitro- α,α,α -trifluorotoluene; and 4-Chloro-3,5-dinitro- α,α,α -trifluorotoluene	Chemolimpex Hungarian Trading Co. for Chemicals, Hungary; Budapest Chemical Works, Hungary
Phenols; phenol-alcohols:			
Polyphenols:			
[Articles provided for in subheadings 2907.21.00 through 2907.23.00]			
Other:			
[Pyrogallic acid]			
Other:			
[Drugs]			
90-31	2907.29.50(pt.)	Other: 4,4'-Biphenol	Ameribrom, Inc., New York, NY
90-32	2907.29.50(pt.)	tert-Butylhydroquinone	Government of Mexico; Novaquim, S.A. de C.V., Mexico
Halogenated, sulfonated, nitrated or nitrosated derivatives of phenols or phenol-alcohols:			
Derivatives containing only halogen substituents and their salts:			
[Articles provided for in subheadings 2908.10.10 through 2908.10.25]			
90-33	2908.10.30(pt.)	Other: 3-Hydroxy- α,α,α -trifluorotoluene	Chemolimpex Hungarian Trading Co. for Chemicals, Hungary; Budapest Chemical Works, Hungary
[Derivatives containing only sulfo groups, their salts and esters]			
Other:			
Nitrophenols:			
90-34	2908.90.10(pt.)	p-Nitrophenol	Nitroclor Productos Quimicos, S.A., Brazil

1/ Harmonized Tariff Schedule of the United States.

Annex
-7-

Case No.	HTS Subheading <u>1/</u>	Article	Petitioner
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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulfonated, nitrated or nitrosated derivatives:
[Articles provided for in subheadings 2916.11.00 through 2916.20.00]

Aromatic monocarboxylic acids, their anhydrides, halides, peroxides, peroxyacids and their derivatives:
[Articles provided for in subheadings 2916.31.10 through 2916.33.50]

90-35	2916.39.10(pt.)	Other: 4-Chloro-3-nitrobenzoic acid	Chemolimpex Hungarian Trading Co. for Chemicals, Hungary; Budapest Chemical Works, Hungary
		[Ibuprofen] Other: [Odoriferous or flavoring compounds]	
90-36	2916.39.30(pt.)	Other: 4-Chloro-3,5-dinitrobenzoic acid and its esters	do.
90-37	2916.39.50(pt.)	4-Chlorobenzoic acid	do.
		Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulfonated, nitrated or nitrosated derivatives: [Articles provided for in subheadings 2917.11.00 through 2917.20.00]	
		Aromatic polycarboxylic acids, their anhydrides, halides, peroxides, peroxyacids and their derivatives:	
90-38	2917.37.00 <u>2/</u>	Dimethyl terephthalate	Government of Mexico; Petrocel, S.A., Mexico

1/ Harmonized Tariff Schedule of the United States.

2/ The petitioner also requests a waiver of competitive need for Mexico for articles provided for in HTS subheading 2917.37.00.

Case No.	HTS Subheading ^{1/}	Article	Petitioner
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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

Amine-function compounds:

[Articles provided for in subheading 2921.11.00 through 2921.30.50]

Aromatic monoamines and their derivatives; salts thereof:

Aniline derivatives and their salts:
[Articles provided for in subheadings 2921.42.10 through 2921.42.20]

Other:

[Fast color bases]

Other:

90-39	2921.42.50(pt.)	3,4-Dichloroaniline	Nitroclor Productos Quimicos, S.A., Brazil
90-40	2921.42.50(pt.)	Metanilic acid; and Sulfanilic acid Toluidines and their derivatives; salts thereof: [Articles provided for in subheadings 2921.43.10 through 2921.43.15]	Nitrokemia Ipartelepek, Hungary
90-41	2921.43.50(pt.)	Other: α,α,α -Trifluoro-m-toluidine; α,α,α -Trifluoro-o-toluidine; and α,α,α -Trifluoro-6-chloro-m- toluidine	Chemolimpex Hungarian Trading Co. for Chemicals, Hungary; Budapest Chemical Works, Hungary

Oxygen-function amino-compounds:

[Articles provided for in subheadings 2922.11.00 through 2922.30.50]

Amino-acids and their esters, other than those containing more than one kind of oxygen function; salts thereof:

90-42	2922.42.10	Glutamic acid and its salts: Monosodium glutamate	Government of Peru
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Annex

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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.)			
		Carboxamide-function compounds; amide-function compounds of carbonic acid: Cyclic amides (including cyclic carbamates) and their derivatives; salts thereof: [Ureines and their derivatives; salts thereof] Other: Aromatic: [Articles provided for in subheading 2924.29.05 through 2924.29.14] Other: [Pesticides; Fast color bases; Drugs] Other: [5-Bromoacetyl-2-salicylamide] Other:	
90-43	2924.29.45(pt.)	2-Methoxy-5-acet-amino-N,N-bis(2-acetoxyethyl)aniline	Government of Mexico; Ciba-Geigy Mexicana, S.A. de C.V., Mexico
90-44	2924.29.45(pt.)	Acetanilide	Nitrokemia Ipartelepek, Hungary
		Compounds with other nitrogen function: Isocyanates: [Toluenediisocyanates (unmixed)] Mixtures of 2,4- and 2,6-toluenediisocyanates	
90-45	2929.10.15	[Articles provided for in subheading 2929.10.20]	Government of Mexico; Industrias Cydsa Bayer, S.A. de C.V., Mexico; Petroquimica Rio Tercero, S.A., Argentina
		Other: 3,4-Dichlorophenylisocyanate	
90-46	2929.10.50(pt.)		Nitroclor Productos Quimicos, S.A., Brazil
		Other heterocyclic compounds: [Compounds containing an unfused thiazole ring (whether or not hydrogenated) in the structure] Compounds containing a benzothiazole ring-system (whether or not hydrogenated), not further fused: [Articles provided for in subheadings 2934.20.10 through 2934.20.30] Other: [Pesticides] Other: N-tert-Butyl-2-benzothiazole-sulfenamide	
90-47	2934.20.40(pt.)		Government of Mexico; Quimica Organica de Mexico, S.A. de C.V., Mexico

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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.)			
90-48	3205.00.10(pt.)	Color lakes; preparations as specified in note 3 to chapter 32 of the HTS based on color lakes: Products described in additional U.S. note 3 to section VI of the HTS: Carmine	Government of Peru; Asociacion Nacional de Cochinilla, Peru; Universal Foods Corporation, Milwaukee, WI; Biocon (U.S.), DE
90-49	3606.90.60	Ferrocerium and other pyrophoric alloys in all forms; articles of combustible materials as specified in note 2 to chapter 36 of the HTS: [Liquid or liquefied-gas fuels in containers of a kind used for filling or refilling cigarette or similar lighters and of a capacity not exceeding 300 cm ³] Other: [Ferrocerium and other pyrophoric alloys] Other	Government of Colombia
90-50	3823.90.29(pt.)	Prepared binders for foundry molds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included; residual products of the chemical or allied industries, not elsewhere specified or included: [Articles provided for in subheadings 3823.10.00 through 3823.60.00] Other: [Cultured crystals (other than optical elements of chapter 90), weighing not less than 2.5 g each] Other: Mixtures containing 5 percent or more by weight of one or more aromatic or modified aromatic substances: Aqueous mixtures of triphenyl sulfonium chloride, diphenyl (4-phenylthio) phenyl sulfonium chloride and (thiodi-4,1-phenylene)bis(diphenyl sulfonium) dichloride	Government of Mexico; Aceto Corporation, Flushing, NY
90-51	3906.90.50	Acrylic polymers in primary forms: [Polymethyl methacrylate] Other: [Elastomeric] Other: [Plastics] Other	Government of Colombia

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Case No.	HTS Subheading 1/	Article	Petitioner
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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

90-52	5608.90.2010	Knotted netting of twine, cordage or rope; made up fishing nets and other made up nets, of textile materials: [Of man-made textile materials] Other: [Fish netting and fishing nets] Other: Of cotton: Hammocks	Government of Mexico; Hamacas "El Aguacate", Mexico
90-53	6204.39.40(pt.)	Women's or girls' suits, ensembles, suit-type jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear): Suit-type jackets and blazers: [Of wool or fine animal hair; of cotton; of synthetic fibers] Of other textile materials: [Of artificial fibers] Other: Containing 70 percent or more by weight of silk or silk waste Dresses: [Of wool or fine animal hair; of cotton; of synthetic fibers; of artificial fibers]	Government of Thailand
90-54	6204.49.00(pt.)	Of other textile materials: Containing 70 percent or more by weight of silk or silk waste	do.
90-55	6911.10.41	Tableware, kitchenware, other household articles and toilet articles, of porcelain or china: Tableware and kitchenware: [Hotel or restaurant ware and other ware not household ware] Other: [Of bone chinaware] Other: [Available in specified sets] Other: Steins with permanently attached pewter lids, candy boxes, decanters, punch bowls, pretzel dishes, tidbit dishes, tiered servers, bonbon dishes, egg cups, spoons and spoon rests, oil and vinegar sets, tumblers and salt and pepper shaker sets	Consortio dos Produtores Exportadores Brasileiros de Ceramica, Brazil; Minex, Ltd., Poland
90-56	6911.10.45	Mugs and other steins	do.

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Case No.	HTS Subheading ^{1/}	Article	Petitioner
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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

Ceramic tableware, kitchenware, other household articles and toilet articles, other than of porcelain or china:

Tableware and kitchenware:

[Articles provided for in subheading 6912.00.10]

Other:

[Hotel or restaurant ware and other ware not household ware]

Other:

[Available in specified sets]

Other:

90-57 6912.00.41

Steins with permanently attached pewter lids; candy boxes, decanters, punch bowls, pretzel dishes, tidbit dishes, tiered servers, bonbon dishes, egg cups, spoons and spoon rests, oil and vinegar sets, tumblers and salt and pepper shaker sets

Consortio dos Produtores Exportadores Brasileiros de Ceramica, Brazil

Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than that of heading 7010 or 7018):

[Of glass-ceramics]

Drinking glasses, other than of glass-ceramics:

Of lead crystal:

Valued over \$5 each

90-58 7013.21.50

Government of Mexico; Vitrocrisa Kristal, S.A. de C.V., Mexico; Crisa Corporation, Laredo, TX; Consortio dos Produtores Exportadores Brasileiros de Ceramica, Brazil; Minex, Ltd., Poland; Turkiye Sise ve Cam Fab., S.A., Turkey

Glassware of a kind used for table (other than drinking glasses) or kitchen purposes other than that of glass-ceramics:

Of lead crystal:

Valued over \$5 each

90-59 7013.31.50

do.

Other glassware:

Of lead crystal:

Valued over \$5 each

90-60 7013.91.50

Government of Mexico; Vitrocrisa Kristal, S.A. de C.V., Mexico; Crisa Corporation, Laredo, TX; Consortio dos Produtores Exportadores Brasileiros de Ceramica, Brazil

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Case No.	HTS Subheading 1/	Article	Petitioner
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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

Ferroalloys:			
Ferromanganese:			
Containing by weight more than 2 percent of carbon:			
[Containing by weight more than 2 percent but not more than 4 percent of carbon]			
90-61	7202.11.50	Containing by weight more than 4 percent of carbon	Government of Peru
Other:			
90-62	7202.92.00	Ferrovandium	Government of Argentina
Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel:			
Threaded articles:			
[Coach screws; Other wood screws; Screw hooks and screw rings; Self-tapping screws]			
Other screws and bolts, whether or not with their nuts or washers:			
[Articles provided for in subheadings 7318.15.20 through 7318.15.50]			
Other:			
Having shanks or threads with a diameter of 6 mm or more:			
90-63	7318.15.80(pt.)	Cap screws with hexagonal heads	Universal Co., Ltd., Poland
Unwrought lead:			
90-64	7801.10.00	Refined lead	Government of Mexico; Industrial Minera Mexico, S.A. de C.V., Mexico; Met-Mex Penoles, S.A. de C.V., Mexico
Other:			
[Containing by weight antimony as the principal other element]			
Other:			
90-65	7801.99.90	[Lead bullion] Other	do.
Unwrought zinc:			
Zinc, not alloyed:			
90-66	7901.11.00 2/	Containing by weight 99.99 percent or more of zinc	do.
Containing by weight less than 99.99 percent of zinc:			
90-67	7901.12.50	[Casting-grade zinc] Other	do.

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2/ The TPSC requests advice on a waiver of competitive need for Mexico for the articles provided for in HTS subheading 7901.11.00.

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.)			
90-68	8111.00.45	Manganese and articles thereof, including waste and scrap: [Waste and scrap] Other: Unwrought manganese	Sociedade Brasileira de Eletrolise, LTDA, Brazil
90-69	8533.10.00	Electrical resistors (including rheostats and potentiometers), other than heating resistors; parts thereof: Fixed carbon resistors, composition or film types	Government of Mexico; Cia. General de Electronica, S.A. de C.V., Mexico
90-70	8703.10.00(pt.)	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars: Vehicles specially designed for traveling on snow; golf carts and similar vehicles: Golf carts	Melex USA, Inc., Raleigh, NC
90-71	8714.92.50	Parts and accessories of vehicles of headings 8711 to 8713: [Of motorcycles (including mopeds); Of invalid carriages] Other: Wheel rims and spokes: Spokes	Government of Peru
90-72	9608.10.00	Ball point pens; felt tipped and other porous-tipped pens and markers; fountain pens, stylograph pens and other pens; duplicating styli; propelling or sliding pencils (for example, mechanical pencils); pen-holders, pencil-holders and similar holders; parts (including caps and clips) of the foregoing articles, other than those of heading 9609: Ball point pens	Government of Mexico; Wearever de Mexico, S.A., Mexico

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

Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen:

[Homogenized vegetables]

Other vegetables and mixtures of vegetables:

Fruits of the genus Capsicum (peppers)
or of the genus Pimenta (e.g., allspice):

[Pimientos (Capsicum anuum)]

Other:

90-73 2005.90.5510

Sweet Capsicum peppers (Capsicum frutescans grossum)

Cherokee Products Company,
Haddock, GA;
Del Mar Food Products Corp.,
Watsonville, CA;
Draper-King Cole, Inc.,
Milton, DE;
Dunbar Foods Corp.,
Dunn, NC;
Moody Dunbar, Inc.,
Limestone, TN;
Furman Foods, Inc.,
Northumberland, PA;
The Mancini Packing Co.,
Zolfo Springs, FL;
G. L. Mezzetta, Inc.,
Sonoma, CA;
Monticello Canning Co., Inc.,
Crossville, TN;
Saticoy Foods Corp.,
Saticoy, CA

Colloidal precious metals; inorganic or organic compounds of precious metals, whether or not chemically defined; amalgams of precious metals:

[Colloidal precious metals]

Silver compounds:

Silver nitrate

90-74 2843.21.00

Ames Goldsmith Corp.,
Glen Falls, NY;
Metz Metallurgical,
Plainfield, NJ

Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulfonated, nitrated or nitrosated derivatives:

[Articles provided for in subheadings 2916.11.00 through 2916.20.00]

Aromatic monocarboxylic acids, their anhydrides, halides, peroxides, peroxyacids and their derivatives:

[Articles provided for in subheadings 2916.31.10 through 2916.33.50]

Other:

Ibuprofen

90-75 2916.39.15

Ethyl Corporation,
Richmond, VA

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Case No.	HTS Subheading ^{1/}	Article	Petitioner
B. <u>Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.</u> (con.)			
90-76	3817.10.00(pt.)	Mixed alkylbenzenes and mixed alkyl-naphthalenes, other than those of heading 2707 or 2902: Mixed alkylbenzenes: Mixed linear alkylbenzenes	Vista Chemical Company, Houston, TX
90-77	8481.80.10(pt.)	Taps, cocks, valves and similar appliances, for pipes, boiler shells, tanks, vats or the like, including pressure-reducing valves and thermostatically controlled valves; parts thereof: [Articles provided for in subheadings 8481.10.00 through 8481.40.00] Other appliances: Hand operated: Of copper: Valves for motor vehicle tires and inner tubes	Bridgeport-Piedmont Manufacturing Co., Chicago, IL
90-78	8481.80.90(pt.)	Other: Valves for motor vehicle tires and inner tubes	do.
90-79	8481.90.10(pt.)	Parts: Of hand operated and check appliances: Of copper: Of valves for motor vehicle tires and inner tubes	do.
90-80	8481.90.90(pt.)	Other: Of valves for motor vehicle tires and inner tubes	do.
90-81	8516.90.60(pt.)	Electric instantaneous or storage water heaters and immersion heaters; electric space heating apparatus and soil heating apparatus; electrothermic hairdressing apparatus (for example, hair dryers, hair curlers, curling tong heaters) and hand dryers; electric flatirons; other electrothermic appliances of a kind used for domestic purposes; electric heating resistors, other than those of heading 8545; parts thereof: Parts: [Of cooking stoves, ranges and ovens; Of heaters or heating apparatus of subheading 8516.10, 8516.21 or 8516.29] Other: Glass pots for coffee makers	Kimble Glass, Inc., Vineland, NJ

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Case No.	HTS Subheading ^{1/}	Article	Petitioner
C. <u>Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences.</u>			
90-82	0802.90.15 (Mexico)	Other nuts, fresh or dried, whether or not shelled or peeled: Other: Pecans: Shelled	Government of Mexico; Industrializadora de Nuez, Mexico
90-83	0804.50.40 (Mexico)	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried: Guavas, mangoes and mangosteens: Fresh: If entered during the period from September 1, in any year, to the following May 31, inclusive	Government of Mexico; Confederacion Nacional de Productores de Hortalizas, Mexico
90-84	2005.20.0020 (Mexico)	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen: [Homogenized vegetables] Potatoes: Potato chips	Government of Mexico; PepsiCo, Inc., Purchase, NY
90-85	2529.22.00 (Mexico)	Feldspar; leucite, nepheline and nepheline syenite; fluorspar: Fluorspar: Containing by weight more than 97 percent of calcium fluoride	Government of Mexico; Aimcor de Mexico, S.A. de C.V., Mexico
90-86	2836.92.00 (Mexico)	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate: Other: Strontium carbonate	Government of Mexico; Sales y Oxidos, S.A. de C.V., Mexico; Compania Minerva La Valencia, S.A. de C.V., Mexico
90-87	2935.00.31 (Yugoslavia)	Sulfonamides: [Articles provided for in subheadings 2935.00.05 through 2935.00.15] Other: Drugs: Anti-infective agents: Acetylsulfisoxazole; Sulfacetamide, sodium; Sulfamerazine, sodium; Sulfamethazine, sodium; Sulfamethoxazole; Sulfanilamide; Sulfaquinoxaline; and Sulfisoxazole	Pliva, I.L., Yugoslavia

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Case No.	HTS Subheading-1/	Article	Petitioner
C. <u>Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)</u>			
90-88	3907.60.00 (Mexico)	Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallyl esters and other polyesters, in primary forms: Polyethylene terephthalate	Government of Mexico; Petrocel, S.A., Mexico
90-89	4015.11.00 (Malaysia)	Articles of apparel and clothing accessories (including gloves), for all purposes, of vulcanized rubber other than hard rubber: Gloves: Surgical and medical	Baxter International, Inc., Deerfield, IL
90-90	4409.10.40 (Mexico)	Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, molded, rounded or the like) along any of its edges or faces, whether or not planed, sanded or finger-jointed: Coniferous: Wood moldings: Standard wood moldings: Pine (<u>Pinus</u> spp.)	Government of Mexico; Cal-State Lumber Sales, Inc., National City, CA
90-91	4818.40.40 (Mexico)	Toilet paper, handkerchiefs, cleansing tissues, towels, tablecloths, table napkins, diapers, tampons, bed sheets and similar household, sanitary, or hospital articles, articles of apparel and clothing accessories, of paper pulp, paper, cellulose wadding or webs of cellulose fibers: [Toilet paper; Handkerchiefs, cleansing or facial tissues and towels; Tablecloths and table napkins] Sanitary napkins and tampons, diapers and diaper liners and similar sanitary articles: [Of paper pulp] Other	Government of Mexico; Convertidora y Maquiladora de Papel, S.A. de C.V., Mexico
90-92	7202.11.10 (Mexico)	Ferrous alloys: Ferromanganese: Containing by weight more than 2 percent of carbon: Containing by weight more than 2 percent but not more than 4 percent of carbon Other: [Containing by weight not more than 1 percent of carbon]	Government of Mexico; Cia. Minera Autlan, S.A. de C.V., Mexico
90-93	7202.19.50 (Mexico)	Containing by weight more than 1 percent but not more than 2 percent of carbon	do.

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Case No.	HTS Subheading ^{1/}	Article	Petitioner
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C. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)

		Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters; parts thereof:	
		Fans:	
		[Table, floor, wall, window, ceiling or roof fans, with a self-contained electric motor of an output not exceeding 125 W]	
		Other:	
		[Blowers for pipe organs]	
90-94	8414.59.80 (Mexico)	Other	Government of Mexico; Comair Rotron de Mexico, S.A. de C.V., Mexico
		Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps, other than the air conditioning machines of heading 8415; parts thereof:	
90-95	8418.10.00 (Mexico)	Combined refrigerator-freezers, fitted with separate external doors	Government of Mexico; Whirlpool Corporation, Benton Harbor, MI; Vitromatic, S.A. de C.V., Mexico
90-96	8418.21.00 (Mexico)	Refrigerators, household type: Compression type	do.
90-97	8418.22.00 (Mexico)	Absorption type, electrical	do.
90-98	8418.29.00 (Mexico)	Other	do.
90-99	8418.30.00 (Mexico)	Freezers of the chest type, not exceeding 800 liters capacity	do.
90-100	8418.40.00 (Mexico)	Freezers of the upright type, not exceeding 900 liters capacity	do.
		Machines for assembling electric or electronic lamps, tubes or flashbulbs, in glass envelopes; machines for manufacturing or hot working glass or glassware; parts thereof:	
90-101	8475.20.00 (Mexico)	Machines for manufacturing or hot working glass or glassware	Government of Mexico; Anchor Glass Container Corporation, Tampa, FL; Fabricacion de Maquinas, S.A., Mexico
		Electrical transformers, static converters (for example, rectifiers) and inductors; parts thereof:	
90-102	8504.10.00 (Mexico)	Ballasts for discharge lamps or tubes	Government of Mexico; Electronic Ballast Technology, Inc., Torrance, CA

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Case No.	HTS Subheading ^{1/}	Article	Petitioner
C. <u>Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)</u>			
90-103	8504.32.00 (Mexico)	Electrical transformers, static converters (for example, rectifiers) and inductors; parts thereof (con.): [Liquid dielectric transformers] Other transformers: Having a power handling capacity exceeding 1 kVA but not exceeding 16 kVA	Government of Mexico; Westinghouse Electric Corporation, Pittsburgh, PA; Operaciones de Maquila de Juarez, S.A. de C.V., Mexico
90-104	8505.19.00 (Mexico)	Electromagnets; permanent magnets and articles intended to become permanent magnets after magnetization; electromagnetic or permanent magnet chucks, clamps and similar holding devices; electromagnetic couplings, clutches and brakes; electromagnetic lifting heads; parts thereof: Permanent magnets and articles intended to become permanent magnets after magnetization: [Of metal] Other	Government of Mexico; General Motors Corporation, Rochester, NY
90-105	8507.90.40 (Mexico)	Electric storage batteries, including separators therefor, whether or not rectangular (including square); parts thereof: Parts: Of lead-acid storage batteries	Government of Mexico; Aislantes Leon, S.A. de C.V., Mexico
90-106	8511.10.00 (Mexico)	Electrical ignition or starting equipment of a kind used for spark-ignition or compression-ignition internal combustion engines (for example, ignition magnetos, magneto-dynamos, ignition coils, spark plugs and glow plugs, starter motors); generators (for example, dynamos, alternators) and cut-outs of a kind used in conjunction with such engines; parts thereof: Spark plugs	Government of Mexico; Bujias Mexicanas, Mexico
90-107	8517.10.00 (Malaysia)	Electrical apparatus for line telephony or telegraphy, including such apparatus for carrier-current line systems; parts thereof: Telephone sets	Thomson Consumer Electronics, Inc., Indianapolis, IN
90-108	8520.20.00 (Malaysia)	Magnetic tape recorders and other sound recording apparatus, whether or not incorporating a sound reproducing device: Telephone answering machines	do.

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Case No.	HTS Subheading ^{1/}	Article	Petitioner
90-109	8527.11.11 (Malaysia)	Reception apparatus for radiotelephony, radiotelegraphy or radiobroadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock: Radiobroadcast receivers capable of operating without an external source of power, including apparatus capable of receiving also radiotelephony or radiotelegraphy: Combined with sound recording or reproducing apparatus: Combinations incorporating tape players which are incapable of recording	Thomson Consumer Electronics, Inc., Indianapolis, IN
90-110	8536.69.00 (Mexico)	Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example, switches, relays, fuses, surge suppressors, plugs, sockets, lamp-holders, junction boxes), for a voltage not exceeding 1,000 V: [Fuses; Automatic circuit breakers; Other apparatus for protecting electrical circuits; Relays; Other switches] Lampholders, plugs and sockets: [Lampholders] Other	Government of Mexico; Labinal Electronica de Reynosa, S.A. de C.V., Mexico
90-111	8536.90.00 (Mexico)	Other apparatus	do.
90-112	8544.30.00 (Mexico, Philippines)	Insulated (including enameled or anodized) wire, cable (including coaxial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fiber cables, made up of individually sheathed fibers, whether or not assembled with electric conductors or fitted with connectors: [Winding wire; Coaxial cable and other coaxial electric conductors] Ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	Government of Mexico; Government of the Philippines; Servicios ConduMex, S.A. de C.V., Mexico; Conductores Monterrey, S.A. de C.V., Mexico
90-113	8544.51.40 (Mexico)	Other electric conductors, for a voltage exceeding 80 V but not exceeding 1,000 V: Fitted with connectors: Fitted with modular telephone connectors	Government of Mexico; ACS Industries, Inc., Woonsocket, RI

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Case No.	HTS Subheading 1/	Article	Petitioner
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C. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)

		Parts and accessories of the motor vehicles of headings 8701 to 8705: [Articles provided for in subheadings 8708.10.00 through 8708.60.80]	
90-114	8708.70.80 (Mexico)	Road wheels and parts and accessories thereof: [For tractors (except road tractors)] For other vehicles	Government of Mexico; Kelsey Hayes de Mexico, S.A., Mexico
		[Suspension shock absorbers] Other parts and accessories: [Articles provided for in subheadings 8708.91.10 through 8708.94.50]	
		Other: [Articles provided for in subheadings 8708.99.10 and 8708.99.20]	
90-115	8708.99.50 (Mexico)	Other: [Of cast-iron] Other	Government of Mexico; Gabriel de Mexico, S.A. de C.V. Mexico
90-116	9401.90.10 (Mexico)	Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof: Parts: Of seats of a kind used for motor vehicles	Government of Mexico; General Motors Corporation, Warren, MI
		Other toys; reduced-size ("scale") models and similar recreational models, working or not; puzzles of all kinds; parts and accessories thereof: [Articles provided for in subheadings 9503.10.00 through 9503.60.20]	
		Other toys, put up in sets or outfits, and parts and accessories thereof: [Toy tea sets of ceramic ware made to the approximate scale of 1 to 10 or larger]	
90-117	9503.70.80 (Mexico)	Other: [Toy alphabet blocks] Other	Government of Mexico; Mattel Inc., Hawthorne, CA; Tonka Corporation, Minnetonka, MN

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Case No.	HTS Subheading ^{1/}	Article	Petitioner
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C. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)

Other toys; reduced-size ("scale") models and similar recreational models, working or not; puzzles of all kinds; parts and accessories thereof (con.):

[Other toys and models, incorporating a motor, and parts and accessories thereof]

Other:

[Kites]

Other:

[Inflatable toy balls, balloons and punchballs]

90-118 9503.90.60
(Mexico)

Other toys (except models), not having a spring mechanism

Government of Mexico;
Mattel Inc.,
Hawthorne, CA;
Tonka Corporation,
Minnetonka, MN

^{1/} Harmonized Tariff Schedule of the United States.

APPENDIX B

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



UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

(Inv. Nos. TA-503(a)-21 and 332-295)

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: On August 22, 1990, the Commission received a request from the U.S. Trade Representative (USTR) requesting certain Commission advice under sections 131, 503, and 504 of the Trade Act of 1974 and section 332(g) of the Tariff Act of 1930. Following receipt of that request, the Commission instituted investigation Nos. TA-503(a)-21 and 332-295 in order to:

(1) provide advice, pursuant to sections 131(b) and 503(a) of the Trade Act of 1974 (19 U.S.C. 2151(b) and 2463(a)), 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 Generalized System of Preferences (GSP);

(2) provide advice pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g))--

(a) as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of the removal of the articles listed in Part B of the attached Annex from eligibility for duty-free treatment under the GSP;

(b) in accordance with section 504(c)(3)(A)(i) of the Trade Act of 1974 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 attached Annex;

(c) as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of restoring the competitive need limits specified in section 504(c)(1) of the 1974 Act for Mexico with respect to articles included under HTS subheadings 8414.59.80 and 8507.90.40, all of the foregoing articles for which Mexico currently is subject to the reduced competitive need limits specified in section 504(c)(2)(B) of the 1974 Act; and

(d) in accordance with section 504(d) of the Trade Act of 1974, which exempts from one of the competitive need limits in section 504(c) of the Trade Act of 1974 articles for which no like or

directly competitive article was being produced in the United States on January 3, 1985, with respect to whether products like or directly competitive with the articles in Part A of the attached Annex were being produced in the United States on January 3, 1985.

In providing its advice under (1), the Commission will assume, as requested by USTR, that the benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the competitive need limits specified in section 504(c)(1) of the Trade Act of 1974 (except as noted for Mexico with respect to articles included under HTS subheadings 0710.80.95 (pt.), 0710.80.9530, 2917.37.00, and 7901.11.00 and for Poland with respect to articles included under HTS subheading 1602.41.20).

As requested by USTR, the Commission will seek to provide its advice not later than November 30, 1990.

EFFECTIVE DATE:

FOR FURTHER INFORMATION CONTACT:

- (1) Agricultural products, Mr. C. B. Stahmer (202-252-1321)
- (2) Textiles and apparel, Ms. Linda Shelton (202-252-1467)
- (3) Chemical products, Ms. Cynthia Trainor (202-252-1354)
- (4) Minerals and metals, Mr. James Lukes (202-252-1426)
- (5) Machinery and equipment, Mr. John Cutchin (202-252-1396)
- (6) General manufactures, Mr. Ruben Moller (202-252-1495)
- (7) Services and electronic technology, Mr. Thomas Sherman (202-252-1389)

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 letter from the USTR provided the following by way of background:

The Trade Policy Staff Committee (TPSC) announced in the Federal Register on August 24, 1990, the acceptance of product petitions for modification of the Generalized System of Preferences (GSP) received as part of the 1990 annual review. Modifications to the GSP which may result from this review will be announced in early 1991, and become effective July 1, 1991.

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 2, 1990, and continuing as required on October 3 and 4. 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 the close of business on September 21, 1990. Posthearing briefs must be filed by October 11, 1990.

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 11, 1990. 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: August 29, 1990

Annex I (HTS Subheadings)¹

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

0202.30.20	2916.39.50(pt)
0203.22.10	2917.37.00
0203.29.20	2921.42.50(pt)
0403.90.80(pt)	2921.42.50(pt)
0406.90.3040	2921.43.50(pt)
0701.90.00(pt)	2922.42.10
0710.30.00	2924.29.45(pt)
0710.80.95(pt)	2924.29.45(pt)
0710.80.9530	2929.10.15
0710.80.9540	2929.10.50(pt)
0807.10.60	2934.20.40(pt)
1602.41.20	3205.00.10(pt)
1602.42.20	3606.90.60
1602.49.20	3823.90.29(pt)
1702.30.40	3906.90.50
2003.10.00	5608.90.2010
2007.99.05	6204.39.40(pt)
2007.99.10	6204.49.00(pt)
2007.99.20	6911.10.41
2007.99.25	6911.10.45
2204.21.4030	6912.00.41
2204.21.4045	7013.21.50
2204.21.8060	7013.31.50
2208.90.50	7013.91.50
2901.10.20(pt)	7202.11.50
2903.61.10	7202.92.00
2903.61.30	7318.15.80(pt)
2903.69.50(pt)	7801.10.00
2904.90.10(pt)	7801.99.90
2904.90.45(pt)	7901.11.00
2907.29.50(pt)	7901.12.50
2907.29.50(pt)	8111.00.45
2908.10.30(pt)	8533.10.00
2908.90.10(pt)	8703.10.00(pt)
2916.39.10(pt)	8714.92.50
2916.39.30(pt)	9608.10.00

¹ See USTR Federal Register notice of August 24, 1990 (55 F.R. 34878) for article descriptions.

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

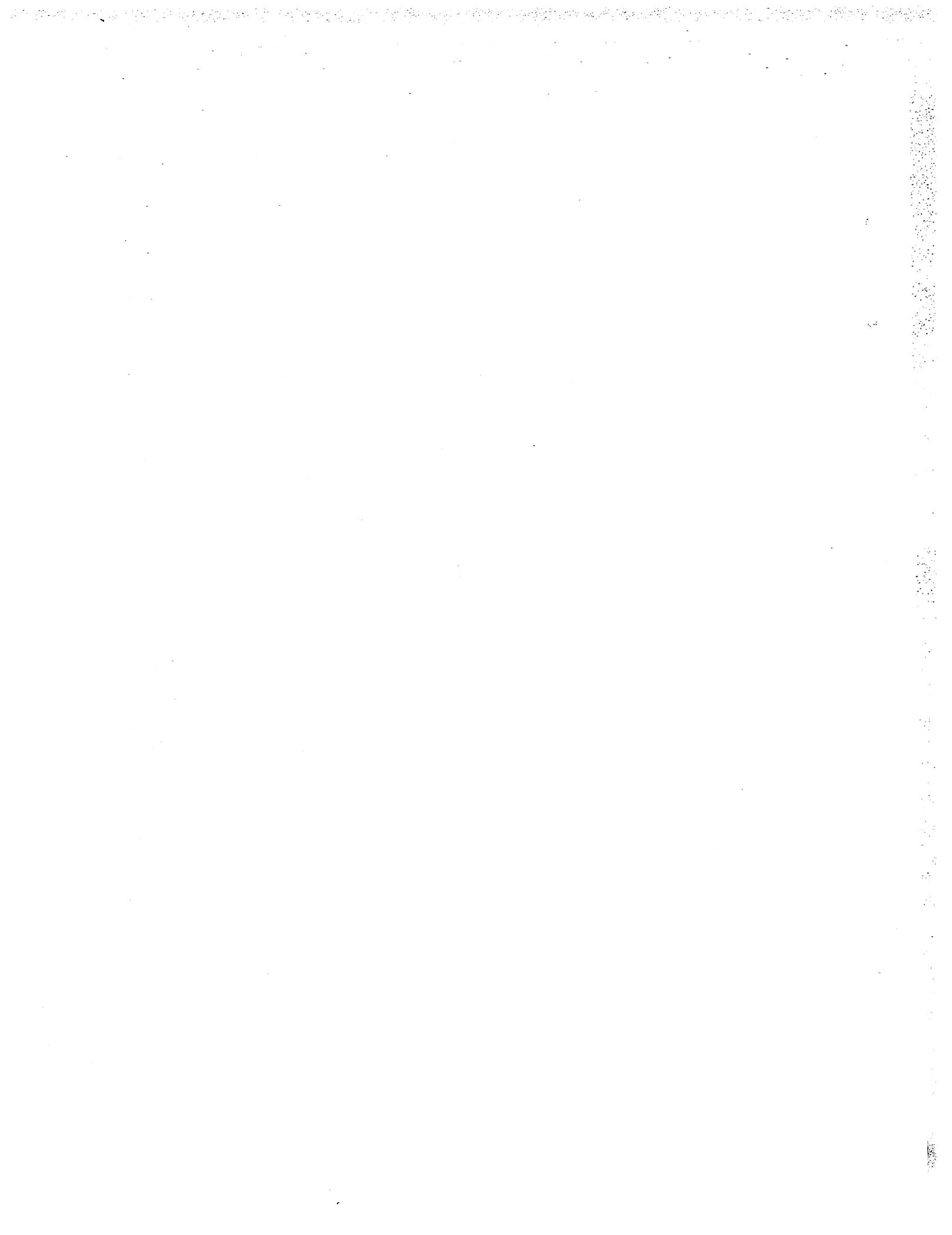
2005.90.5510	8481.80.90(pt)
2843.21.00	8481.90.10(pt)
2916.39.15	8481.90.90(pt)
3817.10.00(pt)	8516.90.60(pt)
8481.80.10(pt)	

C. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preference.

0710.80.95(pt) (Mexico)	8418.30.00 (Mexico)
0710.80.9530 (Mexico)	8418.40.00 (Mexico)
0802.90.15 (Mexico)	8475.20.00 (Mexico)
0804.50.40 (Mexico)	8504.10.00 (Mexico)
1602.41.20 (Poland)	8504.32.00 (Mexico)
2005.20.0020 (Mexico)	8505.19.00 (Mexico)
2529.22.00 (Mexico)	8507.90.40 ³ (Mexico)
2836.92.00 (Mexico)	8511.10.00 (Mexico)
2917.37.00 (Mexico)	8517.10.00 (Malaysia)
2935.00.31 (Yugoslavia)	8520.20.00 (Malaysia)
3907.60.00 (Mexico)	8527.11.11 (Malaysia)
4015.11.00 (Malaysia)	8536.69.00 (Mexico)
4409.10.40 (Mexico)	8536.90.00 (Mexico)
4818.40.40 (Mexico)	8544.30.00 (Mexico, Philippines)
7202.11.10 (Mexico)	8544.51.40 (Mexico)
7202.19.50 (Mexico)	8708.70.80 (Mexico)
7901.11.00 (Mexico)	8708.99.50 (Mexico)
8414.59.80 ² (Mexico)	9401.90.10 (Mexico)
8418.10.00 (Mexico)	9503.70.80 (Mexico)
8418.21.00 (Mexico)	9503.90.60 (Mexico)
8418.22.00 (Mexico)	
8418.29.00 (Mexico)	

² Advice is also requested on restoring the competitive-need-limit, specified in section 504(c)(1) of the Trade Act of 1974, for Mexico with respect to HTS subheading 8414.59.80.

³ Advice is also requested on restoring the competitive-need-limit, specified in section 504(c)(1) of the Trade Act of 1974, for Mexico with respect to HTS subheading 8507.90.40.



APPENDIX C

List of Witnesses Appearing at the Commission Hearing



CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

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

Inv. No. : TA-503(a)-21 and 332-295

Date and Time : October 2 and 3, 1990 - 9:30 a.m.

Sessions were held in connection with the investigation in the Main Hearing Room 101, United States International Trade Commission, 500 E Street, S.W., in Washington, D.C.

WITNESS AND ORGANIZATION:

HTS
NUMBER

Patterson Frozen Foods, Inc.
Patterson, CA

0710.30.00
0710.80.95
0710.80.9530

Paul Fanelli, Industrial Relations Manager

Porter, Wright, Morris & Arthur
Washington, D.C.
On behalf of

0804.50.40

Confederacion Nacional de Productores de Hortalizas

Leslie Alan Glick)--OF COUNSEL

Porter, Wright, Morris & Arthur
Washington, D.C.
On behalf of

1702.3040

Arancia, S.A. de C.V.

Leslie Alan Glick)--OF COUNSEL

- more -

WITNESS AND ORGANIZATION:

HTS
NUMBER

McLeod & Pires
Washington, D.C.
and
Law Offices of Max N. Berry
Washington, D.C.
On behalf of

2003.10.00

The American Mushroom Institute (AMI) (Trade Association)

James Ciarrocchi, President of AMI, and Vice President of
Modern Mushrooms, Inc.

Robert Bowman, President, L.K. Bowman & Co., Inc.

Martin Abel, Economic Consultant

Marc E. Miller, McLeod & Pires))
)--OF COUNSEL
Max N. Berry, Law Offices))

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

2003.10.00

The Pillsbury Company, Minneapolis, MN

Michael Schaeffer, Vice President of Operations,
Green Giant, Pillsbury

Steven Kersner))
)--OF COUNSEL
Donald Stein))

SJS Advanced Strategies
Washington, D.C.
On behalf of

2005.20.0020

PepsiCo, Inc.

Tom Schur, Frito-Lay Law Department

B. Timothy Bennett, President

- more -

WITNESS AND ORGANIZATION:

HTS
NUMBER

Cherokee Products Company,
Haddock, Georgia

2005.90.5510

G. Albert Bloodworth Jr., President,

Jesse G. Moore, Vice President-Marketing,

Leonard K. Lobred, International Trade
Consultant

William P. McConnell, Regional Sales
Manager, Moody Dunbar, Inc.

International Business-Government Counsellors (IBC), Inc.
Washington, D.C.
On behalf of

2204.21.4030
2204.21.4045
2204.21.8060

The Wine Institute

James B. Clawson, Executive Vice President (IBC)

Thomas Bombelles, Government Relations Counsellor (IBC)

Covington & Burling
Washington, D.C.
On behalf of

2007.99.05
2007.99.10
2007.99.20
2007.99.25

International Jelly and Preserve Association

David R. Grace)
)--OF COUNSEL
Susan L. Burke)

- more -

WITNESS AND ORGANIZATION:

HTS
NUMBER

Porter, Wright, Morris & Arthur
Washington, D.C.
On behalf of (Bottled Tequila Producers)

2208.9050

Instituto del Tequila
Satisfactores
Construexport
Tequila Herradra
Tequila Rio de la Plata
Tequilena
Tequila Cazadores
Viuda de Romero
Tequila San Matias
Tequila Caballito
Cerrero
Eucario Gonzalez
Tequila Sauza
Tequila Tapatio

Alejandro Gonzalez Baez, U.S. Representative,
Tequila San Matias

Leslie Alan Glick)--OF COUNSEL

Porter, Wright, Morris & Arthur
Washington, D.C.
On behalf of

2901.1020

Productos Quimicos Coin, S.A. de C.V. (Coin)

Harold Feren, General Manager, Chemicals

Leslie Alan Glick)--OF COUNSEL

Porter, Wright, Morris & Arthur
Washington, D.C.
On behalf of

2907.22.50

Novaquim, S.A. de C.V.

Leslie Alan Glick)--OF COUNSEL

- more -

WITNESS AND ORGANIZATION:HTS
NUMBER

International Business-Government Counsellors (IBC), Inc. 2916.39.15
 Washington, D.C.
On behalf of

Ethyl Corporation

Max Turnipseed, Manager, International Affairs

Charles F. Weidig, Ph.D, Product Manager, Special
Chemicals Division

Thomas Bombelles)
)--OF COUNSEL
 John F. McDermid)

Porter, Wright, Morris & Arthur 2934.2040
 Washington, D.C.
On behalf of

Química Organica de Mexico, S.A. de C.V.

Leslie Alan Glick)--OF COUNSEL

Porter, Wright, Morris & Arthur 3205.00.1020
 Washington, D.C.
On behalf of

Asociacion Nacional de Cochinilla-Peru

Leslie Alan Glick)--OF COUNSEL

- more -

WITNESS AND ORGANIZATION:HTS
NUMBERStewart and Stewart
Washington, D.C.
On behalf of

3817.10.00

Monsanto Chemical Company

A. J. Zoglio, Business Manager, Alkylate Products
St. Louis, MO

James R. Cannon, Jr.)--OF COUNSEL

Vista Chemical Company
Houston, TX

3817.10.00

Michael S. Reynolds, Manager of Public Relations

Ronald Bryan, Product Manager, Alkylates

St. Maxens & Company
Washington, D.C.
On behalf of

4015.11.00

Baxter International, Inc.

Gary Bang, President, Pharmaseal Surgical

David J. Aho, Vice President for Governmental Affairs

Neal Stine, Manager, International Trade/Business Affairs

Thomas F. St. Maxens, President
Susan Presti, St. Maxens & Co.

- more -

WITNESS AND ORGANIZATION:

Akin, Gump, Strauss, Hauer & Feld
Washington, D.C.
On behalf of

Aladan Corporation

Smith & Nephew Perry

Tillotson Rubber Company, Inc.

Medical Resources International

Frank W. Rauch, President
Smith & Nephew Perry

Edward L. Rubinoff)--OF COUNSEL

HTS
NUMBER

4015.11.00

HEARING WILL RECONVENE AT 9:30 a.m. ON OCTOBER 3, 1990

- more -

OCTOBER 3, 1990

WITNESS AND ORGANIZATION:

HTS
NUMBER

SJS Advanced Strategies
Washington, D.C.
On behalf of

4409.10.40

Cal-State Lumber Sales, Inc., Otay Mesa, CA

Mary Alice Acevedo, Cal-State

B. Timothy Bennett, President

Porter, Wright, Morris & Arthur
Washington, D.C.
On behalf of

7202.11.10

Compania Minera de Autlan

Leslie Alan Glick)--OF COUNSEL

- more -

WITNESS AND ORGANIZATION:HTS
NUMBER

Contact Marketing International, Inc.
 Washington, D.C.
On behalf of

7202.11.50
 (8111.00.45)

Sociedade Brasileira de Electrolise Ltda. (SBE)

Luiz Antonio de Ferraz, Jr., Director

Gisela Claper, President, Contact Marketing

Squire, Sanders & Dempsey
 Washington, D.C.
On behalf of

7202.11.50
 (8111.00.45)
 7202.11.10
 7202.19.50

Ferroalloys Association

Elkem Metals Company

Kerr McGee Chemical Corporation

Alan Fitzgibbon, Product Manager, Elkem Metals Co.

Ritchie T. Thomas)--of Counsel

- more -

WITNESS AND ORGANIZATION:HTS
NUMBER

Harris & Ellsworth
Washington, D.C.
on behalf of

7202.92.00

Shieldalloy Metallurgical
Corporation

Dr. W. Fergus Porter, President

Herbert E. Harris II)
)--OF COUNSEL
Cheryl Ellsworth)

Porter, Wright, Morris & Arthur
Washington, D.C.
On behalf of

7801.1000
7801.9900
7901.1100
7901.1250

Industrial Minera Mexico, S.A. de C.V. and
Met-Mex Penoles, S.A. de C.V.

Gary Land, Sales Manager, Minera-Mexico International

Leslie Alan Glick)--OF COUNSEL

SJS Advanced Strategies
Washington, D.C.
On behalf of

8414.59.80

Comair Rotron de Mexico, San Ysidro, CA

Owen Leonard, President

B. Timothy Bennett, President

- more -

WITNESS AND ORGANIZATION:

HTS
NUMBER

Barnes & Thornburg
Washington, D.C.
On behalf of

8481.80.10
8481.80.90
8481.90.10
8481.90.90

Schrader Automotive Inc.

Daniel R. Coker, Vice President and General Manager

Marcela B. Stras)--OF COUNSEL

Katten Muchin Zavis & Dombroff
Washington, D.C.
On behalf of

8481.80.10

Bridge Products, Inc. (Piedmont)

Bruce Garringer, Vice-President of Materials Management

James A. Lyons)--OF COUNSEL

- more -

WITNESS AND ORGANIZATION:

HTS
NUMBER

Porter, Wright, Morris & Arthur
Washington, D.C.
On behalf of

8544.5140

ACS Industries, Inc.

Leslie Alan Glick)--OF COUNSEL

St. Maxens & Company
Washington, D.C.
On behalf of

8703.10.00

Melex USA, Inc.

Sylvester Pieckowski, General Counsel

Thomas F. St. Maxens, President
Susan Presti, St. Maxens & Company

- more -

WITNESS AND ORGANIZATION:

HTS
NUMBER

Trugman-Nash, Inc.
New York, NY

0406.90.30.40

Duna Cheese Co.

Bernard Trugman, President

Klayman & Associates
Washington, D.C.
On behalf of

3817.10.00

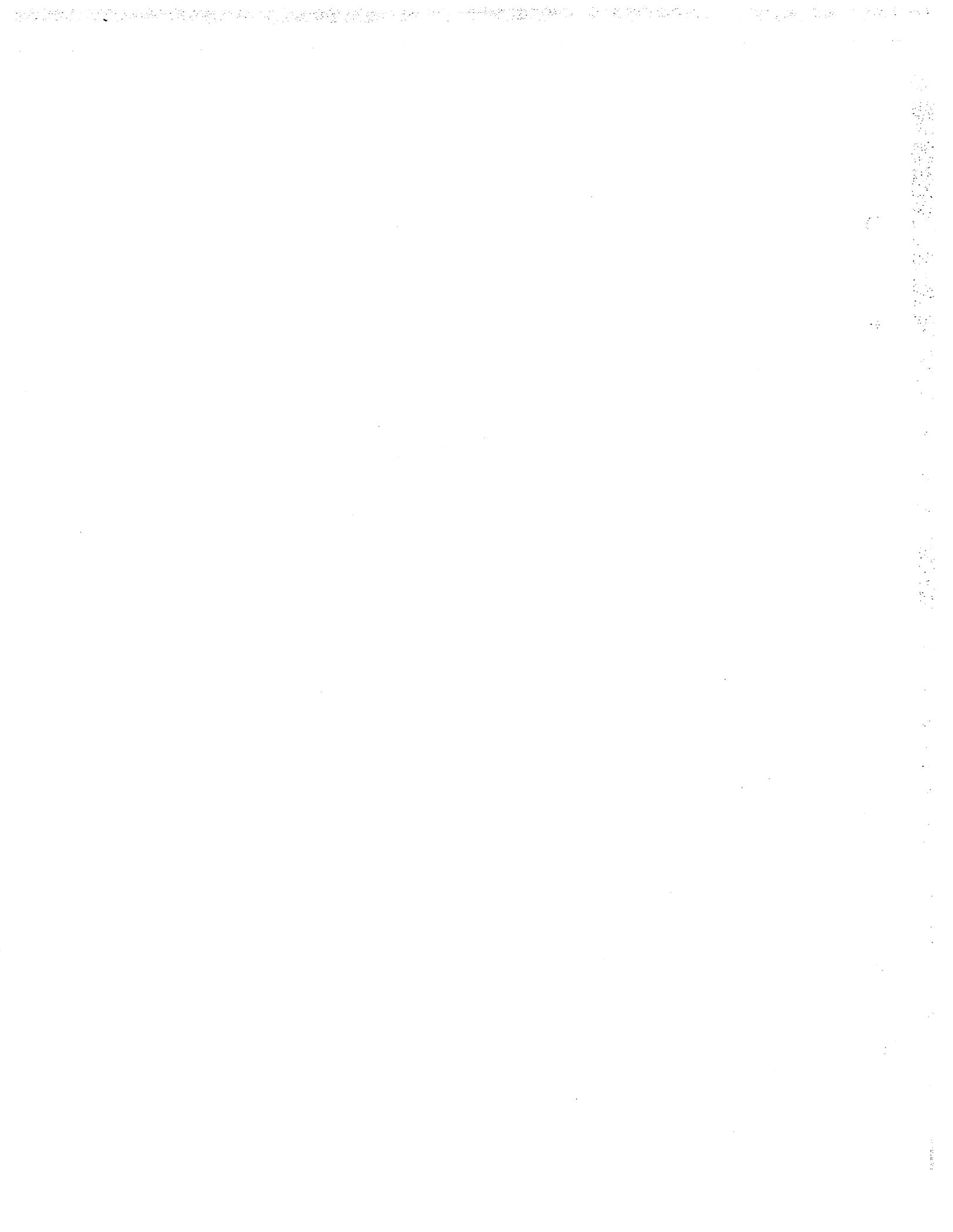
Deten Quimica, S.A.

HoltraChem, Inc.

Frederick Sujat, Director, Free Trade Enterpries Ltd.

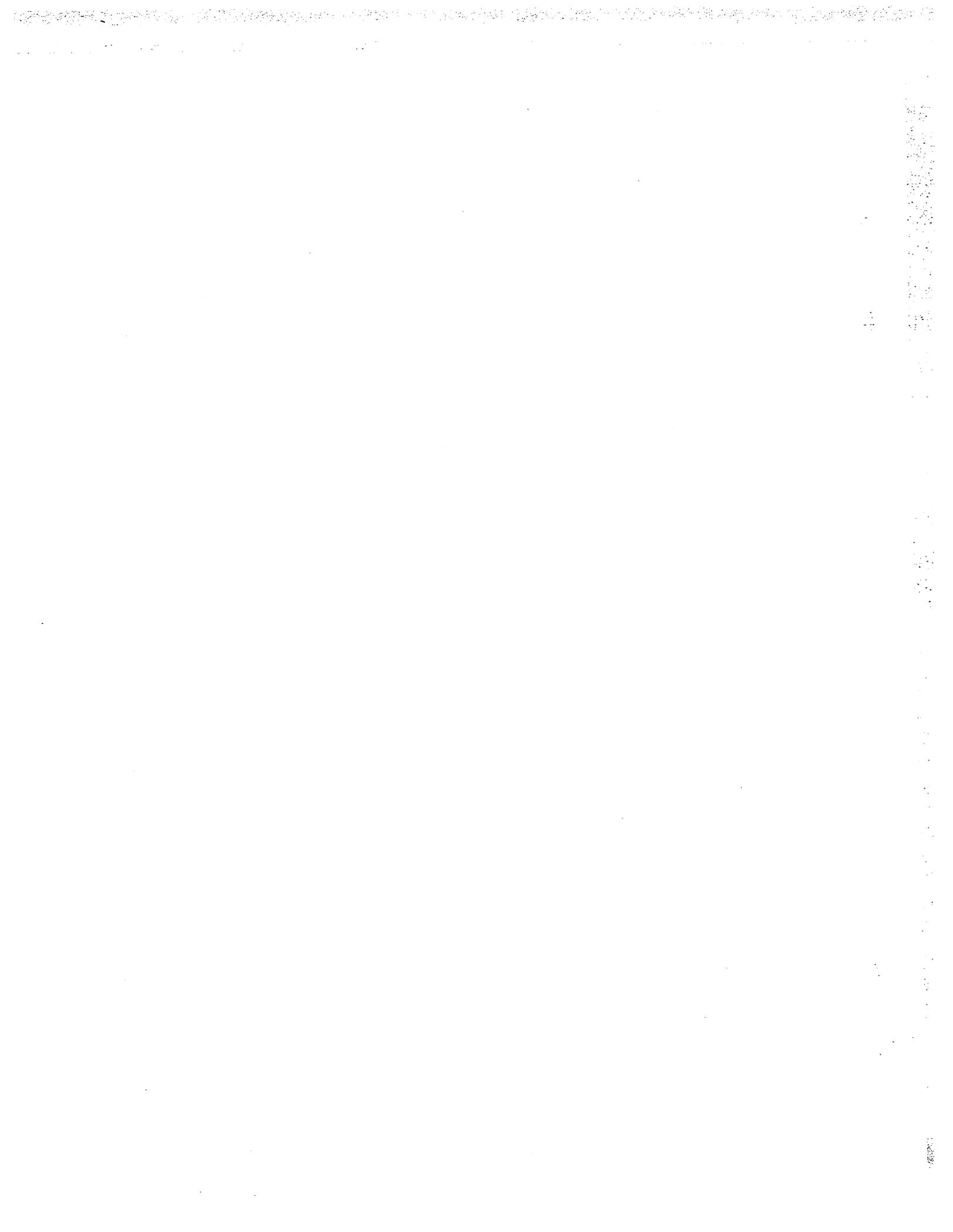
Larry Klayman)--OF COUNSEL

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APPENDIX D

**Types of Trade Shifts Resulting from Modifications of
GSP Eligibility**



Types of Trade Shifts Resulting from Modifications of GSP Eligibility

This report examines the probable economic effects of changing the GSP status of certain commodities and, in some cases, of certain commodities from particular countries. The major cases involve adding products 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.

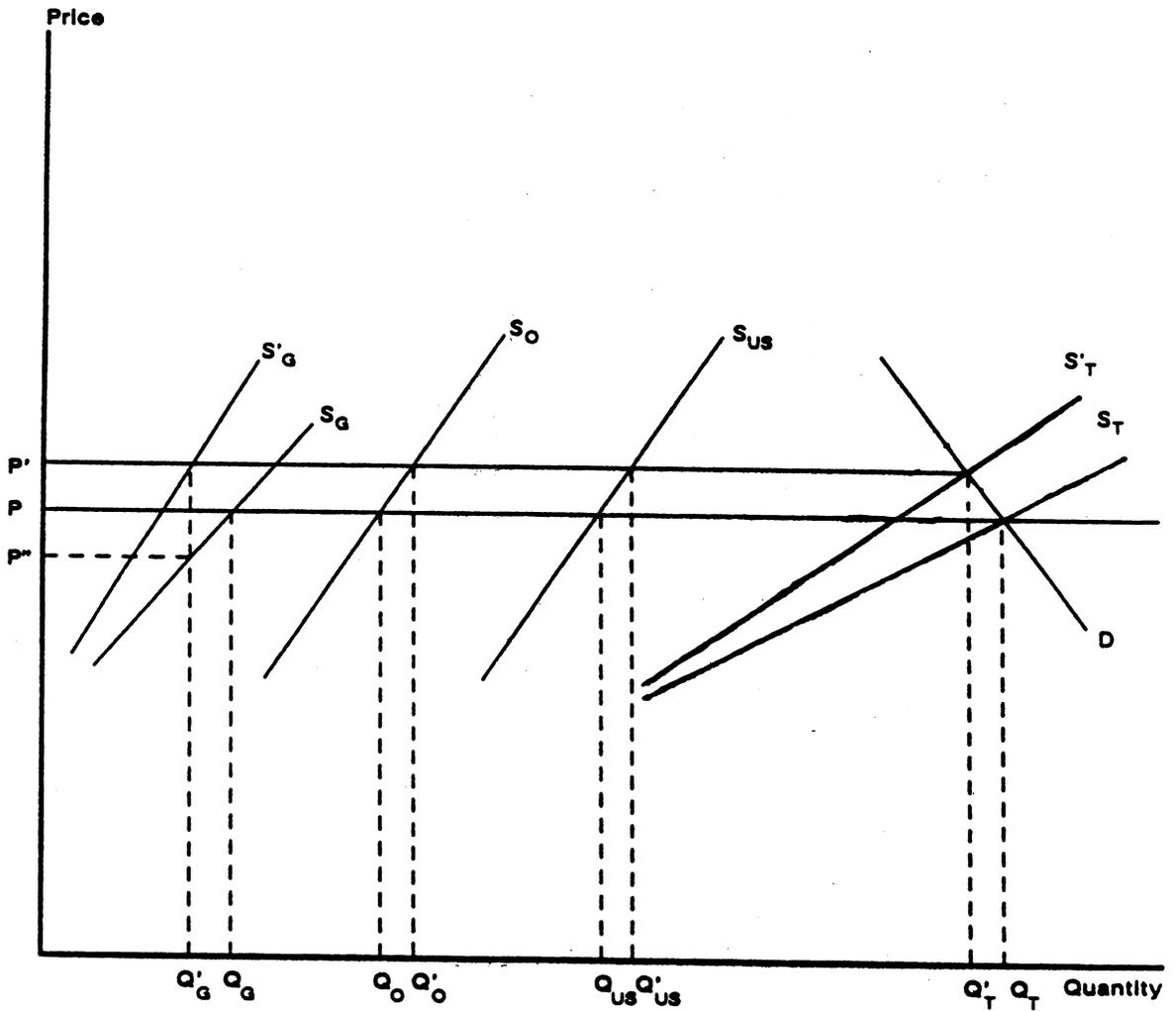
The removal of a tariff on a portion of imports is illustrated by the shift in the supply of affected imports from S'_G to S_G , with an increase in total supply from S'_T to S_T . The basic result of this tariff removal is a lower U.S. price, a greater overall quantity of the good purchased in the United States, 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_0 to S'_0 . 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
The effects of a duty change on imports from GSP-eligible countries on the price of a good in the United States and quantities supplied by producers in the United States, GSP-eligible countries, other foreign countries, and total



Key to figure 1

- D = U.S. demand for the 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 = $Q'_g + Q'_o + Q'_{us}$